EMC CORP
Form PRER14A
February 12, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

EMC Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

x Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: $405,723.53

(2) Form, Schedule or Registration Statement No.: Form S-4 (No. 333-208524)

(3) Filing Party: Denali Holding Inc.

(4) Date Filed: December 14, 2015

The information in this proxy statement/prospectus is subject to completion and amendment. A registration statement relating to the securities described in this proxy statement/prospectus has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 12, 2016

[   ], 2016

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

Dear EMC Corporation Shareholders:

EMC Corporation, referred to as EMC, and Denali Holding Inc., referred to as Denali, have entered into an Agreement and Plan of Merger, dated as of October 12, 2015, referred to as the merger agreement, under which a wholly owned subsidiary of Denali will be merged with and into EMC, and EMC will continue as a wholly owned subsidiary of Denali, which transaction is referred to as the merger. If the merger is completed, EMC shareholders will receive, in exchange for each share of EMC common stock owned immediately prior to the merger, (1) $24.05 in cash, without interest, and (2) a number of validly issued, fully paid and non-assessable shares of common stock of Denali designated as Class V Common Stock, par value $0.01 per share, equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (A) 222,966,450 by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares. The approximately 223 million shares of Class V Common Stock issuable in the merger (assuming EMC shareholders either are not entitled to or do not properly exercise appraisal rights) are intended to track and reflect the economic performance of the Class V Group, which would initially have attributed to it approximately 65% of EMC s current economic interest in the business of VMware, Inc., referred to as VMware, which currently consists of approximately 343 million shares of VMware common stock. The Class V Common Stock is intended to track the performance of such economic interest in the VMware business following the completion of the merger, but there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such economic interest. The shares of EMC common stock are listed on the New York Stock Exchange, referred to as the NYSE, under the trading symbol EMC. Denali will apply for listing of the Class V Common Stock on the NYSE under the symbol [   ]. The shares of Class V Common Stock will begin trading following the completion of the merger.

EMC will hold a special meeting of its shareholders to vote on certain matters in connection with the proposed merger. Attendance at the special meeting will be limited as more fully described in the accompanying proxy statement/prospectus.

EMC shareholders are cordially invited to attend the special meeting of EMC shareholders. The special meeting will be held at [   ] (Eastern Time), on [   ], 2016, at EMC s facility at 176 South Street, Hopkinton,

Massachusetts 01748. At the special meeting, EMC shareholders will be asked to approve the merger agreement. In addition, EMC shareholders will be asked to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

We cannot complete the merger without the approval of the merger by EMC shareholders. It is important that your shares be represented and voted regardless of the size of your holdings. Whether or not you plan to attend the special meeting, we urge you to submit a proxy to have your shares voted in advance of the special meeting by using one of the methods described in the accompanying proxy statement/prospectus.

The EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval of the merger agreement, **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

The accompanying proxy statement/prospectus provides important information regarding the special meeting and a detailed description of the merger agreement, the merger, a number of related transactions and agreements, and the matters to be presented at the special meeting. **We urge you to read the accompanying proxy statement/prospectus (and any documents incorporated by reference into the accompanying proxy statement/prospectus) carefully and in its entirety. Please pay particular attention to *Risk Factors* beginning on page 42 of the accompanying proxy statement/prospectus.**

We hope to see you at the special meeting and look forward to the successful completion of the merger.

Sincerely,

[/s/ Joseph M. Tucci]

Joseph M. Tucci

Chairman of the Board and Chief Executive Officer

EMC Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the transactions described in the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated [ ], 2016 and is first being mailed to EMC shareholders on or about [ ], 2016.

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ADDITIONAL INFORMATION

The accompanying proxy statement/prospectus incorporates important business, financial and other information about EMC from documents that are not included in or delivered with the accompanying proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference into the accompanying proxy statement/prospectus (other than certain exhibits or schedules to these documents) by requesting them in writing, via email or by telephone from EMC or Denali at the following addresses and telephone numbers:

Denali Holding Inc.	EMC Corporation
One Dell Way	176 South Street
Round Rock, Texas 78682	Hopkinton, Massachusetts 01748
Attention: Investor Relations	Attention: Investor Relations
Email: investor_relations@dell.com	Email: emc_ir@emc.com
Telephone: (512) 728-7800	Telephone: (508) 435-1000

In addition, if you have questions about the merger or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact Innisfree M&A Incorporated, EMC s proxy solicitor, toll-free at (888) 750-5834 or collect at (212) 750-5833. You will not be charged for any of these documents that you request.

If you would like to request documents, please do so no later than five business days before the date of the special meeting of shareholders (which is [ ], 2016) to receive them before the special meeting.

See *Where You Can Find More Information* for information on how you can obtain copies of the incorporated documents or view them via the Internet.

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EMC CORPORATION

176 South Street

Hopkinton, Massachusetts 01748

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [ ], 2016

[ ], 2016

To the Shareholders of EMC Corporation:

A special meeting of shareholders of EMC Corporation, a Massachusetts corporation, referred to as EMC, will be held at [ ] (Eastern Time), on [ ], 2016, at EMC s facility at 176 South Street, Hopkinton, Massachusetts 01748. At the special meeting, shareholders will be asked to take the following actions:

- to approve the Agreement and Plan of Merger, dated as of October 12, 2015, as it may be amended from time to time, referred to as the merger agreement, among Denali Holding Inc., a Delaware corporation, referred to as Denali, Dell Inc., a Delaware corporation, referred to as Dell, Universal Acquisition Co., a Delaware corporation and wholly owned subsidiary of Denali, referred to as Merger Sub, and EMC, pursuant to which Merger Sub will be merged with and into EMC, and EMC will continue as a wholly owned subsidiary of Denali (which transaction is referred to as the merger) (a copy of the merger agreement is attached as *Annex A* to the accompanying proxy statement/prospectus);

- to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger; and

- to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

EMC will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the accompanying proxy statement/prospectus for further information with respect to the business to be transacted at the special meeting.

The EMC board of directors has fixed the close of business on [ ], 2016 as the record date for the special meeting. Only holders of record of EMC common stock as of the record date are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof.

Attendance at the special meeting will be limited to EMC shareholders as of the record date and to guests of EMC, as more fully described under *Special Meeting of EMC Shareholders Date, Time and Location* beginning on page 161 of the accompanying proxy statement/prospectus. If you are a shareholder and plan to attend, you **MUST** pre-register for the special meeting no later than [ ], 2016, by visiting [*www.emc.com/specialmeeting*] and completing the registration form. Shareholders who come to the special meeting, but have not registered electronically, will also be required to present evidence of stock ownership as of [ ], 2016. You can obtain this evidence from your broker, bank, trust company or other nominee or intermediary, referred to as a nominee or intermediary, typically in the form of your most recent monthly statement. All shareholders who attend the meeting will be required to present valid government-issued picture identification, such as a driver s license or passport, and will be subject to security screenings.

Approval of the merger agreement requires the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of EMC common stock entitled to vote as of the record date for the special meeting. The approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid

by EMC to its named executive officers in connection with the merger requires the affirmative vote, in person or by proxy, of holders of a majority of the shares of EMC common stock represented at the special meeting and entitled to vote thereon.

Under the Massachusetts Business Corporation Act, referred to as the MBCA, EMC is required to state whether it has concluded that EMC shareholders are, are not or may be entitled to assert appraisal rights, which are generally available to shareholders of a merging Massachusetts corporation under Section 13.02(a)(1) of the MBCA subject to certain exceptions. For the reasons described in the accompanying proxy statement/prospectus, EMC has concluded that EMC shareholders may be entitled to appraisal rights. The relevant provisions of the MBCA have not been the subject of judicial interpretation and EMC and Denali reserve the right to contest the validity and availability of any purported demand for appraisal rights in connection with the merger. In this regard, Denali has indicated that in any appraisal proceeding it will assert, and will cause EMC as its wholly owned subsidiary following completion of the merger to assert, that an exception to appraisal rights is applicable to the merger. Any shareholder seeking to assert appraisal rights should carefully review the procedures described in the accompanying proxy statement/prospectus. A copy of the applicable provisions of the MBCA is attached as *Annex C* to the accompanying proxy statement/prospectus.

The EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval of the merger agreement, **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

Your vote is very important. Whether or not you expect to attend the special meeting in person, we urge you to submit a proxy as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the special meeting. If your shares are held in the name of a nominee or intermediary, please follow the instructions on the voting instruction card furnished by the record holder.

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. In particular, see *Risk Factors* beginning on page 42 of the accompanying proxy statement/prospectus. If you have any questions concerning the merger, the merger agreement, the non-binding, advisory vote on the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger, the special meeting or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need help submitting a proxy to have your shares of EMC common stock voted, please contact EMC s proxy solicitor:

Innisfree M&A Incorporated

501 Madison Avenue, 20th floor

New York, New York 10022

Shareholders may call toll free: (888) 750-5834

Banks and Brokers may call collect: (212) 750-5833

By Order of the Board of Directors,

[/s/ Paul T. Dacier]

Paul T. Dacier

Executive Vice President, General Counsel and

Assistant Secretary

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ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by Denali with the U.S. Securities and Exchange Commission, constitutes a prospectus of Denali under Section 5 of the Securities Act of 1933, as amended, with respect to the shares of Class V Common Stock to be issued to EMC shareholders as consideration in the merger. This proxy statement/prospectus also constitutes a proxy statement for EMC under Section 14(a) of the Securities Exchange Act of 1934, as amended. In addition, it constitutes a notice of meeting with respect to the special meeting of EMC shareholders.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated [ ], 2016. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of such information. The mailing of this proxy statement/prospectus to EMC shareholders will not create any implication to the contrary.

This proxy statement/prospectus shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this proxy statement/prospectus regarding Denali has been provided by Denali and information contained in this proxy statement/prospectus regarding EMC has been provided by EMC.

Unless otherwise indicated or as the context otherwise requires, a reference in this proxy statement/prospectus to:

Class V Common Stock refers to the series of Denali common stock, par value $0.01 per share, designated as Class V Common Stock;

Dell refers to Dell Inc., a Delaware corporation, or, as the context requires, to Dell Inc. and its consolidated subsidiaries;

Dell International refers to Dell International LLC, a Delaware limited liability company and wholly owned subsidiary of Dell;

Denali refers to Denali Holding Inc., a Delaware corporation, before the closing on October 29, 2013 of the going-private transaction referred to in this proxy statement/prospectus, and Denali Holding Inc. or, as the context requires, to Denali Holding Inc. and its consolidated subsidiaries from and after such closing;

Denali bylaws refers to the Amended and Restated Bylaws of Denali Holding Inc., which will be amended and restated prior to the effective time of the merger;

Denali certificate refers to the Fourth Amended and Restated Certificate of Incorporation of Denali Holding Inc., which will be filed with the Secretary of State of the State of Delaware prior to the effective time of the merger;

Denali Intermediate refers to Denali Intermediate, Inc., a Delaware corporation;

Denali Tracking Stock Policy refers to the Tracking Stock Policy Statement regarding DHI Group and Class V Group Matters, a copy of which is attached as *Annex B* to this proxy statement/prospectus;

DGCL refers to the General Corporation Law of the State of Delaware, as amended;

DHI Group common stock refers collectively to the series of Denali common stock, each with a par value $0.01 per share, designated as Class A Common Stock, Class B Common Stock, Class C Common Stock and Class D Common Stock;

DOJ refers to the U.S. Department of Justice;

EMC refers to EMC Corporation, a Massachusetts corporation;

EMC articles refers to the Restated Articles of Organization of EMC;

EMC bylaws refers to the Amended and Restated Bylaws of EMC;

EMC common stock refers to EMC common stock, par value $0.01 per share;

Evercore refers to Evercore Group L.L.C.;

Exchange Act refers to the Securities Exchange Act of 1934, as amended;

exchange agent refers to American Stock Transfer & Trust Company, LLC;

FTC refers to the U.S. Federal Trade Commission;

GAAP refers to U.S. Generally Accepted Accounting Principles;

going-private agreement refers to the Agreement and Plan of Merger, dated as of February 5, 2013, as amended, pursuant to which the going-private transaction of Dell was effected;

going-private consideration refers to the consideration paid to the public stockholders of Dell in connection with the going-private transaction of Dell;

going-private transaction refers to the acquisition of Dell by Denali on October 29, 2013 in which the public stockholders of Dell received cash for their shares of Dell common stock;

HSR Act refers to the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

Internal Revenue Code refers to the U.S. Internal Revenue Code of 1986, as amended;

MBCA refers to the Massachusetts Business Corporation Act;

MD stockholders refers to Michael S. Dell and the Susan Lieberman Dell Separate Property Trust and any person to whom either of them would be permitted to transfer any equity securities of Denali under the Denali certificate;

merger refers to the merger of Merger Sub with and into EMC, as a result of which the separate corporate existence of Merger Sub will cease, and EMC will continue as a wholly owned subsidiary of Denali;

merger agreement refers to the Agreement and Plan of Merger, dated as of October 12, 2015, as it may be amended from time to time, among Denali, Dell, Merger Sub and EMC, a copy of which is attached as *Annex A* to this proxy statement/prospectus;

merger consideration refers to the consideration, per share of EMC common stock, to be received by EMC shareholders in the merger, consisting of:

$24.05 in cash, without interest, and

a number of shares of validly issued, fully paid and non-assessable shares of Class V Common Stock equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (1) 222,966,450 by (2) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares;

Merger Sub refers to Universal Acquisition Co., a Delaware corporation and wholly owned subsidiary of Denali;

Morgan Stanley refers to Morgan Stanley & Co. LLC;

MSD Partners means MSD Partners, L.P. and its affiliates (other than Michael S. Dell for so long as Michael S. Dell serves as the chief executive officer of Denali);

MSD Partners stockholders refers to MSDC Denali Investors, L.P., a Delaware limited partnership, and MSDC Denali EIV, LLC, a Delaware limited liability company and any person to whom either of them would be permitted to transfer any equity securities of Denali under the Denali certificate;

Nasdaq refers to the Nasdaq Stock Market;

NYSE refers to the New York Stock Exchange;

Pivotal refers to Pivotal Software, Inc., a Delaware corporation;

record date refers, as to the EMC shareholders entitled to receive notice of, and to vote at, the special meeting of EMC shareholders, to the close of business on [ ], 2016;

SEC refers to the U.S. Securities and Exchange Commission;

Securities Act refers to the Securities Act of 1933, as amended;

Silver Lake Partners refers to Silver Lake Management Company III, L.L.C., Silver Lake Management Company IV, L.L.C. and their respective affiliated management companies and investment vehicles;

SLP stockholders refers to Silver Lake Partners III, L.P., a Delaware limited partnership, Silver Lake Technology Investors III, L.P., a Delaware limited partnership, Silver Lake Partners IV, L.P., a Delaware limited partnership, Silver Lake Technology Investors IV, L.P., a Delaware limited partnership, and SLP Denali Co-Invest, L.P. and any person to whom any of them would be permitted to transfer any equity securities of Denali under the Denali certificate;

Temasek refers to an affiliate of Temasek Holdings (Private) Limited;

VMware refers to VMware, Inc., a Delaware corporation;

VMware common stock refers to Class A common stock, par value $0.01 per share, and Class B common stock, par value $0.01 per share, of VMware;

VMware intercompany notes refers to (1) the $680,000,000 Promissory Note due May 1, 2018, issued by VMware in favor of EMC, (2) the $550,000,000 Promissory Note, due May 1, 2020, issued by VMware in favor of EMC and (3) the $270,000,000 Promissory Note due December 1, 2022, issued by VMware in favor of EMC; and

we, our or us refers to Denali, Dell or EMC, as the context requires.

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QUESTIONS AND ANSWERS

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger and matters to be addressed at the special meeting. The questions and answers below are preceded by a brief summary of some of the material terms of the merger transaction and the Class V Common Stock that will be issued to EMC shareholders if the merger is completed. These questions and answers may not address all of the questions that may be important to EMC shareholders. To better understand these matters, and for a description of the legal terms governing the merger, you should carefully read this entire proxy statement/prospectus, including the attached annexes, as well as the documents that have been incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* for information on how you can obtain copies of the incorporated documents or view them via the Internet.

Summary of Certain Material Terms of the Merger and the Class V Common Stock

The merger and what EMC shareholders will receive in the merger. On October 12, 2015, EMC entered into the merger agreement with Denali and two subsidiaries of Denali. The merger agreement provides that, subject to its terms and conditions, a subsidiary of Denali will be merged with and into EMC. If the merger is completed, EMC shareholders will receive in exchange for each share of EMC common stock owned immediately prior to the merger (1) $24.05 in cash, without interest, and (2) a number of shares of Denali s Class V Common Stock equal to the quotient (rounded to five decimal places) of (A) 222,966,450 divided by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the merger, plus cash instead of any fractional shares. Based on the number of shares of EMC common stock we currently expect to be issued and outstanding immediately prior to the completion of the merger, we estimate that EMC shareholders will receive in the merger approximately 0.111 shares of Class V Common Stock for each share of EMC common stock. While the cash portion of the merger consideration is known, there is no established trading market or market price for the Class V Common Stock and the value of the Class V Common Stock merger consideration that EMC shareholders will receive is uncertain. See *The Merger Agreement Merger Consideration.*

Conditions to completion of the merger. The completion of the merger is subject to customary conditions, including (1) the approval of the merger agreement by the holders of a majority of the outstanding shares of EMC common stock as of the record date of [ ], 2016, (2) the expiration or termination of the waiting period under the HSR Act and receipt of antitrust approval and clearance in the European Union and other specified jurisdictions outside the United States and (3) the receipt by each of EMC and Denali, respectively, of an opinion from its tax counsel that (i) the merger, taken together with related transactions, should qualify as an exchange described in Section 351 of the Internal Revenue Code and (ii) for U.S. federal income tax purposes, the Class V Common Stock should be considered common stock of Denali. See *The Merger Agreement Conditions to the Merger.*

Certain characteristics of the Class V Common Stock as a tracking stock. The Class V Common Stock is a type of common stock that is commonly referred to as a tracking stock and includes the following characteristics:

- The approximately 223 million shares of Class V Common Stock issuable in the merger are intended to track and reflect the economic performance of approximately 65% of Denali s economic interest in the Class V Group following the completion of the merger. The Class V Group will initially consist of EMC s economic interest in the VMware business, which currently consists of approximately 343 million shares of VMware common stock. The Class V Common Stock is intended to track the performance of the foregoing 65% economic interest in the Class V Group, but there can be no assurance that the market price of the Class V

Common Stock will, in fact, reflect the performance of such economic interest. Denali s DHI Group common stock, which is comprised of four series of common stock, is designed to track the performance of Denali as a whole, excluding the interest in the Class V Group to be tracked by the outstanding shares of Class V Common Stock. See *Description of Denali Capital Stock Following the Merger Denali Common Stock*. This tracking stock structure is materially different from EMC s current capital stock structure. EMC has only one class of common

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stock, and the common stock of EMC is not limited to tracking the separate performance of its interest in the VMware business or any other portion of EMC s business. See *Comparison of Rights of Denali Stockholders and EMC Shareholders*. Below is a diagram identifying the Denali businesses that will initially be allocated to the DHI Group and the Class V Group:

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Although the Class V Group initially will consist of EMC s economic interest in the VMware business, Denali will have the ability to allocate other assets or liabilities to the Class V Group in exchange for assets and liabilities having an equivalent fair market value, in each case as authorized and determined by the Denali board of directors with the consent of its Capital Stock Committee as described below. Although any such allocation would change the nature of assets and liabilities that would be attributed to the Class V Group, it would not change the relative economic interests of the holders of Class V Common Stock and the holders of DHI Group common stock in the Class V Group (initially approximately 65% and 35%, respectively) unless such allocation involved a transfer of assets or liabilities from one group to the other in return for an increase or decrease, as the case may be, of the DHI Group s retained interest in the Class V Group. See *Description of Denali Capital Stock Following the Merger Denali Common Stock Certain Adjustments to the Number of Retained Interest Shares* and *Description of Denali Tracking Stock Policy Relationship between the DHI Group and the Class V Group*.

The number of shares of Class V Common Stock to be issued initially will have a one-to-one relationship to the number of shares of VMware common stock currently owned by EMC. However, the VMware Class A common stock and the Class V Common Stock have different characteristics, which we expect may affect their respective market prices in distinct ways. These characteristics include (among others): (1) the Class V Group may in the future have assets and liabilities attributed to it in addition to Denali s economic interest in the shares of VMware common stock currently owned by EMC, (2) the Class V Common Stock is subject to the credit risk of Denali, (3) the Class V Common Stock is a voting stock of Denali and does not have any voting rights at the VMware level and (4) the public float of the Class V Common Stock is expected to be significantly larger than that of the VMware common stock. These characteristics also may affect the extent to which the market price of the Class V Common Stock reflects the performance of the economic interest in the Class V Group that it is intended to track. Accordingly, although the Class V Common Stock is intended to track the performance of a portion of Denali s economic interest in the VMware business following the completion of the merger, there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such interest.

The Denali board of directors, in its sole discretion, will have the ability to convert all of the outstanding Class V Common Stock into Class C Common Stock if the Class C Common Stock is then publicly traded on a U.S. securities exchange. In the event of any such conversion, the number of shares of Class C Common Stock received for each share of Class V Common Stock would be determined based on a premium to the ratio of the market prices of the Class V Common Stock and Class C Common Stock during a specified trading period at such time. See *Description of Denali Capital Stock Following the Merger Conversion Conversion of Class V Common Stock into Class C Common Stock at the Option of Denali*. Any such conversion would effectively eliminate Denali s tracking stock structure because the holders of Class V Common Stock would upon conversion hold one of four series of DHI Group common stock, each of which would then represent common equity interests in the business and operations of Denali as a whole. In addition, upon such a conversion, former holders of Class V Common Stock would, as holders of Class C Common Stock, no longer have special class voting rights (see *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights Special Voting Rights of the Class V Common Stock*) or be subject to certain redemption or conversion provisions related to the Class V Group (see *Description of Denali Capital Stock Following the Merger Denali Common Stock Redemption for VMware Common Stock*, *Redemption for Securities of Class V Group Subsidiary* and *Dividend, Redemption or Conversion in Case of Class V Group Disposition*). Further, there would no longer be a Capital Stock Committee or a tracking stock policy (see *Management of Denali After the*

Merger Committees of the Board of Directors Capital Stock Committee and *Description of Denali Tracking Stock Policy*).

The Capital Stock Committee of the Denali board of directors. The Capital Stock Committee of the Denali board of directors will consist of at least three members, the majority of whom must qualify as independent directors under the rules of the NYSE. The Denali board of directors will not be permitted to take certain actions with respect to the Class V Common Stock without the approval of the Capital Stock Committee, including actions that would result in any changes to the policies governing the relationship between the Class V Group and the DHI Group (which generally consists of Denali s interest in all assets and liabilities of Denali that are not attributed to the Class V Group) or in any reallocation of assets and liabilities between the Class V Group and the DHI Group. See *Management of Denali After the Merger Committees of the Board of Directors Capital Stock Committee* and *Description of Denali Tracking Stock Policy Capital Stock Committee*.

Corporate governance of Denali after the completion of the merger and certain differences from EMC s corporate governance. The corporate governance of Denali after completion of the merger will include the following arrangements:

The board of directors of Denali initially will consist of (1) three Group I Directors who will have an aggregate of 3 of the 13 total votes on the Denali board of directors and will be elected by the holders of the Class V Common Stock, the Class A Common Stock, the Class B Common Stock and the Class C Common Stock voting together as a single class, (2) up to three Group II Directors who will have an aggregate of 7 of the 13 total votes on the Denali board of directors and will be elected by the holders of the Class A Common Stock voting as a separate class and (3) up to three Group III Directors who will have an aggregate of 3 of the 13 total votes on the Denali board of directors and will be elected by the holders of the Class B Common Stock voting as a separate class. All of Denali s directors will owe fiduciary duties to Denali as a whole and to all of Denali s stockholders and not just to holders of a particular series of shares. See *Management of Denali After the Merger Board of Directors*. EMC s board of directors consists of a single class of directors who each have one vote and are elected by the holders of EMC s common stock. See *Comparison of Rights of Denali Stockholders and EMC Shareholders Board of Directors Number, Election and Removal of Directors and Filling Vacancies*.

The holders of the Class V Common Stock, the Class A Common Stock, the Class B Common Stock and the Class C Common Stock will vote together as a single class except in certain limited circumstances under which the holders of the Class V Common Stock will have the right to vote as a separate class and except in the election of Denali s Group II Directors and Group III Directors. The holders of the Class V Common Stock and the Class C Common Stock will be entitled to one vote per share, the holders of the Class A Common Stock and the Class B Common Stock will be entitled to 10 votes per share and the holders of the Class D Common Stock will not have any voting rights except to the extent required under Delaware law. See *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights*. EMC has a single class of common stock and each holder of EMC common stock has one vote per share. See *Comparison of Rights of Denali Stockholders and EMC Shareholders Voting Rights*.

By reason of their ownership of substantially all of the Class A Common Stock, the MD stockholders and the MSD Partners stockholders will have the ability to elect all of the Group I Directors and the Group II Directors and to approve any matter submitted to the vote of all of the outstanding shares of Denali common stock voting together as a single class. By reason of their ownership of all of the Class B Common Stock, the SLP stockholders will have the ability to elect all of the Group III Directors. Immediately following the

completion of the merger, it is expected that the aggregate number of votes to which holders of Class V Common Stock would be entitled will represent approximately 4% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class A Common Stock would be entitled will represent approximately 73% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class B Common Stock would be entitled will represent approximately 23% of the total number of votes to which all holders of Denali common stock would be

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entitled, and the number of votes to which holders of Class C Common Stock would be entitled will represent less than 1% of the total number of votes to which all holders of Denali common stock would be entitled. See *Security Ownership of Certain Beneficial Owners and Management* and *Risk Factors Risk Factors Relating to the Combined Company After the completion of the merger, Denali will be controlled by the MD stockholders, the MSD Partners stockholders and the SLP stockholders, whose interests may differ from the interests of the holders of Class V Common Stock*. As of the date of this proxy statement/prospectus, EMC does not have any controlling shareholder.

Subject to an exemption available to a controlled company, the rules of the NYSE require that a majority of a listed company s board of directors be composed of independent directors, as defined in those rules, and that independent directors exercise oversight responsibilities with respect to director nominations and executive compensation. Following the completion of the merger, Denali will qualify as a controlled company under NYSE rules. As a result, Denali expects that after the merger a majority of its directors will not be independent under NYSE rules and that it will not establish fully independent compensation and nominating committees. Even though Denali will be a controlled company, it will be required to comply with the rules of the SEC and the NYSE relating to the membership, qualifications and operations of the audit committee of the board of directors. Denali expects that each of the three Group I Directors will serve on Denali s audit committee and will qualify as an independent director. See *Management of Denali after the Merger Board of Directors* and *Committees of the Board of Directors* and *Risk Factors Risk Factors Relating to the Combined Company Upon the listing of the shares of Class V Common Stock on the NYSE, Denali will be a controlled company within the meaning of NYSE rules and, as a result, will qualify for, and intends to rely on, exemptions from certain corporate governance requirements. Holders of Class V Common Stock will therefore not have the same protections afforded to stockholders of companies that are subject to such requirements*. EMC is not a controlled company and is subject to all of the NYSE s rules regarding director independence and independent director oversight of director nominations and executive compensation.

Questions and Answers Regarding the Merger and the Special Meeting

Q: Why am I receiving this proxy statement/prospectus?

A: This proxy statement/prospectus serves as both a proxy statement of EMC for the special meeting of EMC shareholders to be held to obtain shareholder approval of the merger agreement and take the other actions described in this document, and as a prospectus of Denali relating to its offering of the Class V Common Stock to be issued to EMC shareholders as merger consideration pursuant to the merger agreement.

Denali and EMC have agreed to a merger, pursuant to which EMC shareholders will receive the merger consideration described in this proxy statement/prospectus and EMC will become a wholly owned subsidiary of Denali and will no longer be a publicly held corporation. In order for Denali and EMC to complete the merger, EMC shareholders must approve the merger agreement.

EMC is holding a special meeting of shareholders to obtain the shareholder approval necessary to approve the merger agreement. In addition, EMC shareholders will also be asked to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement. EMC s named executive officers are identified under

Proposal 1: Approval of the Merger Agreement Interests of Certain EMC Directors and Officers.

Your vote is very important. We encourage you to submit a proxy as soon as possible to have your shares of EMC common stock voted.

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Q: What will EMC shareholders receive in the merger?

A: If the merger is completed, each share of EMC common stock (other than shares owned by Denali, Merger Sub, EMC or any of its wholly owned subsidiaries, and other than shares with respect to which EMC shareholders are entitled to and properly exercise appraisal rights) automatically will be converted into the right to receive the merger consideration, consisting of (1) $24.05 in cash, without interest, and (2) a number of shares of validly issued, fully paid and non-assessable Class V Common Stock equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (A) 222,966,450 by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares. Based on the number of shares of EMC common stock we currently expect will be issued and outstanding immediately prior to the completion of the merger, we estimate that EMC shareholders will receive in the merger approximately 0.111 shares of Class V Common Stock for each share of EMC common stock.

Q: What is the Class V Common Stock?

A: The Class V Common Stock is a type of common stock commonly referred to as a tracking stock (as described below) and is intended to track the performance of a portion of Denali s economic interest in the VMware business following the completion of the merger. However, there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such economic interest. The approximately 223 million shares of Class V Common Stock issuable in the merger (assuming EMC shareholders either are not entitled to or do not properly exercise appraisal rights) are intended to track and reflect the economic performance of approximately 65% of EMC s current economic interest in the VMware business, which currently consists of approximately 343 million shares of VMware common stock. The number of shares of Class V Common Stock to be issued initially will have a one-to-one relationship to the number of shares of VMware common stock currently owned by EMC.

Q: What are your expectations about how the market price of the Class V Common Stock will correlate with the performance of the economic interest in the VMware business it is intended to track or with the market price of the VMware Class A common stock?

A: The Class V Common Stock is intended to track the performance of a portion of Denali s economic interest in the VMware business, but there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such economic interest. Further, while investors may view the market price of the VMware Class A common stock as relevant to a valuation of the VMware business, the Class V Common Stock and VMware Class A Common Stock have different characteristics, as discussed above, which we expect may affect their respective market prices in distinct ways.

Q: What happens if the merger is not completed?

A: If the merger is not completed for any reason, EMC shareholders will not receive any consideration for their shares of EMC common stock, EMC will remain an independent public company and EMC common stock will

continue to be traded on the NYSE. In addition, in certain circumstances, EMC or Denali may be required to pay a termination fee to the other party following the termination of the merger agreement. See *The Merger Agreement Termination Fees*.

Q: If I am an EMC shareholder, how will I receive the merger consideration to which I am entitled?

A: After receiving proper documentation from you, following the effective time of the merger, the exchange agent will forward to you Class V Common Stock, the cash portion of the merger consideration and any cash in lieu of fractional shares to which you are entitled. For additional information about the exchange of shares of EMC common stock for shares of Class V Common Stock and cash, see *Proposal 1: Approval of the Merger Agreement Exchange of Shares in the Merger*.

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Q: When and where will the special meeting be held?

A: The special meeting will be held at [ ] (Eastern Time), on [ ], 2016, at EMC s facility at 176 South Street, Hopkinton, Massachusetts 01748.

Q: Who is entitled to vote at the special meeting?

A: Only holders of record of EMC common stock as of the record date, the close of business on [ ], 2016, are entitled to vote at the special meeting and any adjournment or postponement thereof. As of the record date, there were [ ] shares of EMC common stock outstanding. Each outstanding share of EMC common stock is entitled to one vote.

Q: Who may attend the special meeting?

A: Attendance at the special meeting will be limited to EMC shareholders as of the record date and to pre-approved guests of EMC. ***All shareholder guests must be pre-approved by EMC and will be limited to spouses, persons required for medical assistance and properly authorized representatives of EMC shareholders as of the record date***. If you are a shareholder and plan to attend, you **MUST** pre-register for the special meeting no later than [ ], 2016, by visiting [*www.emc.com/specialmeeting*] and completing the registration form. Shareholders who come to the special meeting, but have not registered electronically, will also be required to present evidence of stock ownership as of [ ], 2016. You can obtain this evidence from your broker, bank, trust company or other nominee or intermediary, typically in the form of your most recent monthly statement. All shareholders who attend the meeting will be required to present valid government-issued picture identification, such as a driver s license or passport, and will be subject to security screenings.

The special meeting is a private business meeting. In accordance with the EMC bylaws, EMC s chairman of the board of directors or other presiding officer has the right and authority to adjourn the special meeting and to determine and maintain the rules, regulations and procedures for the conduct of the special meeting, including, but not limited to, maintaining order and the safety of those in attendance, dismissing business not properly submitted, opening and closing the polls for voting and limiting time allowed for discussion of the business at the special meeting. Failure to abide by the special meeting rules will not be tolerated and may result in expulsion from the special meeting. A copy of the special meeting rules will be provided to all properly pre-registered shareholders and guests. Cameras, recording devices and other electronic devices will not be permitted at the special meeting.

If you have a disability, EMC can provide reasonable assistance to help you participate in the special meeting. If you plan to attend the special meeting and require assistance, please write or call EMC s Office of the Secretary no later than [ ], 2016, at 176 South Street, Hopkinton, Massachusetts 01748, telephone number (508) 435-1000.

Q: What are EMC shareholders being asked to vote on?

A: EMC shareholders are being asked to vote on the following proposals:

- to approve the merger agreement, pursuant to which Merger Sub will be merged with and into EMC, and as a result of which the separate corporate existence of Merger Sub will cease and EMC will continue as a wholly owned subsidiary of Denali;

- to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger; and

- to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

The approval of the merger agreement by EMC shareholders is a condition to the obligations of Denali and EMC to complete the merger. Approval of the other proposals is not a condition to the completion of the merger.

Q: Are there any important risks about the merger or Denali s business of which I should be aware?

A: Yes, there are important risks involved. Before making any decision on how to vote, you are urged to read the section *Risk Factors* carefully and in its entirety.

Q: How does the EMC board of directors recommend that EMC shareholders vote?

A: The EMC board of directors unanimously determined that the merger agreement and the transactions contemplated thereby, including the proposed merger, are advisable and in the best interests of EMC and its shareholders, and unanimously resolved to approve and adopt the merger agreement and the transactions contemplated thereby, including the proposed merger.

The EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval of the merger agreement.

The EMC board of directors also unanimously recommends that EMC shareholders vote **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement. For information about these proposals, see *Proposal 1: Approval of the Merger Agreement EMC s Reasons for the Merger; Recommendation of the EMC Board of Directors*, *Proposal 2: Non-Binding, Advisory Vote on Compensation of Named Executive Officers* and *Proposal 3: Adjournment of Special Meeting of EMC Shareholders*.

Q: How do I vote?

A: You may vote in person at the special meeting or you may designate another person your proxy to vote your shares of EMC common stock. The written document used to designate someone as your proxy also is called a proxy or proxy card. We urge you to submit a proxy to have your shares voted even if you plan to attend the special meeting. You may always change your vote at the special meeting.

If you are a shareholder of record for the special meeting, then you may have your shares voted at the special meeting in person or by submitting a proxy over the Internet, by mail or by telephone by following the instructions on your proxy card. The deadline for voting by proxy over the Internet or by telephone for the special meeting is [ ] (Eastern Time) on [ ], 2016.

If you are a beneficial owner and hold your shares in street name, or through a nominee or intermediary, such as a bank or broker, you will receive separate instructions from your nominee or intermediary describing how to vote your shares. The availability of Internet or telephonic voting will depend on the intermediary s voting process. Please check with your nominee or intermediary and follow the voting instructions provided by your nominee or intermediary with

these materials.

If you hold shares of EMC common stock through your participation in the EMC Corporation 401(k) Savings Plan, the EMC Corporation Deferred Compensation Retirement Plan or the VMware Inc. 401(k) Savings Plan, your voting instructions must be received by the plan trustee by [ ] (Eastern Time) on [ ], 2016, for the trustee to vote your shares. You may not vote these shares in person at the special meeting.

Q: What is a broker non-vote ?

A: Under NYSE rules, brokers and other nominees may use their discretion to vote uninstructed shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Non-

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routine matters are matters that may substantially affect the rights or privileges of shareholders, such as mergers, shareholder proposals, elections of directors (even if not contested), executive compensation (including any advisory shareholder votes on executive compensation) and certain corporate governance proposals, even if management-supported. A broker non-vote occurs on an item when a nominee or intermediary has discretionary authority to vote on one or more proposals to be voted on at a meeting of shareholders but is not permitted to vote on other proposals without instructions from the beneficial owner of the shares and the beneficial owner fails to provide the nominee or intermediary with such instructions. Because none of the proposals to be voted on at the special meeting are routine matters for which brokers may have discretionary authority to vote, EMC does not expect any broker non-votes at the special meeting.

Q: What EMC shareholder vote is required for (1) the approval of the merger agreement, (2) the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and (3) the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement, and what happens if I abstain or fail to vote?

A: The following are the vote requirements:

Approval of the Merger Agreement: The affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of EMC common stock entitled to vote as of the record date for the special meeting is required to approve the merger agreement. Accordingly, an abstention or failure to vote or a broker non-vote will have the same effect as a vote **AGAINST** the approval of the merger agreement.

Non-Binding, Advisory Approval of Compensation Payments: The affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting is required to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger. Abstentions and broker non-votes are not considered votes cast and, therefore, will have no effect on the proposal.

Approval of Adjournment of Special Meeting of EMC Shareholders: The affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting is required to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement. Abstentions and broker non-votes are not considered votes cast and, therefore, will have no effect on the proposal.

Because none of the proposals to be voted on at the special meeting are routine matters for which brokers may have discretionary authority to vote, EMC does not expect any broker non-votes at the special meeting.

Q: What constitutes a quorum for the special meeting?

A: A majority of the shares of EMC common stock outstanding on the record date entitled to vote must be present, in person or represented by proxy, to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted as present in determining the existence of a quorum. Because none of the proposals to be voted on at the special meeting are routine matters for which brokers may have discretionary authority to vote, EMC does not expect any broker non-votes at the special meeting.

Q: If my shares are held in street name by my bank, brokerage firm, dealer, trust company or other nominee, will my bank, brokerage firm, dealer, trust company or other nominee automatically vote my shares for me?

A: No. Your bank, brokerage firm, dealer, trust company or other nominee will not vote your shares if you do not provide your bank, brokerage firm, dealer, trust company or other nominee with a signed voting instruction form with respect to your EMC common stock. Therefore, you should instruct your bank, brokerage firm, dealer, trust company or other nominee to vote your EMC common stock by following the directions your bank, brokerage firm, dealer, trust company or other nominee provides.

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Because banks, brokerage firms, dealers, trust companies and other nominees do not have discretionary voting authority with respect to any of the proposals at the special meeting, if a beneficial owner of EMC common stock held in street name does not give voting instructions to the bank, brokerage firm, dealer, trust company or other nominee for any proposals, then those shares will not be counted as votes cast for or against any of the proposals and will not be counted for purposes of determining whether a quorum is present at the special meeting.

If you hold shares of EMC common stock through your participation in the EMC Corporation 401(k) Savings Plan and you do not give instructions about how your shares are to be voted, the plan trustee will vote your shares in the same manner, proportionally, as it votes the other shares of EMC for which proper and timely instructions of other plan participants have been received by the plan trustee. If you hold shares of EMC common stock through your participation in the EMC Corporation Deferred Compensation Retirement Plan or the VMware Inc. 401(k) Savings Plan and do you not give instructions about how your shares are to be voted, the plan trustee may not vote your shares at all.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you return your signed and dated proxy card without indicating how to vote your shares on any particular proposal, the EMC common stock represented by your proxy will be voted in accordance with the recommendation of the board of directors. The EMC board of directors has recommended that such proxy cards be voted **FOR** the approval of the merger agreement, **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

Q: Is my vote important?

A: Yes, your vote is very important. The merger cannot be completed without the approval of the merger agreement by EMC shareholders.

The EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval of the merger agreement.

Q: May I revoke my proxy or change my voting instructions?

A: Yes. You may revoke your proxy or change your voting instructions at any time before your shares are voted at the special meeting.

If you are a holder of record as of the record date, you may revoke your proxy by:

sending a signed, written notice stating that you revoke your proxy to the Corporate Secretary, at EMC s offices at 176 South Street, Hopkinton, Massachusetts 01748, Attention: Office of the Secretary, that bears a date later than the date of the proxy you want to revoke and is received by the EMC Office of the Secretary prior to the special meeting;

submitting a valid, later-dated proxy via the Internet or by telephone before 11:59 PM (Eastern Time) on [ ], 2016, or by mailing a later-dated, new proxy card that is received by [ ] prior to the special meeting; or

attending the special meeting (or, if the special meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not constitute a vote or revoke any proxy previously given.

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If you hold your shares in street name, you must contact your nominee or intermediary to change your voting instructions or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the special meeting.

Q: What happens if I transfer my shares of EMC common stock before the special meeting?

A: The record date is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your shares of EMC common stock after the record date but before the special meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the special meeting. However, if you are an EMC shareholder, you will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares of EMC common stock through the effective time of the merger.

Q: What do I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus, the proxy card or the voting instruction form sent to you by your nominee or intermediary. This can occur if you hold your shares in more than one brokerage account, if you hold shares directly as a holder of record and also in street name, or otherwise through another holder of record, and in certain other circumstances. If you receive more than one set of voting materials, please sign and return each set separately in order to ensure that all of your shares are voted.

Q: How do I obtain the voting results from the special meeting?

A: Preliminary voting results will be announced at the special meeting, and will be set forth in a press release that EMC intends to issue after the special meeting. The press release will be available on the EMC website at *www.emc.com*. Final voting results for the special meeting will be published in a current report on Form 8-K filed with the SEC within four business days after the special meeting. A copy of this current report on Form 8-K will be available after filing with the SEC on the EMC website and at *www.sec.gov*.

Q: What will happen if any or all of the proposals to be considered at the special meeting are not approved?

A: As a condition to the completion of the merger, EMC shareholders must approve the merger agreement. Completion of the merger is not conditioned or dependent upon the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger. Nor is completion of the merger conditioned upon the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement. Additionally, if the merger agreement is terminated by EMC or Denali in the event the EMC shareholders have voted on and failed to approve the merger agreement at the special meeting, EMC will be obligated to reimburse Denali for all reasonable out-of-pocket expenses incurred by Denali, Merger Sub or their

respective affiliates in connection with the merger agreement and the transactions contemplated thereby, up to an aggregate maximum amount of $50 million.

Q: May EMC shareholders exercise appraisal rights instead of receiving the per share merger consideration for shares of EMC common stock?

A: Under the MBCA, EMC is required to state whether it has concluded that EMC shareholders are, are not or may be entitled to assert appraisal rights, which are generally available to shareholders of a merging Massachusetts corporation under Section 13.02(a)(1) of the MBCA, subject to certain exceptions. For the reasons described under *Appraisal Rights of EMC Shareholders,* EMC has concluded that EMC shareholders may be entitled to appraisal rights. The relevant provisions of the MBCA have not been the subject of judicial interpretation and EMC and Denali reserve the right to contest the validity and availability of any purported demand for appraisal rights in connection with the merger. In this regard,

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Denali has indicated that in any appraisal proceeding it will assert, and will cause EMC as its wholly owned subsidiary following completion of the merger to assert, that an exception to appraisal rights is applicable to the merger.

Under Part 13 of the MBCA, EMC shareholders who believe they are or may be entitled to appraisal rights in connection with the merger must, in order to exercise those rights:

- prior to the special meeting, deliver to EMC a written notice of intent to demand payment for such shareholders shares of EMC common stock if the merger is effectuated;
- NOT vote for the proposal to approve the merger agreement; and
- comply with other procedures under Part 13 of the MBCA.

These procedures are summarized under *Appraisal Rights of EMC Shareholders*. In addition, the text of Part 13 of the MBCA is reproduced in its entirety as *Annex C* to this proxy statement/prospectus.

Q: Why are EMC shareholders being asked to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger?

A: The SEC has adopted rules that require EMC to seek a non-binding, advisory vote on the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger.

Q: What happens if EMC shareholders do not approve the proposal to approve, on a non-binding, advisory basis, the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger?

A: Approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger is not a condition to the completion of the merger. The vote is a non-binding, advisory vote. If EMC shareholders approve the merger agreement and the merger is completed, EMC will be obligated to pay all or a portion of this compensation to its named executive officers in connection with the completion of the merger or certain terminations of employment following the merger, even if EMC shareholders do not approve this proposal.

Q: What are the material U.S. federal income tax consequences of the merger to EMC shareholders?

A: It is anticipated that the merger will generally be treated as an exchange by EMC shareholders of shares of EMC common stock for common stock of Denali and cash in a transaction described in Section 351 of the Internal Revenue Code (except to the extent treated as a redemption, as described below).

The completion of the merger is conditioned upon the receipt by each of EMC and Denali, respectively, of an opinion from its tax counsel that (1) the merger, taken together with related transactions, should qualify as an exchange described in Section 351 of the Internal Revenue Code and (2) for U.S. federal income tax purposes, the Class V Common Stock should be considered common stock of Denali. Neither Denali nor EMC currently intends to waive the opinion condition to its obligation to complete the merger. If either Denali or EMC waives the opinion condition after the registration statement of which this proxy statement/prospectus forms a part is declared effective by the SEC, and if the tax consequences of the merger to EMC shareholders have materially changed, Denali and EMC will recirculate appropriate soliciting materials to resolicit the votes of EMC shareholders.

Assuming the exchange of shares of EMC common stock for common stock of Denali and cash qualifies as an exchange described in Section 351 of the Internal Revenue Code, and subject to the discussion below regarding cash provided by EMC, U.S. holders of EMC common stock who receive cash and Class V Common Stock in the merger should recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Class V Common Stock and the amount of cash

(other than cash received instead of fractional shares of Class V Common Stock) received by such holder in the exchange for shares of EMC common stock exceeds the holder s adjusted basis in such shares of EMC common stock, and (2) the amount of cash (other than cash received instead of fractional shares of Class V Common Stock) received by such holder in such exchange for shares of EMC common stock. However, to the extent that cash in the merger is considered to be provided by EMC, (1) the exchange of such cash for EMC common stock should be treated as a redemption of EMC common stock for the cash provided by EMC and (2) to the extent so treated, a U.S. holder of EMC common stock would recognize capital gain or loss equal to the difference between the amount of cash received in such redemption and such holder s tax basis in the portion of such holder s EMC common stock deemed to have been redeemed in such redemption.

The treatment of any cash received instead of a fractional share interest in Class V Common Stock is discussed in *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders U.S. Federal Income Tax Consequences of the Merger to U.S. Holders of EMC Common Stock Cash in Lieu of Fractional Shares*.

While we believe that, for U.S. federal income tax purposes, the Class V Common Stock should be treated as common stock of Denali, there are currently no Internal Revenue Code provisions, U.S. federal income tax regulations, court decisions or published rulings of the U.S. Internal Revenue Service, referred to as the IRS, directly addressing the characterization of stock with characteristics similar to the Class V Common Stock. In addition, the IRS has announced that it will not issue advance rulings on the characterization of an instrument with characteristics similar to those of the Class V Common Stock. Accordingly, no assurance can be given that the treatment of the Class V Common Stock as common stock of Denali, if contested, would be sustained by a court.

If the Class V Common Stock were not treated as common stock of Denali, the U.S. federal income tax consequences of the merger to U.S. holders of EMC common stock would differ from those described above. For a more detailed discussion of the material U.S. federal income tax consequences of the merger and the Class V Common Stock, see *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders.*

EMC shareholders are urged to consult their tax advisors to determine the U.S. federal income tax consequences of the merger to them in light of their particular circumstances, as well as estate, gift, state, local or non-U.S. tax consequences.

Q: When do you expect to complete the merger?

A: As of the date of this proxy statement/prospectus, it is not possible to estimate accurately the completion date for the merger because the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the conditions to Denali s and EMC s obligations to complete the merger. Denali and EMC, however, expect the merger to close during the second or third quarter of Denali s fiscal year ending February 3, 2017 (within the months of May to October 2016). Because the completion of the merger is conditioned on receipt of governmental approvals and the satisfaction of other conditions to the merger, no assurance can be given as to when, or if, the merger will be completed. The merger agreement provides for an outside date of December 16, 2016 for the completion of the merger. For more information regarding the conditions that must be satisfied (or, to the extent permitted by applicable law, waived) prior to the completion of the merger, see *The Merger Agreement Conditions to the Merger*.

Q: What will happen to outstanding EMC equity awards in the merger?

A: Each currently outstanding EMC stock option will become vested and fully exercisable for a reasonable period of time prior to the effective time of the merger. Each EMC stock option that remains outstanding immediately prior to the effective time of the merger will be automatically exercised immediately prior to the effective time of the merger on a net exercise basis, such that shares of EMC common stock with a value equal to the aggregate exercise price and applicable tax withholding will reduce the number of shares of

EMC common stock otherwise issuable. Each such holder of a net exercised EMC stock option will thereafter be entitled to receive the merger consideration with respect to the net number of shares of EMC common stock issued upon such net exercise. Except for a limited number of restricted stock units that may be granted following the date of the merger agreement and that will continue in effect as cash awards following the effective time of the merger, each EMC restricted stock unit outstanding immediately prior to the effective time of the merger will become fully vested immediately prior to the effective time (with performance vesting units vesting at the target level of performance) and the holder will become entitled to receive the merger consideration with respect to the shares of EMC common stock subject to the award (which will be calculated net of the number of shares withheld in respect of taxes upon the vesting of the award). The merger agreement provides that Denali may agree with individual award recipients to different treatment with respect to equity awards made prior to the execution of the merger agreement; no such agreements were in effect as of the date of this proxy statement/prospectus. See *Proposal 1: Approval of the Merger Agreement Treatment of EMC Equity Awards* for additional information about the treatment of EMC equity awards under the merger agreement.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes, please submit your proxy as promptly as possible, so that your shares may be represented and voted at the special meeting. To submit a proxy or to vote your shares of EMC common stock, do so by:

- signing, dating, marking and returning the enclosed proxy card in the accompanying postage-paid return envelope;
- submitting your proxy via the Internet or by telephone by following the instructions included on your proxy card; or
- attending the special meeting and voting by ballot in person.

If you hold shares in street name, please instruct your nominee or intermediary to vote your shares by following the instructions that the nominee or intermediary provides to you with these materials. Your nominee or intermediary will vote your shares of EMC common stock for you only if you provide instructions to it on how to vote. Please refer to the voting instruction card used by your nominee or intermediary to see if you may submit voting instructions using the telephone or Internet.

Q: Should I send in my EMC stock certificates now?

A: No. EMC shareholders should not send in their stock certificates at this time. After the completion of the merger, Denali s exchange agent will send you a letter of transmittal and instructions for exchanging your shares of EMC common stock for the merger consideration. The shares of Class V Common Stock you receive in the merger will be issued in book-entry form and physical certificates will not be issued. See *Proposal 1: Approval of the Merger*

Agreement Exchange of Shares in the Merger.

Q: How will the merger be financed?

A: The merger will be financed with a combination of equity and debt financing and cash on hand. Denali has obtained committed equity financing for up to $4.25 billion in the aggregate (from Michael S. Dell and a separate property trust for the benefit of Mr. Dell s wife, MSDC Denali Investors, L.P., MSDC Denali EIV, LLC, funds affiliated with Silver Lake Partners, and Temasek) and debt financing commitments for up to $49.5 billion in the aggregate from Credit Suisse, J.P. Morgan, Barclays, BofA Merrill Lynch, Citi, Goldman Sachs, Deutsche Bank and RBC Capital Markets for the purpose of financing the merger and refinancing certain existing indebtedness of Denali and EMC. The obligations of the lenders under Denali s debt financing commitments are subject to a number of customary conditions. Denali s debt financing

commitments will terminate upon the earlier of the termination of the merger agreement in accordance with its terms and December 16, 2016. In addition, each of Denali and EMC has agreed to make available a certain amount of cash on hand (at least $2.95 billion, in the case of Denali, and $4.75 billion, in the case of EMC) at the completion of the merger for the purpose of financing the transactions contemplated by the merger agreement.

Q: Does Denali expect to use any of VMware s cash flows and debt capacity to repay indebtedness incurred by Denali in connection with the merger?

A: No. The credit structure and plans for servicing the indebtedness of Denali and its subsidiaries after the completion of the merger are based entirely on anticipated proceeds from sales of non-core businesses attributable to the DHI Group, operating cash flows attributable to the DHI Group and working capital improvements by the DHI Group and do not rely on VMware s cash flows or debt capacity.

Q: Will VMware be liable for the debt financing incurred by Denali to consummate the merger or be subject to contractual restrictions on its business?

A: No. VMware will not have any liability for the debt financing incurred by Denali to consummate the merger and Denali s debt will not impose any contractual restrictions on VMware s business.

Q: Will the Class V Common Stock issued to EMC shareholders at the time of the completion of the merger be traded on an exchange?

A: Yes. It is a condition to the completion of the merger that the shares of Class V Common Stock to be issued to EMC shareholders in the merger be approved for listing on the NYSE or Nasdaq, subject to official notice of issuance. Denali will apply for listing of the Class V Common Stock on the NYSE. The Class V Common Stock will be freely transferable and will trade just like other publicly listed common stocks.

Q: If I am an EMC shareholder, whom should I call with questions?

A: If you have any questions about the merger or the special meeting, or wish to obtain additional copies of this proxy statement/prospectus, proxy cards or voting instruction forms, you should contact:

Innisfree M&A Incorporated

501 Madison Avenue, 20th floor

New York, New York 10022

Shareholders may call toll free: (888) 750-5834

Banks and Brokers may call collect: (212) 750-5833

or

EMC Corporation

176 South Street

Hopkinton, Massachusetts 01748

Attention: Investor Relations

Email: emc_ir@emc.com

Telephone: (508) 435-1000

Q: Where can I find more information about Denali and EMC?

A: You can find more information about Denali and EMC from the sources described under *Where You Can Find More Information*.

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Questions and Answers Regarding Denali s Proposed Tracking Stock Structure

Q: What is a tracking stock?

A: A tracking stock is a separate class or series of a company s common stock that is intended to reflect the economic performance of a defined set of assets and liabilities, usually consisting of a specific business or subsidiary.

Q: What will be the series of common stock of Denali?

A: The series of common stock of Denali will be the Class V Common Stock and the DHI Group common stock.

EMC s interest in the VMware business currently consists of approximately 343 million shares of VMware common stock. The approximately 223 million shares of Class V Common Stock issuable to EMC shareholders as merger consideration (assuming EMC shareholders either are not entitled to or do not properly exercise appraisal rights) will represent approximately 65% of the shares of Class V Common Stock authorized to be issued under the Denali certificate and, as a result, are intended to track and reflect the economic performance of approximately 65% of EMC s current economic interest in the VMware business. The Class V Common Stock is initially intended to track the performance of such economic interest in the VMware business after the merger, but we cannot assure you that the market price of the Class V Common Stock will, in fact, reflect such performance. The number of shares of Class V Common Stock to be issued initially will have a one-to-one relationship to the number of shares of VMware common stock currently owned by EMC.

The DHI Group common stock, which is comprised of four series of common stock, is intended to track the performance of Denali as a whole excluding the interest in the Class V Group to be represented by outstanding shares of Class V Common Stock. Following the merger, we expect that the DHI Group common stock initially will track and reflect the economic performance of approximately 35% of EMC s current economic interest in the VMware business.

The assets and liabilities of Denali that are intended to be tracked by the authorized Class V Common Stock, which initially will consist solely of Denali s economic interest in the VMware business as of the completion of the merger, are referred to as the Class V Group, and the remaining assets and liabilities of Denali that are intended to be tracked by the DHI Group common stock (including a retained interest in the Class V Group) are referred to as the DHI Group.

Q: How are Denali s interests aligned with the interests of the holders of the Class V Common Stock?

A:

After the completion of the merger, Denali will be the largest stockholder of VMware. The owners of the DHI Group common stock, which includes Michael S. Dell and the SLP stockholders, will have an indirect economic interest in the approximately 35% of the VMware common stock owned by Denali at the completion of the merger that are not attributed to the Class V Group. As a result, at the completion of the merger, the owners of the DHI Group common stock will have an indirect economic interest in approximately 28% of the VMware business. We believe this significant ownership interest by Denali in VMware provides a significant incentive for Denali to promote success at VMware and aligns Denali s interests with the interests of the holders of the Class V Common Stock.

After the completion of the merger and assuming no change in the number of outstanding shares of VMware common stock before the completion of the merger, Denali is expected to beneficially own 300 million shares of VMware Class B common stock, representing 100% of the outstanding shares of VMware Class B common stock, and approximately 43 million shares of VMware Class A common stock, representing approximately 35.5% of the outstanding shares of VMware Class A common stock. Each share of VMware Class A common stock is entitled to one vote per share and each share of VMware Class B common stock is entitled to ten votes per share. Such beneficial ownership by Denali is expected to represent approximately 97.5% of the total voting power of the outstanding VMware common stock.

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Q: What is the Capital Stock Committee and what function will it serve in our tracking stock structure?

A: The Denali board of directors will create a standing committee known as the Capital Stock Committee. The Denali board of directors will not be permitted to take certain actions with respect to the Class V Common Stock without the approval of the Capital Stock Committee, including any actions that would result in any changes to the policies governing the relationship between the Class V Group and the DHI Group or in any reallocation of assets and liabilities between the Class V Group and the DHI Group. The Capital Stock Committee will consist of at least three members, the majority of whom must qualify as independent directors under the rules of the NYSE. Under the Denali board policies, if such independent directors are granted equity compensation by Denali, approximately half of the value at grant of all such compensation will consist of Class V Common Stock or options to purchase Class V Common Stock.

Q: What will be the voting rights of the series of stock of Denali after the merger?

A: Holders of Class V Common Stock will vote together with the DHI Group common stock as a single class except in certain limited circumstances under which the holders of Class V Common Stock will have the right to vote as a separate class and except in the election of Denali s Group II Directors and Group III Directors, as described under *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights*.

Each holder of record of Class V Common Stock and Class C Common Stock will be entitled to one vote per share of Class V Common Stock or Class C Common Stock, as applicable. Holders of Class A Common Stock and Class B Common Stock will be entitled to 10 votes per share of Class A Common Stock or Class B Common Stock, as applicable. Class D Common Stock will not vote on any matters except to the extent required under Delaware law. Immediately following the completion of the merger, it is expected that the number of votes to which holders of Class V Common Stock would be entitled will represent approximately 4% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class A Common Stock would be entitled will represent approximately 73% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class B Common Stock would be entitled will represent approximately 23% of the total number of votes to which all holders of Denali common stock would be entitled, and the number of votes to which holders of Class C Common Stock would be entitled will represent less than 1% of the total number of votes to which all holders of Denali common stock would be entitled.

The Class V Common Stock is common stock of Denali and will not vote on matters brought before the shareholders of VMware.

Q: Who will control Denali following the merger?

A: After the completion of the merger, by reason of their ownership of substantially all of the Class A Common Stock, the MD stockholders and the MSD Partners stockholders will have the ability to elect all of the Group I Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of directors, and all of the Group II Directors, who will have an aggregate of 7 of the 13 total votes on the Denali board of directors. By reason of their ownership of all of the Class B Common Stock, the SLP stockholders will have the ability to elect all of the Group III Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of

directors. Immediately following the completion of the merger, Michael S. Dell is expected to be the sole Group II Director and will therefore be entitled to cast a majority of the votes entitled to be cast by all Denali directors and thereby approve any matter submitted to the Denali board of directors other than any matter that also requires approval of the Capital Stock Committee or the audit committee. Immediately following the completion of the merger, Egon Durban and Simon Patterson are expected to be the sole Group III Directors. By reason of their ownership of Class A Common Stock possessing a majority of the aggregate votes entitled to be cast by the holders of the Class A Common Stock, the Class B Common Stock, the Class C Common Stock and the Class V Common Stock, voting together as a single class, the MD stockholders and the MSD Partners stockholders will have the ability to approve any matter submitted to the vote of all of the outstanding shares of Denali common stock voting together as a single class. Through their control of Denali, the MD

stockholders and the MSD Partners stockholders will, subject to limited exceptions and certain consent rights of the SLP stockholders and to any required approval of the audit committee or the Capital Stock Committee, be able to control actions to be taken by Denali, including the election of directors of VMware and Denali s other subsidiaries, and, subject to certain exceptions requiring separate class votes, amendments to Denali s organizational documents and the approval of significant corporate transactions. Denali s directors will owe fiduciary duties to Denali as a whole and all of Denali s stockholders and not just to holders of a particular series of shares. Denali intends to form an executive committee of its board of directors consisting entirely of Group II Directors and Group III Directors (none of whom are expected to be independent directors) and expects that a substantial portion of the power and authority of the Denali board of directors will be delegated to the executive committee. See *Management of Denali After the Merger*.

Q: What kind of financial information will be publicly available in the future?

A: Upon the effectiveness of the registration statement of which this proxy statement/prospectus forms a part, Denali will be required to file periodic reports, proxy statements and other information with the SEC, including annual reports on Form 10-K and quarterly reports on Form 10-Q that, following the completion of the merger, will include consolidated financial statements for Denali as a whole. In addition, Denali will include unaudited financial information that will show the attribution of its assets, liabilities, revenue and expenses to the Class V Group in accordance with its tracking stock policy. In addition, VMware will remain a public company and will continue to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the SEC and issue periodic press releases and updates just as it does currently.

Q: Will the Class V Common Stock pay a dividend?

A: VMware does not currently pay dividends on its common stock, and any decisions regarding dividends on the VMware common stock would be a decision of VMware s board of directors. Denali does not presently intend to pay cash dividends on the Class V Common Stock. If VMware were to pay a dividend on the VMware common stock owned by Denali that is attributable to the Class V Group, Denali could, but would not be required to, distribute some or all of that amount to the holders of Class V Common Stock. The after-tax amount of any dividends paid on the VMware common stock owned by Denali that is attributable to the Class V Group, but not thereafter distributed by Denali to the holders of Class V Common Stock, would be allocated to the assets tracked by the Class V Common Stock. Any determination to reallocate or use such amounts for any purpose other than to pay dividends on the Class V Common Stock may be made only upon approval of the Capital Stock Committee. For as long as Denali files consolidated U.S. federal income tax returns with VMware, Denali would not be subject to U.S. federal income tax on dividends received on the VMware common stock.

Q: Will VMware become part of Denali s consolidated group for U.S. federal income tax purposes?

A: Denali intends to seek to maintain a sufficient direct or indirect ownership interest in VMware to enable Denali to consolidate with VMware for U.S. federal income tax purposes. As a result, consistent with the practice of EMC, Denali may from time to time acquire, directly or indirectly, additional shares of VMware to the extent necessary to maintain U.S. federal income tax consolidation.

Q: Does Denali intend to repurchase Class V Common Stock after the completion of the merger?

A: Following the completion of the merger, Denali intends to consider opportunities to repurchase shares of Class V Common Stock from time to time. Any such repurchases will be subject to Denali s ability to generate free cash flow (through operations, assets sales or otherwise), to Denali s objective of reducing its indebtedness in the first 18-24 months after the completion of the merger and achieving an investment-grade rating for such indebtedness, to restrictions in Denali s debt instruments, to the existence of sufficient lawfully available funds for such repurchases and to market conditions and other factors. Denali s debt facilities are expected initially to permit up to $3 billion of such repurchases and other types of restricted payments, which amount may increase over time based on Denali s net income and other factors.

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Q: What happens if VMware issues additional shares of common stock?

A: An issuance of additional common stock by VMware would dilute the ownership of all existing VMware common stockholders, including Denali. Similarly, the economic interest in the VMware business tracked by the Denali Class V Common Stock would be diluted on a pro rata basis.

Q: How liquid will the Class V Common Stock be?

A: The Class V Common Stock is expected to have approximately 223 million shares outstanding, compared to the current public float of 79 million shares of VMware common stock that are not owned by EMC. We believe that this larger public float will provide greater liquidity to holders of Class V Common Stock.

Q: Will the Class V Common Stock have exposure to credit risk at Denali?

A: Yes. Holders of DHI Group common stock and Class V Common Stock will be stockholders of a single company and subject to all risks associated with an investment in Denali and all of our businesses, assets and liabilities. The DHI Group common stock and the Class V Common Stock will not have ownership interests in either group and will not entitle their holders to any special rights to receive specific assets of either group. Denali believes that the merger will have a neutral or positive impact on Dell s current corporate debt ratings. Since the completion of its going-private transaction in October 2013, Dell has generated significant free cash flow (defined as cash flows from operations minus capital expenditures), reduced its aggregate indebtedness by approximately $2.5 billion (with Denali reducing its aggregate indebtedness by $4.5 billion) and improved its corporate debt ratings.

Q: May Denali allocate assets and liabilities to the Class V Group that would not initially be part of the Class V Group?

A: Yes. However, pursuant to the Denali certificate and Denali s tracking stock policy, any allocation or reallocation of assets or liabilities to the Class V Group would need to be in exchange for assets and liabilities having an equivalent fair value, as determined by the Denali board of directors with the approval of the Capital Stock Committee, a majority of whom will be independent directors. Any such allocation or reallocation of assets and/or liabilities between the two groups, and the impact thereof, would be reflected in the unaudited financial information that Denali will provide in its periodic filings with the SEC, which will show the attribution of Denali s assets, liabilities, revenue and expenses to the Class V Group in accordance with its tracking stock policy. Although any such allocation or reallocation would change the nature of assets and liabilities that would be attributed to the Class V Group, it would not change the relative economic interests of the holders of Class V Common Stock and the holders of DHI Group common stock in the Class V Group (initially approximately 65% and 35%, respectively), unless such an allocation or reallocation involved a transfer of assets or liabilities from one group to the other in return for an increase or decrease, as the case may be, of the DHI Group s retained interest in the Class V Group. See *Description of Denali Capital Stock Following the Merger Denali Common Stock Certain Adjustments to the Number of Retained Interest Shares* and *Description of Denali Tracking Stock*

Policy Relationship between the DHI Group and the Class V Group.

Q: Why is a tracking stock being used to finance the acquisition of EMC?

A: The Class V Common Stock will afford EMC shareholders the opportunity to benefit from any value creation that may result from any revenue synergies of the Class V Group with Dell. Collectively, EMC shareholders indirectly own approximately 81% of VMware as of the date of this proxy statement/prospectus. Upon the completion of the merger, EMC shareholders will receive shares of Class V Common Stock that will be publicly traded and that are intended to track, in the aggregate, an approximately 53% economic interest in the VMware business (assuming no change to the percentage economic interest of EMC in the VMware business prior to the completion of the merger and that EMC shareholders either are not entitled to or do not properly exercise appraisal rights).

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Owning EMC s interest in the VMware business is a fundamental part of Denali s strategic rationale for this transaction. VMware s success is important to the business strategy of a merger combining Dell and EMC, and Denali believes it will be in the best interests of its common stockholders after the merger to retain a large economic interest in the VMware business. Additionally, given constraints on the amount of cash financing available for the transaction, the issuance of the Class V Common Stock enables Denali to pay a higher purchase price for EMC than it could in a transaction consisting entirely of 100% cash consideration.

Q: How common is tracking stock? Do other tracking stocks exist? When was the last time a tracking stock was issued?

A: Tracking stocks have been utilized many times in the past, including by such blue chip companies as The Walt Disney Company, General Motors, Liberty Media, AT&T and Georgia Pacific, but they have been used infrequently since 2001. Tracking stocks have been used most recently by Fidelity National Financial, Inc. in June 2014. Additionally, on November 12, 2015, Liberty Media announced that its board of directors had authorized its management to pursue a reclassification of its common stock into three new tracking stocks. While not as common as certain other financing structures, tracking stocks are not a new structure.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. You are urged to read this entire proxy statement/prospectus and the other documents referred to or incorporated by reference into this proxy statement/prospectus in order to fully understand the merger, the merger agreement and the other related transactions and agreements. See *Where You Can Find More Information* for information on how you can obtain copies of the incorporated documents or view them via the Internet. Each item in this summary refers to the beginning page of this proxy statement/prospectus on which that subject is discussed in more detail.

The Companies (See page 82)

Denali Holding Inc.

Denali Holding Inc., referred to as Denali, is a holding company that conducts its business operations through Dell Inc., referred to as Dell, and Dell s direct and indirect wholly owned subsidiaries.

Denali was incorporated in the state of Delaware on January 31, 2013 in connection with the going-private transaction of Dell, which was completed in October 2013. Denali is owned by Michael S. Dell, the Chairman, Chief Executive Officer and founder of Dell, a separate property trust for the benefit of Mr. Dell s wife, investment funds affiliated with Silver Lake Partners (a global private equity firm), investment funds affiliated with MSD Partners, L.P. (an investment firm that was formed by the principals of MSD Capital, L.P., the investment firm that exclusively manages the capital of Mr. Dell and his family), members of Dell s management and other investors. As of February 1, 2016, Mr. Dell and his wife s trust beneficially owned approximately 70% of Denali s voting securities, the investment funds associated with Silver Lake Partners beneficially owned approximately 24% of Denali s voting securities, and the other stockholders beneficially owned approximately 6% of Denali s voting securities.

Upon the listing of the shares of Class V Common Stock on the NYSE, Denali will be a controlled company within the meaning of NYSE rules and, as a result, will qualify for exemptions from, and may elect not to comply with, certain corporate governance requirements, including the requirements that, within one year of the date of the listing of the Class V Common Stock:

- Denali have a board that is composed of a majority of independent directors, as defined under the rules of the NYSE;
- Denali have a compensation committee that is composed entirely of independent directors; and
- Denali have a corporate governance and nominating committee that is composed entirely of independent directors.

Following the completion of the merger, Denali intends to utilize these exemptions. Accordingly, holders of Class V Common Stock will not have the same protections afforded to stockholders of companies such as EMC that are subject to all of the corporate governance requirements of the NYSE.

Denali s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800. Denali s website address is *www.dell.com*. The information contained in, or that may be accessed through, Denali s website is not intended to be incorporated into this proxy statement/prospectus.

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Dell Inc.

Dell is a leading global information technology company that designs, develops, manufactures, markets, sells and supports a wide range of products and services. Dell was incorporated in the state of Delaware in 1984 and is an indirect wholly owned subsidiary of Denali.

Dell s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800. Dell s website address is *www.dell.com*. The information contained in, or that may be accessed through, Dell s website is not intended to be incorporated into this proxy statement/prospectus.

Universal Acquisition Co.

Universal Acquisition Co., referred to as Merger Sub, is a Delaware corporation and wholly owned subsidiary of Denali. Merger Sub was incorporated on October 8, 2015, solely for the purpose of effecting the merger. It has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Merger Sub s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800.

EMC Corporation

EMC Corporation, referred to as EMC, including its subsidiaries and affiliates, is a company that manages a federation of businesses, each of which plays a vital role in the transformation of IT. These businesses enable customers to build cloud-based infrastructures for existing applications while at the same time helping customers build and run new applications. EMC was incorporated in Massachusetts in 1979.

EMC common stock is listed on the NYSE under the trading symbol EMC. EMC s principal executive offices are located at 176 South Street, Hopkinton, Massachusetts 01748, its telephone number is (508) 435-1000, and its website is *www.emc.com*. The information contained in, or that can be accessed through, EMC s website is not intended to be incorporated into this proxy statement/prospectus.

Special Meeting of EMC Shareholders **(See page 161)**

General

The special meeting will be held at [ ] (Eastern Time), on [ ], 2016, at EMC s facility at 176 South Street, Hopkinton, Massachusetts 01748. At the special meeting, EMC shareholders will vote on:

- the approval of the merger agreement;
- the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger; and
- the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

The approval of the merger agreement by EMC shareholders is a condition to the obligations of Denali and EMC to complete the merger.

Record Date

The EMC board of directors has fixed the close of business on [ ], 2016 as the record date for determination of the EMC shareholders entitled to vote at the special meeting or any adjournment or postponement thereof. Only EMC shareholders of record on the record date are entitled to receive notice of, and to vote at, the special meeting or any adjournment or postponement thereof.

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As of the record date, there were [ ] shares of EMC common stock outstanding and entitled to vote at the special meeting, held by approximately [ ] holders of record. Each outstanding share of EMC common stock is entitled to one vote. The number of shares you own is reflected on your proxy card.

Quorum

A majority of the outstanding shares of EMC common stock entitled to vote must be present, in person or represented by proxy, to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted as present in determining the existence of a quorum. Because none of the proposals to be voted on at the special meeting are routine matters for which brokers may have discretionary authority to vote, EMC does not expect any broker non-votes at the special meeting.

Required Vote

The required number of votes for the matters to be voted upon at the special meeting depends on the particular proposal to be voted upon:

Proposal		**Vote Necessary***
Proposal 1	Approval of the Merger Agreement	Approval requires the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of EMC common stock entitled to vote as of the record date
Proposal 2	Non-Binding, Advisory Vote on Compensation of Named Executive Officers	Approval requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting
Proposal 3	Adjournment of Special Meeting of EMC Shareholders	Approval requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting

* Under the rules of the NYSE, if you hold your shares of EMC common stock in street name, your nominee or intermediary may not vote your shares without instructions from you on non-routine matters. Therefore, without your voting instructions, your broker may not vote your shares on Proposal 1, Proposal 2 or Proposal 3. Abstentions from voting will have the same effect as a vote **AGAINST** Proposal 1, and will have no effect on Proposal 2 or Proposal 3. Broker non-votes will have the same effect as a vote **AGAINST** Proposal 1 and will have no effect on Proposal 2 or Proposal 3. Because none of the proposals to be voted on at the special meeting are routine matters for which brokers may have discretionary authority to vote, EMC does not expect any broker non-votes at the special meeting. If you return your signed and dated proxy card without indicating how to vote your shares on any particular proposal, the EMC common stock represented by your proxy will be voted in accordance with the recommendation of the board of directors. The EMC board of directors has recommended that such proxy cards be voted **FOR** Proposal 1, Proposal 2 and Proposal 3.

Share Ownership of and Voting by EMC Directors and Executive Officers

At the record date, EMC s directors and executive officers and their affiliates beneficially owned and had the right to vote [ ] shares of EMC common stock at the special meeting, which represents [ ]% of the shares of

EMC common stock entitled to vote at the special meeting.

It is expected that EMC s directors and executive officers will vote their shares **FOR** the approval of the merger agreement, **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement.

The Merger and the Merger Agreement (See pages 167 and 249)

The merger agreement provides that, on the terms and subject to the conditions in the merger agreement, and in accordance with the MBCA and the DGCL, at the effective time of the merger, Merger Sub will merge with and into EMC. As a result of the merger, the separate corporate existence of Merger Sub will cease and EMC will continue as a wholly owned subsidiary of Denali. The merger may not be completed without the approval of the merger agreement by EMC shareholders.

A copy of the merger agreement is attached as *Annex A* to this proxy statement/prospectus. **You are urged to read the merger agreement in its entirety because it is the legal document that governs the merger**. For more information on the merger and the merger agreement, see *Proposal 1: Approval of the Merger Agreement* and *The Merger Agreement*.

As of the date of this proxy statement/prospectus, it is not possible to estimate accurately the completion date for the merger because the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the conditions to Denali s and EMC s obligations to complete the merger. Denali and EMC, however, expect the merger to close during the second or third quarter of Denali s fiscal year ending February 3, 2017 (within the months of May to October 2016). Because the completion of the merger is conditioned on receipt of governmental approvals and the satisfaction of other conditions to the merger, no assurance can be given as to when, or if, the merger will be completed. The merger agreement provides for an outside date of December 16, 2016 for the completion of the merger.

What EMC Shareholders Will Receive in the Merger (See page 167)

If the merger is completed, each share of EMC common stock (other than shares owned by Denali, Merger Sub, EMC or any of EMC s wholly owned subsidiaries, and other than shares with respect to which EMC shareholders are entitled to and properly exercise appraisal rights) automatically will be converted into the right to receive the merger consideration, consisting of (1) $24.05 in cash, without interest, and (2) a number of shares of validly issued, fully paid and non-assessable Class V Common Stock equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (A) 222,966,450 by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares. Based on the number of shares of EMC common stock we currently expect will be issued and outstanding immediately prior to the completion of the merger, we estimate that EMC shareholders will receive in the merger approximately 0.111 shares of Class V Common Stock for each share of EMC common stock.

The approximately 223 million shares of Class V Common Stock issuable in the merger (assuming EMC shareholders either are not entitled to or do not properly exercise appraisal rights) are intended to track and reflect the economic performance of approximately 65% of EMC s current interest in the VMware business, which currently consists of approximately 343 million shares of VMware common stock. The Class V Common Stock is intended to track the performance of such portion of Denali s economic interest in the VMware business following the completion of the merger, but there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such economic interest. The number of shares of Class V Common Stock to be issued initially will

have a one-to-one relationship to the number of shares of VMware common stock currently owned by EMC.

EMC s Reasons for the Merger; Recommendation of the EMC Board of Directors (See page 187)

After consideration and consultation with its advisors, the EMC board of directors unanimously determined that the merger agreement and the transactions contemplated thereby, including the proposed merger, are advisable and in the best interests of, EMC and its shareholders, and unanimously resolved to approve and adopt the merger agreement and the transactions contemplated thereby, including the proposed merger.

The EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval of the merger agreement. For the factors considered by the EMC board of directors in reaching this decision, see *Proposal 1: Approval of the Merger Agreement EMC s Reasons for the Merger; Recommendation of the EMC Board of Directors*.

In addition, the EMC board of directors unanimously recommends that EMC shareholders vote **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement. See *Proposal 2: Non-Binding, Advisory Vote on Compensation of Named Executive Officers* and *Proposal 3: Adjournment of Special Meeting of EMC Shareholders* for a more detailed discussion of the recommendation.

Opinions of EMC s Financial Advisors (See page 193)

Opinion of Morgan Stanley

At the meeting of the board of directors of EMC on October 11, 2015, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing as of the same date, that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications, limitations and other matters set forth in its written opinion, the merger consideration to be received by the holders of shares of EMC common stock pursuant to the merger agreement was fair from a financial point of view to the holders of shares of EMC common stock.

The full text of Morgan Stanley s written opinion, dated as of October 11, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered, qualifications and limitations upon the review undertaken by Morgan Stanley in connection with its opinion, is attached as *Annex D* to this proxy statement/prospectus and is incorporated herein by reference. The summary of Morgan Stanley s opinion set forth in this proxy statement/prospectus under the caption *Proposal 1: Approval of the Merger Agreement Opinions of EMC s Financial Advisors Opinion of Morgan Stanley* is qualified in its entirety by reference to the full text of Morgan Stanley s written opinion.

The full text of Morgan Stanley s written opinion should be read carefully in its entirety for a description of the assumptions made, procedures followed, matters considered, qualifications and limitations upon the review undertaken by Morgan Stanley in connection with its opinion.

Opinion of Evercore

At a meeting of the board of directors of EMC held to evaluate the merger on October 11, 2015, Evercore rendered its oral opinion to the board of directors of EMC, subsequently confirmed by delivery of a written opinion, that, as of October 11, 2015, and based upon and subject to the factors, procedures, assumptions, qualifications, limitations and other matters set forth in its written opinion, the merger consideration to be received by the holders of EMC common stock that are entitled to receive such consideration in the merger is fair, from a financial point of view, to such

holders of EMC common stock.

The full text of Evercore s written opinion, dated as of October 11, 2015, which sets forth, among other things, the factors considered, procedures followed, assumptions made, and qualifications and limitations on the scope of review undertaken by Evercore in connection with its opinion, is attached as *Annex E* to this proxy statement/prospectus and is incorporated herein in its entirety by reference.

The full text of Evercore s written opinion should be read carefully in its entirety for a description of the factors considered, procedures followed, assumptions made, and qualifications and limitations on the scope of review undertaken by Evercore in connection with its opinion. Evercore s opinion was addressed to, and provided for the information and benefit of, the EMC board of directors in connection with its evaluation of the merger consideration from a financial point of view and did not address any other aspects or implications of the merger. The opinion does not constitute a recommendation to the EMC board of directors or to any other persons in respect of the merger, including as to how any holder of EMC common stock should vote or act in respect of the merger. Evercore s opinion does not address the relative merits of the merger as compared to any other transaction or business strategy in which EMC might engage or the merits of the underlying decision by EMC to engage in the merger. The summary of Evercore s opinion set forth in this proxy statement/prospectus under the caption *Proposal 1: Approval of the Merger Agreement Opinions of EMC s Financial Advisors Opinion of Evercore* is qualified in its entirety by reference to the full text of Evercore s written opinion.

Financing of the Merger (See page 220)

The merger will be financed with a combination of equity and debt financing and cash on hand. Denali has obtained committed equity financing for up to $4.25 billion in the aggregate (from Michael S. Dell and a separate property trust for the benefit of Mr. Dell s wife, MSDC Denali Investors, L.P., MSDC Denali EIV, LLC, funds affiliated with Silver Lake Partners, and Temasek) and debt financing commitments for up to $49.5 billion in the aggregate from Credit Suisse, J.P. Morgan, Barclays, BofA Merrill Lynch, Citi, Goldman Sachs, Deutsche Bank and RBC Capital Markets for the purpose of financing the merger and refinancing certain existing indebtedness. The obligations of the lenders under Denali s debt financing commitments are subject to a number of customary conditions. Denali s debt financing commitments will terminate upon the earlier of the termination of the merger agreement in accordance with its terms and December 16, 2016. In addition, each of Denali and EMC has agreed to make available a certain amount of cash on hand (at least $2.95 billion, in the case of Denali, and $4.75 billion, in the case of EMC) at the completion of the merger for the purpose of financing the transactions contemplated by the merger agreement.

For more information on the financing of the merger, see *Proposal 1: Approval of the Merger Agreement Financing of the Merger*, *The Merger Agreement Denali Cash on Hand* and *The Merger Agreement Liquidation of Investments*; *Cash Transfers* and *The Merger Agreement Common Stock Purchase Agreements*.

Interests of Certain EMC Directors and Officers (See page 228)

The EMC board of directors and its compensation committee have designed the director and executive compensation programs of EMC, in consultation with independent outside compensation experts, with a view towards attracting and retaining qualified candidates and taking into account, among other things, the compensation practices of EMC peers and competitors for such qualified candidates and market compensation practices generally. However, in considering the recommendation of the EMC board of directors with respect to the approval of the merger agreement, you should be aware that the executive officers and directors of EMC have certain interests in the merger that may be different from, or in addition to, the interests of EMC shareholders generally. The EMC board of directors was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that EMC shareholders vote to approve the merger agreement at the special meeting. These interests include, among others:

Restricted stock units held by officers and directors will vest immediately prior to the closing (with performance restricted stock units vesting at the target level of performance) and the shares subject to

those awards will receive Class V Common Stock, the cash portion of the merger consideration and any cash in lieu of fractional shares in the same manner as other outstanding shares of EMC common stock; and

Unvested EMC stock options held by EMC officers will vest and become fully exercisable prior to the completion of the transaction and options held by officers and directors that are unvested immediately prior to the merger will be automatically exercised on a net exercise basis, such that shares of EMC common stock otherwise issuable pursuant to the stock options with a value equal to the aggregate exercise price and applicable tax withholding are used to satisfy those obligations; the shares of EMC common stock issuable upon the exercise of such stock options will receive Class V Common Stock, the cash portion of the merger consideration and any cash in lieu of fractional shares in the same manner as other outstanding shares.

The treatment of EMC equity awards described above is in accordance with the terms of EMC s governing equity compensation plans.

In addition, the executive officers of EMC are parties to change in control severance agreements that provide severance benefits if both (1) there is a change in control of EMC (which will occur upon the completion of the merger) and (2) the executive s employment is terminated by EMC without cause or the executive terminates his or her employment for good reason, in each case within 24 months following a change in control. In the case of such a qualifying termination following the completion of the merger, the executive would receive cash severance equal to a specified multiple (between 2 and 2.99) times the sum of the executive s annual base salary and target annual bonus, a lump sum cash severance payment equal to the executive s prorated annual bonus for the year of termination assuming target performance and certain other benefits.

We estimate that the aggregate amount of cash and shares of Class V Common Stock, respectively, that would become payable to EMC s executive officers in settlement of their unvested EMC stock options and unvested time- and performance-vesting restricted stock units (in each case as of December 31, 2015) are as follows: Joseph Tucci, $17,176,390, 79,368 shares; William J. Teuber Jr., $7,561,056, 34,938 shares; David I. Goulden, $17,706,812, 81,820 shares; Howard D. Elias, $13,564,224, 62,677 shares; Jeremy Burton, $14,743,973, 68,129 shares; William F. Scannell, $13,564,224, 62,677 shares; Paul T. Dacier, $9,291,092, 42,932 shares; Erin McSweeney, $3,864,811, 17,858 shares; Zane C. Rowe, $7,723,778, 35,690 shares; Harry L. You, $4,201,968, 19,417 shares; and Amit Yoran, $5,486,767, 25,353 shares. We estimate that the aggregate amount of cash and shares of Class V Common Stock, respectively, that would become payable to EMC s non-employee directors in settlement of their unvested time-vesting restricted stock units (as of December 31, 2015) are as follows: each of Michael W. Brown, Donald J. Carty, Randolph L. Cowen, James S. DiStasio, John R. Egan, William D. Green, Edmund F. Kelly, Jami Miscik, and Paul Sagan, $214,045, 989 shares; Laura J. Sen, $142,689, 659 shares. See the section of this proxy statement/prospectus titled *Proposal 1: Approval of the Merger Agreement Interests of Certain EMC Directors and Officers* for a more detailed description of the interests of EMC s executive officers and directors.

Management of Denali After the Merger (See page 140)

Denali s business and affairs will be managed under the direction of the Denali board of directors. Pursuant to the Denali certificate, as described under *Comparison of Rights of Denali Stockholders and EMC Shareholders Board of Directors Number, Election and Removal of Directors and Filling Vacancies*, and the Denali stockholders agreement, as described under *Certain Relationships and Related Transactions Denali Stockholders Agreement*, the Denali board of directors will consist of three classes, the Group I directors, referred to as the Group I Directors, the Group II directors, referred to as the Group II Directors, and the Group III directors, referred to as the Group III Directors.

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After the completion of the merger, by reason of their ownership of substantially all of the Class A Common Stock, the MD stockholders and the MSD Partners stockholders will have the ability to elect all of the Group I Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of directors, and all of the Group II Directors, who will have an aggregate of 7 of the 13 total votes on the Denali board of directors. By reason of their ownership of all of the Class B Common Stock, the SLP stockholders will have the ability to elect all of the Group III Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of directors. Immediately following the completion of the merger, Michael S. Dell is expected to be the sole Group II Director and will therefore be entitled to cast a majority of the votes entitled to be cast by all Denali directors and thereby approve any matter submitted to the Denali board of directors other than any matter that also requires approval of the Capital Stock Committee or the audit committee. Immediately following the completion of the merger, Egon Durban and Simon Patterson are expected to be the sole Group III Directors. Denali s directors will owe fiduciary duties to Denali as a whole and all of Denali s stockholders and not just to holders of a particular series of shares. Denali intends to form an executive committee of its board of directors consisting entirely of Group II Directors and Group III Directors (none of whom are expected to be independent directors) and expects that a substantial portion of the power and authority of the Denali board of directors will be delegated to the executive committee.

By reason of their ownership of Class A Common Stock possessing a majority of the aggregate votes entitled to be cast by the holders of the Class A Common Stock, Class B Common Stock, Class C Common Stock and Class V Common Stock, voting together as a single class, the MD stockholders and the MSD Partners stockholders will have the ability to approve any matter submitted to the vote of all of the outstanding shares of Denali common stock voting together as a single class. Through their control of Denali, the MD stockholders and the MSD Partners stockholders will, subject to any required approval of the audit committee or the Capital Stock Committee, certain special voting rights of the Class V Common Stock over actions that affect the Class V Common Stock and certain consent rights of the Denali stockholders described under *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights Special Voting Rights of the Class V Common Stock* and *Certain Relationships and Related Transactions Denali Stockholders Agreement MD Stockholder and SLP Stockholder Approvals*, be able to control actions to be taken by Denali, including the election of directors of Denali s subsidiaries, including VMware, amendments to Denali s organizational documents and the approval of significant corporate transactions, including mergers, sales of substantially all of Denali s assets, distributions of Denali s assets, the incurrence of indebtedness and any incurrence of liens on Denali s assets.

Regulatory Approvals Required for the Merger (See page 238)

Under the merger agreement, unless waived by the parties (subject to applicable law), the merger may not be completed until (1) the parties have filed a Notification and Report Form for Certain Mergers and Acquisitions with the FTC and the Antitrust Division of the DOJ under the HSR Act and the applicable waiting period has expired or been terminated; and (2) the approval or clearance of the merger has been granted by relevant antitrust authorities in Australia, Brazil, Canada, China, the European Union, India, Israel, Japan, Mexico, Russia, South Africa, South Korea, Switzerland, Taiwan and Turkey.

If the merger is not completed by December 16, 2016 or if a governmental authority in the United States or a jurisdiction in which Denali, EMC or any of their respective subsidiaries has material operations has adopted any law or regulation prohibiting or rendering the completion of the merger permanently illegal or has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger, and such order, decree or ruling has become final and nonappealable, either party has the right to terminate the merger agreement as described under *The Merger Agreement Termination*.

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Material U.S. Federal Income Tax Consequences of the Merger (See page 239)

It is anticipated that the merger will generally be treated as an exchange by EMC shareholders of shares of EMC common stock for common stock of Denali and cash in a transaction described in Section 351 of the Internal Revenue Code (except to the extent treated as a redemption, as described below).

The completion of the merger is conditioned upon the receipt by each of EMC and Denali, respectively, of an opinion from its tax counsel that (1) the merger, taken together with related transactions, should qualify as an exchange described in Section 351 of the Internal Revenue Code and (2) for U.S. federal income tax purposes, the Class V Common Stock should be considered common stock of Denali. Neither Denali nor EMC currently intends to waive the opinion condition to its obligation to complete the merger. If either Denali or EMC waives the opinion condition after the registration statement of which this proxy statement/prospectus forms a part is declared effective by the SEC, and if the tax consequences of the merger to EMC shareholders have materially changed, Denali and EMC will recirculate appropriate soliciting materials to resolicit the votes of EMC shareholders.

Assuming the exchange of shares of EMC common stock for common stock of Denali and cash qualifies as an exchange described in Section 351 of the Internal Revenue Code, and subject to the discussion below regarding cash provided by EMC, U.S. holders of EMC common stock who receive cash and Class V Common Stock in the merger should recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Class V Common Stock and the amount of cash (other than cash received instead of fractional shares of Class V Common Stock) received by such holder in the exchange for shares of EMC common stock exceeds the holder s adjusted basis in such shares of EMC common stock, and (2) the amount of cash (other than cash received instead of fractional shares of Class V Common Stock) received by such holder in such exchange for shares of EMC common stock. However, to the extent that cash in the merger is considered to be provided by EMC, (i) the exchange of such cash for EMC common stock should be treated as a redemption of EMC common stock for the cash provided by EMC and (ii) to the extent so treated, a U.S. holder of EMC common stock would recognize capital gain or loss equal to the difference between the amount of cash received in such redemption and such holder s tax basis in the portion of such holder s EMC common stock deemed to have been redeemed in such redemption.

The treatment of any cash received instead of a fractional share interest in Class V Common Stock is discussed in *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders U.S. Federal Income Tax Consequences of the Merger to U.S. Holders of EMC Common Stock Cash in Lieu of Fractional Shares*.

While we believe that, for U.S. federal income tax purposes, the Class V Common Stock should be treated as common stock of Denali, there are currently no Internal Revenue Code provisions, U.S. federal income tax regulations, court decisions or published IRS rulings directly addressing the characterization of stock with characteristics similar to the Class V Common Stock. In addition, the IRS has announced that it will not issue advance rulings on the characterization of an instrument with characteristics similar to those of the Class V Common Stock. Accordingly, no assurance can be given that the treatment of the Class V Common Stock as common stock of Denali, if contested, would be sustained by a court. If the Class V Common Stock were not treated as common stock of Denali, the U.S. federal income tax consequences of the merger to U.S. holders of EMC common stock would differ from those described above.

For a more detailed discussion of the material U.S. federal income tax consequences of the merger and the Class V Common Stock, see *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders*.

EMC shareholders are urged to consult their tax advisors to determine the U.S. federal income tax consequences of the merger to them in light of their particular circumstances, as well as estate, gift, state, local or non-U.S. tax consequences.

Accounting Treatment (See page 244)

The merger will be accounted for using the purchase method of accounting under GAAP. Under this method of accounting, Denali will record the assets acquired and liabilities assumed of EMC as of the effective time of the merger at their fair market values. Any difference between the purchase price and the fair market value of the net tangible and identifiable intangible assets and liabilities is recorded as goodwill which will not be amortized for financial accounting purposes, but will be evaluated annually for impairment. Financial statements of Denali issued after the merger will reflect such values and will not be restated retroactively to reflect the historical financial position or results of operations of EMC. See *Proposal 1: Approval of the Merger Agreement Accounting Treatment*.

Listing of Shares of Class V Common Stock and Delisting and Deregistration of EMC Common Stock (See page 245)

Under the terms of the merger agreement, Denali is required to use its reasonable best efforts to cause the shares of Class V Common Stock to be issued in the merger to be approved for listing on the NYSE or Nasdaq, subject to official notice of issuance, prior to the closing of the merger. Such approval for listing is a condition to EMC s obligations to complete the merger, subject to official notice of issuance. Accordingly, application will be made to have the shares of Class V Common Stock to be issued in the merger approved for listing on the NYSE under the symbol [ ].

If the merger is completed, there will no longer be any publicly held shares of EMC common stock. Accordingly, EMC common stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act.

Litigation Relating to the Merger (See page 246)

In connection with the merger, purported stockholders of EMC and VMware have to date filed fifteen putative shareholder class action lawsuits against various combinations of EMC, its current and former directors, VMware, certain of VMware s directors, Denali, Dell and Merger Sub, among other defendants. The Business Litigation Session of the Massachusetts Superior Court consolidated nine of those lawsuits, which generally allege, among other things, that the directors of EMC breached their fiduciary duties to EMC shareholders in connection with the merger, by, among other things, failing to maximize shareholder value, agreeing to provisions in the merger agreement that favor Dell and discourage competing bids, and that there were various conflicts of interest in the proposed transaction. These lawsuits further allege that various combinations of defendants aided and abetted the EMC directors in the alleged breach of their fiduciary duties. The Business Litigation Session of the Massachusetts Superior Court granted EMC and its directors motion to dismiss the nine consolidated lawsuits. Three plaintiffs have appealed the dismissal. The operative complaints in two other lawsuits generally allege that EMC, in its capacity as the majority shareholder of VMware, and individual defendants who are directors of EMC, VMware, or both, breached their fiduciary duties to minority shareholders of VMware in connection with the merger by, among other things, entering into and/or approving a merger that favors the interests of EMC and Dell at the expense of the minority shareholders. These two complaints further allege that certain defendants aided and abetted these alleged breaches of fiduciary duties. Finally, the operative complaints in four other lawsuits generally allege that the preliminary proxy statement omits and/or misrepresents material information and that such failure to disclose constitutes violations of Section 14(a) of, and Rule 14a-9 under, the Exchange Act. These four complaints further allege that various combinations of

defendants are liable for violations of Section 20(a) of the Exchange Act. The fifteen lawsuits seek, among other things, injunctive relief enjoining the merger, rescission of the merger if consummated, an award of fees and costs, and/or an award of damages. Additional lawsuits arising out of or relating to the merger agreement or the merger may be filed in the future. See the section *Proposal 1: Approval of the Merger Agreement Litigation Relating to the Merger* for more information about the lawsuits related to the merger that have been filed prior to the date of this proxy statement/prospectus.

Solicitation of Acquisition Proposals (See page 259)

Until 11:59 p.m. (Eastern Time) on December 11, 2015, EMC was permitted to solicit proposals relating to alternative transactions, subject to the conditions and limitations contained in the merger agreement. Such solicitation did not result in any offers to enter into an alternative transaction.

Except as expressly permitted in the merger agreement, after December 11, 2015, EMC and its subsidiaries are not permitted to solicit alternative transactions, engage in discussions or negotiations with respect to, or provide nonpublic information to any person in connection with, any alternative transaction proposal. However, prior to the approval of the merger agreement by EMC shareholders, in response to a bona fide written acquisition proposal from a person that is not an affiliate of EMC that the EMC board of directors determines in good faith (after consultation with its outside legal advisors and a financial advisor of nationally recognized reputation) constitutes or would reasonably be expected to lead to a superior proposal, EMC may, subject to compliance with the merger agreement, (1) furnish information or data with respect to EMC and its subsidiaries to the person that is not an affiliate of EMC making such acquisition proposal and (2) participate in discussions or negotiations with the person making such acquisition proposal (and its representatives) regarding such acquisition proposal.

If the EMC board of directors concludes in good faith (after consultation with its outside legal advisors and a financial advisor of nationally recognized recognition) that such an acquisition proposal constitutes a superior proposal, the EMC board of directors would be permitted to make a change of recommendation with respect to the approval of the merger agreement by EMC shareholders or terminate the merger agreement to enter into an alternative acquisition agreement in response to an acquisition proposal. However, the EMC board of directors would not be permitted to take such action unless EMC has complied with the conditions and limitations in the merger agreement with respect to the solicitation of alternative acquisition proposals (which include an obligation to negotiate in good faith with Denali to amend the terms and conditions of the merger agreement in such a manner as would permit the EMC board of directors or EMC to not take such action).

Completion of the Merger is Subject to Certain Conditions (See page 269)

The obligations of each of Denali and EMC to effect the merger are subject to the satisfaction or (to the extent permitted by law) waiver of the following conditions:

- the approval of the merger agreement by EMC shareholders;
- the absence of any law, order, judgment or other legal restraint by a court or other governmental entity that makes illegal or prohibits the completion of the merger;

the termination or expiration of any applicable waiting period under the HSR Act and any other antitrust law of certain other jurisdictions, and all consents under any such other antitrust law having been obtained; and

the SEC having declared effective the registration statement of which this proxy statement/prospectus forms a part.

The obligation of Denali to effect the merger is also subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of EMC being true and correct to the extent required by, and subject to the applicable materiality standards set forth in, the merger agreement, together with the receipt by Denali of a certificate executed by EMC s chief executive officer or chief financial officer to such effect;

EMC having performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing, and having performed in all respects the obligation to make available a certain amount of cash prior to the closing, together with the receipt by Denali of a certificate executed by EMC s chief executive officer or chief financial officer to such effect;

the absence of a material adverse effect on EMC since the date of the merger agreement, together with the receipt by Denali of a certificate executed by EMC s chief executive officer or chief financial officer to such effect; and

Denali having received a tax opinion from Simpson Thacher & Bartlett LLP regarding the U.S. federal income tax treatment of the merger and the Class V Common Stock and a copy of the tax opinion delivered to EMC referred to below.

The obligation of EMC to effect the merger is also subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of Denali, Dell and Merger Sub being true and correct to the extent required by, and subject to the applicable materiality standards set forth in, the merger agreement, together with the receipt by EMC of a certificate executed by Denali s chief executive officer or chief financial officer to such effect;

Denali having performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing, and having performed in all respects the obligation to make available a certain amount of cash prior to the closing, together with the receipt by EMC of a certificate executed by Denali s chief executive officer or chief financial officer to such effect;

EMC having received a tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP regarding the U.S. federal income tax treatment of the merger and the Class V Common Stock and a copy of the tax opinion delivered to Denali referred to above; and

the approval for listing by the NYSE or Nasdaq, subject to official notice of issuance, of the Class V Common Stock.

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see *The Merger Agreement Conditions to the Merger*.

Termination of the Merger Agreement (See page 270)

The merger agreement may be terminated at any time by Denali or EMC prior to the effective time of the merger, whether before or after the receipt of the EMC shareholder approval, under the following circumstances:

- by mutual written consent;
- if the merger is not completed on or before December 16, 2016;
- if any governmental entity of competent jurisdiction located in the United States or certain other jurisdictions has deemed applicable to the merger any law that prohibits or makes permanently illegal the completion of the merger or issued a final and nonappealable order permanently enjoining or otherwise prohibiting the merger;

- if EMC shareholders vote on and fail to approve the merger agreement at the special meeting; and

- subject to cure rights, if there shall have been a breach of any of the covenants or agreements or any inaccuracy of any of the representations or warranties of the other party such that the conditions to the terminating party s obligations to complete the merger would not be satisfied.

The merger agreement may also be terminated at any time by Denali prior to the effective time of the merger if EMC has materially breached the shareholder recommendation or non-solicitation provisions of the merger agreement.

The merger agreement may also be terminated at any time by EMC prior to the effective time of the merger:

- if prior to obtaining the EMC shareholder approval of the merger agreement, as permitted by and in compliance with the terms of the merger agreement, EMC enters into a binding agreement providing for a superior proposal; or

- if all of the conditions to Denali s obligation to complete the merger have been satisfied or (to the extent permitted by law) waived (other than those conditions that, by their nature, cannot be satisfied until the closing so long as such conditions would be satisfied if the closing date were the date of termination of the merger agreement) at the time the closing is required to occur pursuant to the merger agreement, and, subject to the terms and conditions set forth in the merger agreement regarding such termination, Denali and Merger Sub fail to complete the closing as required by the merger agreement.

If the merger agreement is validly terminated, the agreement will become void and have no effect, without any liability or obligation on the part of any party, except that (1) no such termination will relieve EMC from any liability for damages for fraud or willful and material breach by EMC of the merger agreement, up to a maximum aggregate amount of $4 billion, suffered by Denali, Dell or Merger Sub and (2) certain provisions of the merger agreement, including those relating to fees and expenses, effects of termination, governing law, jurisdiction, waiver of jury trial and specific performance, will continue in effect notwithstanding termination of the merger agreement.

Termination Fees Under the Merger Agreement (See page 272)

Except as expressly provided in the merger agreement, each party will pay all fees and expenses incurred by it in connection with the merger agreement and the transactions contemplated by the merger agreement. However, upon a termination of the merger agreement, a party may become obligated to pay to the other party a termination fee, in the following circumstances:

EMC will be obligated to pay a termination fee, referred to as the EMC termination fee, of $2.5 billion to Denali if:

- the merger agreement is terminated by Denali, at a time when (1) the EMC board of directors or any committee thereof shall have made a change of recommendation, (2) EMC shall have willfully and materially breached or willfully and materially failed to perform in any material respect its obligations or agreements with respect to the solicitation of alternative acquisition proposals or its obligation to convene the EMC shareholder meeting, (3) EMC shall have failed to include its recommendation that EMC shareholders vote for the approval of the merger agreement in this proxy statement/prospectus, (4) an

alternative acquisition proposal shall have been publicly announced and the EMC board of directors shall have failed to issue a press release that expressly reaffirms its recommendation that EMC shareholders vote for the approval of the merger agreement within ten business days of receipt of a written request by Denali to provide such reaffirmation, (5) any tender offer or exchange offer shall have been commenced with respect to the outstanding shares of EMC common stock, and the EMC board of directors shall not have recommended that EMC s shareholders reject such tender offer or

exchange offer and not tender their EMC common stock into such tender offer or exchange offer within ten business days after commencement of such tender offer or exchange offer, or (6) EMC or the EMC board of directors (or any committee thereof) shall have resolved to, or publicly announced its intention to, take any of the foregoing actions;

the merger agreement is terminated by EMC if permitted by and in compliance with the terms of the merger agreement, prior to obtaining its shareholder approval, to enter into an alternative acquisition agreement with respect to a superior proposal, except that, if such alternative acquisition agreement was entered into prior to 11:59 p.m. (Eastern Time) on December 11, 2015, then the EMC termination fee shall instead be $2 billion; or

an alternative acquisition proposal shall have been made to EMC or directly to the EMC shareholders or shall have become publicly known or any person shall have publicly announced an intention to make an acquisition proposal and the merger agreement is terminated by Denali or EMC because the EMC shareholders vote on and fail to approve the merger agreement at the special meeting or by Denali because of EMC s breach or failure to perform any of its covenants or agreements in the merger agreement or the failure of any of EMC s representations and warranties to be true and correct, and, within 12 months of such termination, EMC enters into a definitive agreement for an alternative acquisition proposal or consummates the transactions contemplated by an alternative transaction proposal, except that references to 20% in the definition of alternative acquisition proposal will be deemed to be references to 50% and references to or any significant subsidiary of EMC and or any of its significant subsidiaries shall be deemed to refer only to VMware.

If the merger agreement is terminated by (1) EMC or Denali where the EMC shareholders have voted on and failed to approve the merger agreement at the special meeting or (2) Denali where EMC breached or failed to perform any of its covenants or agreements in the merger agreement or any inaccuracy of any of the representations or warranties of EMC, such that (subject to cure provisions) the conditions to Denali s obligations to complete the merger would not be satisfied, then EMC will be obligated to reimburse Denali for all reasonable out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment banks, advisors and consultants to Denali, Merger Sub or their respective affiliates, and all out-of-pocket fees and expenses of financing sources for which Denali, Merger Sub or their affiliates may be responsible) incurred by Denali, Merger Sub or their respective affiliates in connection with the merger agreement and the transactions contemplated thereby, up to an aggregate maximum amount of $50 million.

Denali and Dell will be obligated to pay a termination fee, referred to as the reverse termination fee, of $4 billion to EMC if:

the merger agreement is terminated by EMC due to Denali s, Dell s or Merger Sub s breach or failure to perform any of its covenants or agreements in the merger agreement (subject to any cure provisions) or the inaccuracy of the representations and warranties of any of them related to the financing of the transactions contemplated by the merger agreement or the Class V Common Stock (subject to any cure provisions);

the merger agreement is terminated by EMC in a circumstance where all of the conditions to Denali s obligation to complete the merger have been satisfied or (to the extent permitted by law) waived (other than those conditions that, by their nature, cannot be satisfied until the closing of the merger so long as such

conditions would be satisfied if the closing date of the merger were the date of termination of the merger agreement) at the time the closing of the merger is required to occur pursuant to the merger agreement, and, subject to the terms and conditions set forth in the merger agreement regarding such termination, Denali and Merger Sub fail to complete the closing as required by the merger agreement, except that if the merger agreement is terminated by EMC as described in this paragraph and at such time (1) EMC has made available the target amount of cash on hand that EMC is required to make available under the merger agreement and has otherwise complied with its obligations relating to

making such cash available (see *The Merger Agreement Liquidation of Investments; Cash Transfers*), (2) the financing sources for Denali s debt financing have confirmed that the debt financing will be funded in accordance with the terms thereof at the closing of the merger (assuming the substantially concurrent funding of the equity financing under the common stock purchase agreements with the existing Denali stockholder investors and the availability of the target amount of cash on hand to be made available by each of EMC and Denali), and (3) Denali and Dell do not make available the amount of cash on hand to be made available by Denali for the purpose of financing the transactions contemplated by the merger agreement (see *The Merger Agreement Denali Cash on Hand*), then the reverse termination fee payable by Dell shall instead be $6 billion; or

the merger agreement is terminated by Denali where the merger was not completed by the outside date in circumstances where EMC could have terminated the agreement due to a breach of covenants by Denali, Dell or Merger Sub or due to a breach of the representations and warranties of Denali, Dell or Merger Sub related to the financing of the transactions contemplated by the merger agreement or the Class V Common Stock.

Common Stock Purchase Agreements (See page 275)

Concurrently with the execution of the merger agreement, Denali entered into common stock purchase agreements, referred to as the common stock purchase agreements, with (1) Silver Lake Partners III, L.P. and Silver Lake Partners IV, L.P., referred to as the SLP investors, (2) Michael S. Dell and the Susan Lieberman Dell Separate Property Trust, referred to as the MD investors, (3) MSDC Denali Investors, L.P. and MSDC Denali EIV, LLC, referred to as the MSD Partners investors and, together with the MD investors and the SLP investors, the existing Denali stockholder investors, and (4) an affiliate of Temasek Holdings (Private) Limited, which affiliate is referred to as Temasek and, together with the existing Denali stockholder investors, the common stock investors, pursuant to which the common stock investors agreed to purchase common stock of Denali on the closing date of the merger for an aggregate purchase price of up to $4.25 billion. See *The Merger Agreement Common Stock Purchase Agreements* for more information about these agreements.

Description of Denali Capital Stock Following the Merger (See pages 296 and 318)

Class V Group and DHI Group

Following the merger, Denali will have five authorized series of common stock: Class A Common Stock, Class B Common Stock, Class C Common Stock and Class D Common Stock, collectively referred to as the DHI Group common stock, and the Class V Common Stock. For purposes of the DHI Group common stock and the Class V Common Stock, Denali s assets, liabilities and businesses will be divided into two groups:

the Class V Group, which initially will be comprised of Denali s post-closing economic interest in the VMware business; and

the DHI Group, which will be comprised of the remainder of Denali s businesses, as well as a retained interest in a portion of the Class V Group, which we refer to as the inter-group interest in the Class V Group.

The shares of Class V Common Stock issued in the merger will represent a percentage interest in the Class V Group equal to the Outstanding Interest Fraction as of such date, which Denali expects will initially be equal to

approximately 65%, and the DHI Group initially will have a retained interest in the remainder of the Class V Group, which Denali expects will initially be the remaining approximately 35%.

Dividends

VMware does not currently pay dividends on its common stock, and any decisions regarding dividends on the VMware common stock would be a decision of VMware s board of directors. Denali does not presently intend to pay dividends on shares of Class V Common Stock or DHI Group common stock. If VMware were to pay a dividend on the VMware common stock owned by Denali that is attributable to the Class V Group, Denali could, but would not be required to, distribute some or all of that amount to the holders of Class V Common Stock. Should the Denali board of directors decide to declare any dividends, funds available for dividends on the DHI Group common stock and the Class V Common Stock will be limited to the lesser of the amount that would be legally available under Delaware law for the payment of dividends on the stock of such group if the group were a separate corporation and an amount equal to the funds legally available for the payment of dividends for Denali as a whole.

The Denali board of directors will have the authority and discretion to declare and pay (or to refrain from declaring and paying) dividends on outstanding shares of Class V Common Stock and dividends on outstanding shares of DHI Group common stock, in equal or unequal amounts, or only on the DHI Group common stock or the Class V Common Stock, irrespective of the amounts (if any) of prior dividends declared on, or the respective liquidation rights of, the DHI Group common stock or the Class V Common Stock, prior dividends received on the VMware common stock owned by Denali, or any other factor.

Voting Rights

The holders of the Class V Common Stock will be entitled to one vote per share of Class V Common Stock. The holders of Class A Common Stock and the Class B Common Stock will be entitled to 10 votes per share of Class A Common Stock or Class B Common Stock, as applicable, and the holders of the Class C Common Stock will be entitled to one vote per share of Class C Common Stock. The holders of the Class D Common Stock will not have any voting rights except to the extent required under Delaware law. Immediately following the completion of the merger, it is expected that the aggregate number of votes to which the holders of shares of Class V Common Stock would be entitled will represent approximately 4% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which the holders of shares of Class A Common Stock would be entitled will represent approximately 73% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which the holders of shares of Class B Common Stock would be entitled will represent approximately 23% of the total number of votes to which all holders of Denali common stock would be entitled, and the number of votes to which the holders of shares of Class C Common Stock would be entitled will represent less than 1% of the total number of votes to which all holders of Denali common stock would be entitled.

On matters for which holders of Class V Common Stock are entitled to vote, such holders will vote together with holders of DHI Group common stock as a single class except that, under certain limited circumstances, holders of Class V Common Stock will have the right to vote as a separate class, including (1) to approve certain changes to the Denali certificate that (i) would adversely alter or change the powers, preferences or special rights of the shares of Class V Common Stock or (ii) would change or alter certain restrictions on corporate actions, (2) to approve any merger or business combination pursuant to which (i) the holders of Denali common stock would not own at least 50% of the voting power of the surviving corporation and (ii) the holders of Class V Common Stock would not receive the same type of consideration as the other series of common stock in an aggregate amount equal to or greater in value than the proportion of the aggregate fair market value of the outstanding Class V Common Stock to the aggregate fair market value of the other outstanding series of Denali common stock and (3) to amend or repeal the provisions in the Denali bylaws that establish the Capital Stock Committee of the Denali board of directors.

The Group II Directors of Denali will be elected solely by the holders of Class A Common Stock voting as a separate class and the Group III Directors of Denali will be elected solely by the holders of Class B Common Stock voting as a separate class.

Capital Stock Committee

The Denali board of directors will create a standing committee known as the Capital Stock Committee. The Denali board of directors will not be permitted to take certain actions with respect to the Class V Common Stock without the approval of the Capital Stock Committee, including any actions that would result in any changes to the policies governing the relationship between the Class V Group and the DHI Group or in any reallocation of assets and liabilities between the Class V Group and the DHI Group. The Capital Stock Committee will consist of at least three members, the majority of whom must qualify as independent directors under the rules of the NYSE. Under the Denali board policies, if such independent directors are granted equity compensation by Denali, approximately half of the value at grant of all such compensation will consist of Class V Common Stock or options to purchase Class V Common Stock.

Redemption for VMware Common Stock

Subject to the applicable provisions of the Denali certificate, at any time at which shares of common stock of VMware comprise all of the assets of the Class V Group, Denali may redeem all, but not less than all, of the outstanding shares of Class V Common Stock for a number of shares of common stock of VMware that is equal to the product of the Outstanding Interest Fraction and the number of shares of common stock of VMware attributed to the Class V Group.

Redemption for Securities of Class V Group Subsidiary

Subject to the applicable provisions of the Denali certificate, at any time at which shares of common stock of VMware do not comprise all of the assets of the Class V Group, Denali may redeem all, but not less than all, of the outstanding shares of Class V Common Stock for a number of shares of common stock of a Class V Group Subsidiary that is equal to the product of the Outstanding Interest Fraction and the number of outstanding shares of common stock of such subsidiary. A Class V Group Subsidiary is a wholly owned subsidiary of Denali that holds all of the assets and liabilities attributed to the Class V Group (which subsidiary may or may not be formed specifically for the purpose of such redemption). Any shares of a Class V Group Subsidiary to be so issued must be registered under all applicable U.S. securities laws and listed for trading on a U.S. securities exchange.

Dividend, Redemption or Conversion in Case of Class V Group Disposition

Subject to the applicable provisions of the Denali certificate, upon a disposition by Denali of all or substantially all of the assets attributed to the Class V Group (which means, for this purpose, assets representing at least 80% of the fair value of the total assets of the Class V Group), Denali will be required to:

- pay a dividend to the holders of the outstanding shares of Class V Common Stock with a fair value equal to the net proceeds (as defined) of such a disposition;

- redeem a number of outstanding shares of the Class V Common Stock with an aggregate weighted average market value equal to the net proceeds of such a disposition for cash or publicly traded securities with a fair

value equal to such net proceeds, except that if such a disposition involves all of the assets attributed to the Class V Group, then all of the outstanding shares of Class V Common Stock may be redeemed for cash or publicly traded securities with such fair value;

convert such number of outstanding shares of Class V Common Stock into a number of shares of Class C Common Stock (if such stock is publicly traded) based on the relative weighted average market values of both series of shares; or

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effect any combination of such dividend, redemption or conversion.

Optional Conversion

At any time at which shares of Class C Common Stock are traded on a U.S. securities exchange, the Denali board of directors may convert all, but not less than all, shares of the Class V Common Stock into shares of Class C Common Stock at a premium to the weighted average market value of both series of shares, subject to the applicable provisions of the Denali certificate. Upon the occurrence of certain specified tax-related events, the Denali board of directors may convert shares of Class V Common Stock into Class C Common Stock without such a premium, subject to such shares of Class C Common Stock to be issued upon conversion having been registered under all applicable U.S. securities laws and being listed for trading on a U.S. securities exchange. The Class C Common Stock is not currently listed on a U.S. securities exchange and Denali does not currently have any plans to effect such a listing.

Liquidation

In the event of a dissolution or liquidation and winding-up of Denali, after payment or provision for payment of the debts and liabilities of Denali and payment or provision for payment of any preferential amounts due to the holders of any other class or series of stock, the holders of the DHI Group common stock and the Class V Common Stock will be entitled to receive a proportionate interest in all of Denali s assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of liquidation units per share, subject to the applicable provisions of the Denali certificate.

The liquidation rights of the holders of the respective classes may not bear any relationship to the value of the assets attributed to the Class V Group or to changes in the relative value of the DHI Group common stock and the Class V Common Stock over time.

Comparison of Rights of Denali Stockholders and EMC Shareholders (See page 324)

EMC shareholders will have different rights once they become Denali stockholders due to their receipt of a tracking stock as well as due to differences between the organizational documents of Denali and EMC and differences between Delaware law, where Denali is incorporated, and Massachusetts law, where EMC is incorporated. See *Comparison of Rights of Denali Stockholders and EMC Shareholders* for a description of the differences.

Appraisal Rights of EMC Shareholders (See page 340)

Under the MBCA, EMC is required to state whether it has concluded that EMC shareholders are, are not or may be entitled to assert appraisal rights, which are generally available to shareholders of a merging Massachusetts corporation under Section 13.02(a)(1) of the MBCA, subject to certain exceptions. For the reasons described under *Appraisal Rights of EMC Shareholders,* EMC has concluded that EMC shareholders may be entitled to appraisal rights. The relevant provisions of the MBCA have not been the subject of judicial interpretation and EMC and Denali reserve the right to contest the validity and availability of any purported demand for appraisal rights in connection with the merger. In this regard, Denali has indicated that in any appraisal proceeding it will assert, and will cause EMC as its wholly owned subsidiary following completion of the merger to assert, that an exception to appraisal rights is applicable to the merger.

Under Part 13 of the MBCA, EMC shareholders who believe they are or may be entitled to appraisal rights in connection with the merger must, in order to exercise those rights:

prior to the special meeting, deliver to EMC a written notice of intent to demand payment for such shareholders shares of EMC common stock if the merger is effectuated;

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- NOT vote for the proposal to approve the merger agreement; and

- comply with other procedures under Part 13 of the MBCA.

Your failure to follow exactly the procedures specified under the MBCA will result in the loss of any appraisal rights. If you hold your shares of EMC common stock through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal by your bank, brokerage firm or nominee. See the section entitled *Appraisal Rights of EMC Shareholders* and the text of Part 13 of the MBCA reproduced in its entirety as *Annex C* to this proxy statement/prospectus for further information.

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CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this proxy statement/prospectus that are not historical in nature are forward-looking statements within the meaning of federal securities laws. When used in this proxy statement/prospectus and in documents incorporated by reference into this proxy statement/prospectus, forward-looking statements include, without limitation, statements regarding financial estimates, regulatory approvals and the expected timing, completion and effects of the merger, future financial and operating results, the combined company s plans, expectations, beliefs, intentions and future strategies, and other statements that are not historical facts that are signified by the words anticipate, believe, estimate, expect, intend, may, objective, outlook, plan, project, possible, similar expressions.

These statements regarding future events or the future performance or results of the combined company inherently are subject to a variety of risks, contingencies and other uncertainties that could cause actual results, performance or achievements to differ materially from those described in or implied by the forward-looking statements. The risks, contingencies and other uncertainties that could result in the failure of the merger to be completed or, if completed, that could have an adverse effect on the results of operations, cash flows and financial position of the combined company and any anticipated benefits of the merger to Denali and EMC shareholders, include:

- the failure to obtain necessary regulatory or other approvals for the merger or, if such approvals are obtained, the possibility that they may be subject to conditions that could reduce the expected benefits of the merger, result in a material delay in, or the abandonment of, the merger or otherwise have an adverse effect on Denali;
- the failure to obtain the necessary financing arrangements as set forth in the debt commitment letter and the common stock purchase agreements with the MD stockholders, the MSD Partners stockholders, the SLP stockholders, or the failure of the merger to close for any other reason;
- the failure to satisfy required closing conditions or complete the merger in a timely manner;
- the failure to obtain necessary EMC shareholder approval of the merger agreement;
- the effect of the announcement of the merger on the ability to retain and hire key personnel and maintain business relationships, and on operating results and businesses generally;
- the effect of restrictions placed on EMC s or its subsidiaries business activities and the limitations put on EMC s ability to pursue alternatives to the merger pursuant to the merger agreement;
- the possibility of delay or prevention of the merger by lawsuits challenging the merger filed against Denali, EMC and the members of the EMC board of directors;

the uncertainty of the market price of the Class V Common Stock EMC shareholders will receive in the merger following the merger and differences in the market price of the Class V Common Stock relative to the market price of the VMware Class A common stock;

the existence of interests of directors and executive officers of EMC in the merger that are different from, or in addition to, the interests of EMC shareholders generally;

the effect of the substantial additional indebtedness that Denali will incur in connection with the merger;

the likelihood that Denali s actual results of operations and financial position after the merger will be materially different from those reflected in the Denali unaudited pro forma condensed combined financial statements included in this proxy statement/prospectus;

the difference in rights provided to EMC shareholders under Massachusetts law, the EMC articles and the EMC bylaws, as compared to the rights EMC shareholders will obtain as Denali stockholders under Delaware law, the Denali certificate and the Denali bylaws;

- the failure or delay in realizing expected synergies and other benefits from the merger;
- risks related to diversion of management s attention from Denali s and EMC s ongoing business operations due to the transaction;
- the incurrence of significant pre- and post-transaction related costs in connection with the merger; and
- the occurrence of any event giving rise to the right of a party to terminate the merger.

For a further discussion of these and other risks, contingencies and uncertainties applicable to Denali and EMC, see *Risk Factors* and EMC s filings with the SEC incorporated by reference into this proxy statement/prospectus.

Due to these risks, contingencies and other uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus. Except as provided by federal securities laws, neither Denali nor EMC is required to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to Denali or EMC or any person acting on behalf of either company are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Denali and EMC do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as may be required under applicable federal securities laws.

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RISK FACTORS

In deciding whether to vote for the approval of the merger agreement, EMC shareholders should carefully consider the following risk factors and all of the information contained in or incorporated by reference into this proxy statement/prospectus, including but not limited to the matters addressed in Cautionary Information Regarding Forward-Looking Statements and the matters discussed under Item 1A. Risk Factors of EMC s Annual Report on Form 10-K for the year ended December 31, 2014, as updated from time to time in EMC s subsequent filings with the SEC, which are incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information for information on how to obtain copies of the incorporated documents or view them via the Internet.

Risk Factors Relating to the Merger

The merger is subject to the receipt of consents and clearances from certain regulatory authorities that may impose conditions that could reduce the expected synergies and other benefits of the merger, result in a material delay in, or the abandonment of, the merger or otherwise have an adverse effect on Denali.

Before the merger can be completed, waiting periods must expire or terminate and applicable clearances must be obtained under applicable antitrust laws, including the HSR Act and the competition laws of the European Union and China, among others. In deciding whether to grant antitrust clearances, the relevant authorities will consider the effect of the merger on competition within their relevant jurisdictions. Although Denali and EMC have agreed in the merger agreement to use their reasonable best efforts to make certain governmental filings and, subject to certain limitations, obtain the required governmental authorizations, there can be no assurance that the relevant authorizations will be obtained.

The governmental authorities from which these authorizations are required have broad discretion in administering the governing regulations. The terms and conditions of approvals that are granted may impose requirements, limitations, costs or restrictions on the conduct of Denali s and its subsidiaries businesses following the closing of the merger. Under the terms of the merger agreement, subject to certain conditions, Denali or its subsidiaries could be required to divest, hold separate or otherwise take actions that would limit their ownership or control, or their ability to retain or hold, directly or indirectly, businesses, assets, equity interests, product lines, properties or services (including those of EMC and its subsidiaries). Moreover, governmental authorities could seek to prevent or enjoin the completion of the merger, and under the terms of the merger agreement, subject to certain conditions, Denali and EMC have agreed to litigate or defend against any such proceeding involving governmental authorities. Additional information about each party s commitments to take certain specified actions, subject to certain exceptions and limitations, in connection with obtaining regulatory approvals are described under *Proposal 1: Approval of the Merger Agreement Regulatory Approvals Required for the Merger* and *The Merger Agreement Governmental Approvals.*

There can be no assurance that regulators will not impose terms, conditions, requirements, limitations, costs or restrictions that would delay the closing of the merger, impose additional material costs on or limit the revenues of Denali, or limit some of the synergies and other benefits that Denali and EMC expect following the closing of the merger. In addition, neither Denali nor EMC can provide any assurance that any such terms, conditions, requirements, limitations, costs or restrictions will not result in a material delay in, or the abandonment of, the merger. Any delay in completing the merger or any modification to the transactions currently contemplated may adversely affect the synergies and other benefits that Denali expects to achieve if the merger and the integration of the companies respective businesses are completed within the expected timeframe.

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The merger is subject to a number of conditions to the obligations of both Denali and EMC to complete the merger, which, if not fulfilled, or not fulfilled in a timely manner, may result in termination of the merger agreement.

The merger agreement contains a number of conditions to the completion of the merger, including, among others:

- approval of the merger agreement by EMC shareholders;
- the termination or expiration of any applicable waiting period under the HSR Act;
- the approval for listing by the NYSE or Nasdaq of the Class V Common Stock issuable to EMC shareholders in the merger;
- the absence of any law, order, judgment or other legal restraint issued or imposed by a court or other governmental entity that makes illegal or prohibits the closing of the merger;
- the accuracy of the representations and warranties made in the merger agreement by the other party, subject to certain qualifications;
- performance by the other party of the obligations required to be performed by it at or prior to the completion of the merger, including with respect to the delivery of a certain amount of cash on hand required to be delivered at the closing of the merger; and
- the absence of a material adverse effect (as defined in *The Merger Agreement Representations and Warranties*) since the date of the merger agreement.

For a more complete summary of the conditions that must be satisfied or waived prior to the completion of the merger, see *The Merger Agreement Conditions to the Merger*.

Many of the conditions to the closing of the merger are not within either Denali s or EMC s control, and neither company can predict when or if these conditions will be satisfied. The merger agreement provides for an outside date of December 16, 2016 for the completion of the merger, beyond which the merger agreement may be terminated by either party. Although Denali and EMC have agreed in the merger agreement to use their reasonable best efforts, subject to certain limitations, to complete the merger as promptly as practicable, these and other conditions to the completion of the merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the merger may take longer, and could cost more, than Denali and EMC expect. Any delay in completing the merger may adversely affect the synergies and other benefits that Denali expects to achieve if the merger and the integration of the companies respective businesses are completed within the expected timeframe. See the sections entitled *The Merger Agreement Termination* for a discussion of the rights of each of Denali and EMC to terminate the merger agreement, and *The Merger Agreement Conditions to the Merger* for a discussion of the conditions to the closing of the merger.

Because the merger is subject to the approval of the merger agreement by EMC shareholders, failure to obtain this approval would prevent the closing of the merger.

Before the merger can be completed, EMC shareholders must approve the merger agreement. There can be no assurance that this approval will be obtained. Failure to obtain the required approval within the expected time- frame, or having to make significant changes to the structure, terms or conditions of the merger to obtain such approval, may result in a material delay in, or the abandonment of, the merger. Any delay in completing the merger may adversely affect the synergies and other benefits that Denali expects to achieve if the merger and the integration of the companies respective businesses are completed within the expected time period.

Uncertainties associated with the merger may cause a loss of Denali s, EMC s and VMware s senior management personnel and other key employees, which could have an adverse effect on the results of operations, cash flows and financial position of Denali and EMC.

Denali and EMC and their respective subsidiaries (including VMware) are dependent on the continued availability and service of senior management personnel. Denali s success after the merger will depend in part

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upon its ability and the abilities of its subsidiaries to retain and hire executive officers, other key senior management personnel and other key employees. The employees of Denali and EMC and their respective subsidiaries (including VMware) may experience uncertainty about their roles within Denali or EMC following the merger. This uncertainty may inhibit each company s ability to retain those executive officers, other key senior management personnel and other key employees following the merger. There can be no assurance that executive officers, other key senior management personnel and other key employees can be retained either prior to or following the closing of the merger to the same extent that Denali and EMC and their respective subsidiaries (including VMware) have previously been able to attract and retain their own employees. Any loss of such employees could have an adverse effect on the results of operations, cash flows and financial position of Denali and EMC.

The business relationships of Denali and EMC and their respective subsidiaries (including VMware) may be subject to disruption due to uncertainty associated with the merger, which could have an adverse effect on the results of operations, cash flows and financial position of Denali and EMC.

Parties with which Denali or EMC, or their respective subsidiaries (including VMware), do business may experience uncertainty associated with the merger and related transactions, including with respect to current or future business relationships with Denali, EMC, their respective subsidiaries (including VMware) or the combined business of Dell and EMC. The business relationships of Denali and EMC and their respective subsidiaries (including VMware) may be subject to disruption as customers, distributors, suppliers, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Denali, EMC, their respective subsidiaries (including VMware) or the combined business of Dell and EMC. These disruptions could have an adverse effect on the results of operations, cash flows and financial position of Denali following the closing of the merger, including an adverse effect on Denali s ability to realize the expected synergies and other benefits of the merger. The risk, and adverse effect, of any disruption could be exacerbated by a delay in the completion of the merger or a termination of the merger agreement.

The merger agreement subjects EMC to restrictions on its business activities.

The merger agreement subjects EMC to restrictions on its business activities and obligates EMC generally to use commercially reasonable efforts to carry on its business in the ordinary course consistent with past practice. These restrictions could prevent EMC from pursuing attractive business opportunities that arise prior to the completion of the merger, and could otherwise have an adverse effect on EMC s (or, following completion of the merger, Denali s) results of operations, cash flows and financial position. Such restrictions generally include restrictions on:

- payment of dividends;
- stock splits, issuances of stock or similar transactions;
- repurchases or redemptions of stock or securities;
- amendments of organizational documents;

acquisitions and sales of assets, and merger and acquisition activity;

incurrences or repayments of indebtedness;

loans or advances by EMC;

capital expenditures;

settlements of claims or litigation matters;

amendments of material contracts;

certain actions with respect to benefit plans or hiring or compensation of employees;

recognition of labor organizations;

revaluation of assets or changes in accounting policies;

- plant closings or mass layoffs;

- actions in connection with the complete or partial liquidation of EMC or any of its subsidiaries;

- changes in methods of tax accounting or tax elections, or settlements of tax audits or proceedings, or the filing of amendments to tax returns;

- failure to acquire additional shares of VMware common stock if such failure would cause VMware to cease to be a member of the affiliated group of corporations filing a consolidated tax return with EMC; and

- authorizing, committing, resolving or agreeing to do any of the foregoing.

These restrictions do not apply to actions taken by VMware or Pivotal Software, Inc., referred to as Pivotal, a majority owned subsidiary of EMC in which VMware has an interest, although the merger agreement includes restrictions on the taking of certain actions by EMC in its capacity as a stockholder of VMware and Pivotal. See *The Merger Agreement Conduct of Business* for a more complete description of the restrictions on EMC s business activities.

Lawsuits have been filed and other lawsuits may be filed challenging the merger. An adverse ruling in any such lawsuit may delay the merger or prevent the merger from being completed.

Fifteen putative shareholder class action lawsuits have been filed against various combinations of EMC, its current and former directors, VMware, certain of VMware s directors, Denali, Dell and Merger Sub, among other defendants. The Business Litigation Session of the Massachusetts Superior Court consolidated nine of those lawsuits, which generally allege, among other things, that the directors of EMC breached their fiduciary duties to EMC shareholders in connection with the merger, by, among other things, failing to maximize shareholder value, agreeing to provisions in the merger agreement that favor Dell and discourage competing bids, and that there were various conflicts of interest in the proposed transaction. These lawsuits further allege that various combinations of defendants aided and abetted the EMC directors in the alleged breach of their fiduciary duties. The Business Litigation Session of the Massachusetts Superior Court granted EMC and its directors motion to dismiss the nine consolidated lawsuits. Three plaintiffs have appealed the dismissal. The operative complaints in two other lawsuits generally allege that EMC, in its capacity as the majority shareholder of VMware, and individual defendants who are directors of EMC, VMware, or both, breached their fiduciary duties to minority shareholders of VMware in connection with the merger by, among other things, entering into and/or approving a merger that favors the interests of EMC and Dell at the expense of the minority shareholders. These two complaints further allege that certain defendants aided and abetted these alleged breaches of fiduciary duties. Finally, the operative complaints in four other lawsuits generally allege that the preliminary proxy statement omits and/or misrepresents material information and that such failure to disclose constitutes violations of Section 14(a) of, and Rule 14a-9 under, the Exchange Act. These four complaints further allege that various combinations of defendants are liable for violations of Section 20(a) of the Exchange Act. The fifteen lawsuits seek, among other things, injunctive relief enjoining the merger, rescission of the merger if consummated, an award of fees and costs, and/or an award of damages. Additional lawsuits arising out of or relating to the merger agreement or the merger may be filed in the future.

See the section *Proposal 1: Approval of the Merger Agreement Litigation Relating to the Merger* for more information about the lawsuits related to the merger that have been filed prior to the date of this proxy statement/prospectus. Lawsuits challenging the merger could prevent the merger from being completed, or could

result in a material delay in, or the abandonment of, the merger.

One of the conditions to completion of the merger is the absence of any applicable law (including any order) being in effect in the United States or certain other jurisdictions that prohibits consummation of the merger. Accordingly, if a plaintiff in any such jurisdiction is successful in obtaining an order that prohibits consummation of the merger, then such order may prevent the merger from being completed, or from being completed within the expected timeframe.

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The merger consideration payable for each outstanding share of EMC common stock will be adjusted to reflect the number of shares of EMC common stock outstanding immediately prior to the merger, but will not be adjusted in the event of any change in EMC s stock price prior to the closing of the merger.

In the merger, each share of EMC common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by Denali, Merger Sub or any of EMC s wholly owned subsidiaries, and other than shares with respect to which EMC shareholders are entitled to and properly exercise appraisal rights) automatically will be converted into the right to receive the merger consideration, consisting of (1) $24.05 in cash, without interest, and (2) a number of validly issued, fully paid and non-assessable shares of Class V Common Stock equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (A) 222,966,450 by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares.

Because the aggregate number of shares of Class V Common Stock that may be issued in the merger is fixed, the number of shares of Class V Common Stock to be issued for each share of EMC common stock will depend on the aggregate number of shares of EMC common stock outstanding at the time of the merger. Pursuant to the terms of the merger agreement, immediately prior to the merger, all EMC restricted stock units will fully vest (with performance vesting units vesting at the target level of performance), all unvested options will vest and all unexercised options will be automatically exercised on a net exercise basis. As a result, the aggregate number of shares of EMC common stock outstanding at the time of the merger (and therefore the number of shares of Class V Common Stock to be issued for each share of EMC common stock) will depend on (1) the number of unvested restricted stock units and options that are forfeited prior to the merger as a result of the termination of the relevant employee s employment with EMC, (2) the number of vested options that are exercised prior to the merger and (3) the closing price of EMC s common stock on the last trading day before the completion of the merger.

The merger agreement provides for the issuance of 222,966,450 shares of Class V Common Stock in the merger (assuming EMC shareholders either are not entitled to or do not properly exercise appraisal rights). Such shares of Class V Common Stock are intended to track and reflect the economic performance of approximately 65% of EMC s current economic interest in the VMware business, which currently consists of approximately 343 million shares of VMware common stock. The number of shares issuable in the merger will not be adjusted for changes in the market price of EMC common stock between the date of signing the merger agreement and the completion of the merger.

Because there is no established trading market or market price of Class V Common Stock, the value of the merger consideration that EMC shareholders will receive in the merger is uncertain.

Although the cash portion of the merger consideration is known, the value of the stock portion of the merger consideration will depend on the market price of Class V Common Stock following the merger. While the Class V Common Stock is intended to track the performance of a portion of Denali s economic interest in the VMware business following the completion of the merger, there can be no assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of such interest. The Class V Common Stock and the VMware Class A common stock have different characteristics, which Denali expects may affect their respective market prices in distinct ways. Accordingly, at the time of the special meeting, the value of the stock portion of the merger consideration will not be known. Market reaction to the establishment of tracking stocks is unpredictable and Denali does not know how the market will react to the issuance of the Class V Common Stock. Until an orderly trading market develops for Class V Common Stock following the completion of the merger, the trading price of Class V Common Stock may fluctuate significantly.

Denali and EMC shareholders are urged to obtain current market quotations for shares of EMC common stock.

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Between the date the merger agreement was entered into and the date of this proxy statement/prospectus, the market value of the VMware Class A common stock has declined, thereby reducing the implied value of the stock portion of the merger consideration. Changes in the market value of the VMware Class A common stock also will impact the amount of cash that holders of EMC common stock will receive in the merger in lieu of fractional shares of Class V Common Stock.

Since the public announcement of the merger, the stock price of VMware Class A common stock has fluctuated, and the stock price may continue to fluctuate in the future. Changes in the market value of VMware Class A common stock may result from a variety of factors, including, among others, general market and economic conditions, changes in VMware s business, financial results and prospects, market assessments of the likelihood that the merger transactions will be completed, the timing of the merger and regulatory considerations. On October 9, 2015, the last trading date before the public announcement of the transaction, the closing price of VMware Class A common stock as reported on the NYSE was $78.65. On [ ], 2016, the most recent practicable trading date before the date of this proxy statement/prospectus, the closing price of VMware Class A common stock as reported on the NYSE was $[ ]. As a result, the reduction of the market price of VMware Class A common stock since the merger agreement was executed has resulted in a reduction in the implied value of the stock portion of the merger consideration. Despite their differing characteristics, we believe that changes in the market value of the VMware Class A common stock before the completion of the merger may impact the market value of the Class V Common Stock at the time the merger is completed.

No fractional shares of Class V Common Stock will be issued in the merger. Each holder of EMC common stock who otherwise would have been entitled to receive a fraction of a share of Class V Common Stock in the merger shall receive in lieu thereof cash (rounded to the nearest cent) equal to the product of (1) such fractional share interest multiplied by (2) the average closing price of a share of VMware Class A common stock over the 10 trading days prior to the completion of the merger. As a result, if the merger were completed on the date of this proxy statement/prospectus, the reduction in the market price of VMware Class A common stock since the merger agreement was executed would have resulted in a reduction in the amount of cash received by EMC shareholders in lieu of fractional shares of Class V Common Stock.

EMC s directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of EMC shareholders generally.

Certain of the directors and executive officers of EMC have interests in the merger that are different from, or in addition to, the interests of EMC shareholders generally. These interests include, among others:

- certain acceleration of and payment in respect of outstanding equity awards upon the completion of the merger;
- pro-rata payment of the annual bonus for 2016 upon a qualifying termination of employment following the completion of the merger;
- certain change in control and termination benefits under existing severance agreements in connection with certain termination events generally relating to an executive s employment following the completion of the merger; and

certain commitments by Denali to indemnification, advancement of expenses and directors and officers insurance for executive officers and directors as provided in the merger agreement.

These interests may cause EMC s directors and executive officers to view the proposals relating to the merger differently than EMC shareholders may view them. For further information, see *Proposal 1: Approval of the Merger Agreement Interests of Certain Denali Directors and Officers* and *Proposal 1: Approval of the Merger Agreement Interests of Certain EMC Directors and Officers*.

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The fairness opinions obtained by the EMC board of directors from its financial advisors will not reflect changes, circumstances, developments or events that may occur or may have occurred after the date of the opinions.

EMC has not obtained updated opinions in respect of the consideration to be paid to holders of EMC common stock in connection with the merger from its financial advisors, Morgan Stanley and Evercore, as of the date of this proxy statement/prospectus and does not expect to receive updated opinions prior to the completion of the merger. Changes in financial, economic, market and other conditions on which the opinions of Morgan Stanley and Evercore were based may significantly alter the value of Denali or EMC or the price of EMC common stock prior to the completion of the merger. The opinions of Morgan Stanley and Evercore do not speak as of the time the merger will be completed or as of any date other than the date of the respective opinion. Because Morgan Stanley and Evercore will not be updating their opinions, which were rendered on October 11, 2015, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. The recommendation of the EMC board that EMC shareholders vote **FOR** the approval of the merger agreement, **FOR** the approval, on a non-binding, advisory basis, of the compensation payments that will or may be paid by EMC to its named executive officers in connection with the merger and **FOR** the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement, however, are made as of the date of this proxy statement/prospectus. The opinions of Morgan Stanley and Evercore are included as *Annexes D* and *E* to this proxy statement/prospectus, respectively. For a description of the opinions that the EMC board of directors received from Morgan Stanley and Evercore and a summary of the material financial analyses they provided to the EMC board of directors in connection with rendering such opinions, see *Proposal 1: Approval of the Merger Agreement Opinions of EMC s Financial Advisors.*

The merger agreement includes restrictions on EMC s ability to pursue alternatives to the merger.

The merger agreement contains provisions that restrict EMC s ability to pursue alternative acquisition proposals and limit the ability of EMC and Denali to terminate the merger agreement. The definition of material adverse effect is limited under the merger agreement. Certain events could materially and adversely affect Denali s, EMC s or their respective subsidiaries business, but not give rise to a right of termination under the merger agreement.

The merger agreement contains provisions that make it more difficult for EMC to sell its business to a party other than Denali. These provisions include a general prohibition on EMC soliciting any acquisition proposal or offer for a competing transaction, other than during the 60-day period following the date of the merger agreement. Further, there are only limited exceptions to EMC s agreement that the EMC board of directors will not withdraw or modify in a manner adverse to Denali the recommendation of the EMC board of directors that EMC shareholders approve the merger agreement, and Denali generally has a limited right to match any competing acquisition proposals that may be made. Even if the EMC board of directors withdraws or qualifies its recommendation with respect to the merger agreement, in accordance with the terms and conditions of the merger agreement, EMC will nevertheless be required to submit the approval of the merger agreement to a vote by EMC shareholders at a special meeting, unless the merger agreement is terminated by Denali prior to the special meeting date in accordance with its terms.

In certain cases, upon termination of the merger agreement, EMC will be required to pay to Denali a termination fee of $2.5 billion (which, under certain circumstances, would be decreased to $2 billion). In addition, if the merger agreement is terminated in certain circumstances, EMC may be required to reimburse Denali s expenses in connection with the merger agreement and the transactions contemplated thereby, up to a maximum of $50 million. EMC may also be liable to Denali for damages for fraud or willful and material breaches of the merger agreement, up to a maximum aggregate amount of $4 billion.

For more information about the parties termination rights and the termination fee provisions, see *The Merger Agreement Termination*, and *Termination Fees*.

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Failure to complete the merger could negatively impact EMC s stock price and have an adverse effect on its results of operations, cash flows and financial position.

If the merger is not completed for any reason, including as a result of a failure of EMC shareholders to approve the merger agreement, the ongoing business of EMC may be adversely affected and, without realizing any of the benefits of having completed the merger, EMC would be subject to a number of risks, including the following:

- EMC may experience negative reactions from the financial markets, including negative impacts on the market price of EMC common stock;
- EMC and its subsidiaries may experience negative reactions from their customers, regulators and employees, which may impair EMC s ability to attract, retain and motivate key personnel, and could cause customers, suppliers, financial counterparties, joint venture partners and others to seek to change existing business relationships with EMC;
- EMC will be required to pay certain costs relating to the merger, whether or not the merger is completed;
- EMC may be required to pay a cash termination fee as set forth in the merger agreement;
- the merger agreement places certain restrictions on the conduct of the business of EMC and its subsidiaries prior to the completion of the merger, which may prevent them from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the merger;
- matters relating to the merger (including integration planning) will require substantial commitments of time and resources by EMC management, which could result in the distraction of EMC management from ongoing business operations during the pendency of the merger; and
- EMC may become subject to litigation related to any failure to complete the merger or related to any proceeding commenced against EMC seeking to compel it to perform its obligations under the merger agreement.

If the merger is not completed, the effects of the risks described above may occur and have an adverse impact on EMC s results of operations, cash flows, financial position and stock price.

There is a lack of certainty regarding the U.S. federal income tax treatment of the merger and the Class V Common Stock.

The closing of the merger is conditioned upon the receipt by each of EMC and Denali of an opinion from its tax counsel that (1) the merger, taken together with related transactions, should qualify as an exchange described in Section 351 of the Internal Revenue Code and (2) for U.S. federal income tax purposes, the Class V Common Stock

should be considered common stock of Denali. The opinions will rely on the facts as stated in the merger agreement, this proxy statement/prospectus and certain other documents, representations of EMC, Denali and others to be delivered at the time of the closing of the merger, and customary assumptions. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the opinions and cause them to be invalid. The opinions will be based on current law in effect on the date of the opinions, and cannot be relied upon if such law changes with retroactive effect. An opinion of counsel represents counsel s best legal judgment but is not binding on the IRS or on any court. The parties do not intend to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger, and the IRS has announced that it will not issue advance rulings on the characterization of an instrument with characteristics similar to those of the Class V Common Stock. There are currently no Internal Revenue Code provisions, U.S. federal income tax regulations, court decisions or published IRS rulings directly addressing the characterization of stock with characteristics similar to those of the Class V Common Stock. Consequently, Denali cannot make any assurance that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth under *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders* or any of the tax consequences described in the tax opinions.

If the IRS were to be successful in any such contention, or if for any other reason the merger were to fail to qualify as an exchange described in Section 351 of the Internal Revenue Code or the Class V Common Stock were to fail to be treated as common stock of Denali, then:

- each EMC shareholder would recognize gain or loss with respect to such shareholder s shares of EMC common stock as a result of the merger equal to the difference between (1) the sum of the fair market value of the Class V Common Stock and cash received and (2) the shareholder s basis in the EMC common stock exchanged;

- EMC may be required to recognize gain for U.S. federal income tax purposes in an amount equal to the excess of the fair market value of the VMware common stock that is tracked by the Class V Common Stock over EMC s basis in such VMware common stock, which liability would be allocated to the Class V Group pursuant to the Denali Tracking Stock Policy if such tax liability is imposed as a result of a change in tax law under certain circumstances, and would be allocated to the DHI Group in all other circumstances; and

- Denali may no longer be able to file consolidated U.S. federal income tax returns that include VMware, which could require Denali to file amended tax returns and pay additional taxes.

The tax liabilities described in the second and third bullet points immediately above, if they arise, would be likely to have a material adverse effect on Denali and its subsidiaries. For additional information regarding the material U.S. federal income tax consequences of the merger and the Class V Common Stock, see *Proposal 1: Approval of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders*.

No IRS ruling has been obtained with respect to the tax consequences of the merger or the issuance of Class V Common Stock.

The parties do not intend to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger, and the IRS has announced that it will not issue advance rulings on the characterization of an instrument with characteristics similar to those of the Class V Common Stock. Opinions of counsel are not binding on the IRS and the conclusions expressed in the opinions of the respective tax counsel of EMC and Denali could be challenged by the IRS.

Risk Factors Relating to the Combined Company

After the completion of the merger, the MD stockholders, the MSD Partners stockholders and the SLP stockholders will have the ability to elect all of the directors of Denali and such stockholders interests may differ from the interests of the holders of Class V Common Stock.

After the completion of the merger, by reason of their ownership of substantially all of Denali s Class A Common Stock, the MD stockholders and the MSD Partners stockholders will have the ability to elect all of the Group I Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of directors, and all of the Group II Directors, who will have an aggregate of 7 of the 13 total votes on the Denali board of directors. By reason of their ownership of all of the Class B Common Stock, the SLP stockholders will have the ability to elect all of the Group III Directors, who will have an aggregate of 3 of the 13 total votes on the Denali board of directors. Immediately following the completion of the merger, Michael S. Dell is expected to be the sole Group II Director and

will therefore be entitled to cast a majority of the votes entitled to be cast by all Denali directors and thereby approve any matter submitted to the Denali board of directors other than any matter that also requires the separate approval of the Capital Stock Committee or the audit committee. Immediately following the completion of the merger, Egon Durban and Simon Patterson are expected to be the sole Group III Directors. Denali s directors will owe fiduciary duties to Denali as a whole and all of Denali s stockholders and not just to holders of a particulars series of shares.

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After the completion of the merger, Denali will be controlled by the MD stockholders, the MSD Partners stockholders and the SLP stockholders, whose interests may differ from the interests of the holders of Class V Common Stock.

By reason of their ownership of Class A Common Stock possessing a majority of the aggregate votes entitled to be cast by holders of Denali s Class A Common Stock, Class B Common Stock, Class C Common Stock and Class V Common Stock, voting together as a single class, the MD stockholders and the MSD Partners stockholders will have the ability to approve any matter submitted to the vote of all of the outstanding shares of Denali common stock voting together as a single class.

Through their control of Denali, the MD stockholders and the MSD Partners stockholders will, subject to certain special voting rights of the Class V Common Stock related to actions that affect the Class V Common Stock and certain consent rights of the SLP stockholders described under *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights Special Voting Rights of the Class V Common Stock* and *Certain Relationships and Related Transactions Denali Stockholders Agreement MD Stockholder and SLP Stockholder Approvals,* be able to control actions to be taken by Denali, including the election of directors of Denali s subsidiaries (including VMware and its subsidiaries), amendments to Denali s organizational documents and the approval of significant corporate transactions, including mergers, sales of substantially all of Denali s assets, distributions of Denali s assets, the incurrence of indebtedness and any incurrence of liens on Denali s assets.

After the completion of the merger, the Denali board of directors intends to form an executive committee of the board consisting entirely of directors designated by the MD stockholders, the MSD Partners stockholders and the SLP stockholders and expects that a substantial portion of the power and authority of the Denali board of directors will be delegated to the executive committee.

After the completion of the merger, the Denali board of directors intends to form an executive committee of the board consisting entirely of Group II Directors and Group III Directors (none of whom are expected to be independent directors) and expects that a substantial portion of the power and authority of the Denali board of directors will be delegated to the executive committee. The interests of the MD stockholders, the MSD Partners stockholders and the SLP stockholders may differ materially from the interests of the holders of Class V Common Stock and Denali s other stakeholders. For example, Denali does not presently intend to pay cash dividends on the Class V Common Stock. Denali will have the right to pay cash dividends on the shares of common stock of each series of common stock in equal or unequal amounts, and Denali may pay cash dividends on the shares of one series of common stock and not pay cash dividends on shares of common stock of another series.

The MD stockholders, the MSD Partners stockholders and the SLP stockholders will be able to continue to strongly influence or effectively control decisions made by the Denali board of directors even if they own less than 50% of Denali s combined voting power.

So long as the MD stockholders, the MSD Partners stockholders and the SLP stockholders continue to own a significant amount of Denali s combined voting power, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control decisions made by the Denali board of directors and, so long as the MD stockholders and the MSD Partners stockholders or the SLP stockholders own at least [ ]% or [ ]%, respectively, of all outstanding shares of Denali s stock entitled to vote generally in the election of directors, such stockholders will be able to appoint individuals to Denali s board of directors under the Denali stockholders agreement that Denali has entered into with them. See *Certain Relationships and Related Transactions Denali Stockholders Agreement*.

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The MD Stockholders, the MSD Partners stockholders and the SLP stockholders and their respective affiliates may have interests that conflict with your interests or those of the combined company.

In the ordinary course of their business activities, the MD stockholders, the MSD Partners stockholders and the SLP stockholders and their respective affiliates may engage in activities where their interests conflict with your interests or those of the combined company. The Denali certificate will provide that none of the MD stockholders, the MSD Partners stockholders and the SLP stockholders, any of their respective affiliates or any director who is not employed by Denali (including any non-employee director who serves as one of Denali s officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which Denali operates. The MD stockholders, the MSD Partners stockholders and the SLP stockholders also may pursue acquisition opportunities that may be complementary to Denali s business and, as a result, those acquisition opportunities may not be available to Denali. In addition, such stockholders may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance the value of their investment in Denali, even though such transactions might involve risks to you.

Upon the listing of the shares of Class V Common Stock on the NYSE, Denali will be a controlled company within the meaning of NYSE rules and, as a result, will qualify for, and intends to rely on, exemptions from certain corporate governance requirements. Holders of Class V Common Stock will therefore not have the same protections afforded to stockholders of companies that are subject to such requirements.

Immediately following the completion of the merger, for any matter submitted to a vote of the holders of Denali common stock voting together as a single class, it is expected that the number of votes to which:

- holders of Class A Common Stock would be entitled will represent approximately 73% of the total number of votes to which all holders of Denali common stock would be entitled;
- holders of Class B Common Stock would be entitled will represent approximately 23% of the total number of votes to which all holders of Denali common stock would be entitled;
- holders of Class C Common Stock would be entitled will represent less than 1% of the total number of votes to which all holders of Denali common stock would be entitled; and
- holders of Class V Common Stock would be entitled will represent approximately 4% of the total number of votes to which all holders of Denali common stock would be entitled.

Accordingly, after the completion of the merger, the MD stockholders, the MSD Partners stockholders and the SLP stockholders will continue to control a majority of the combined voting power of all classes of Denali stock entitled to vote generally in the election of directors. As a result, Denali will be a controlled company within the meaning of NYSE rules. Under these rules, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of the Class V Common Stock:

Denali have a board that is composed of a majority of independent directors, as defined under the rules of the NYSE;

Denali have a compensation committee that is composed entirely of independent directors; and

Denali have a corporate governance and nominating committee that is composed entirely of independent directors.

Following the closing of the merger, Denali intends to utilize these exemptions. As a result, Denali does not expect that a majority of the directors on the Denali board of directors will be independent following the completion of the merger. In addition, Denali does not expect that any of the committees of the Denali board of directors will consist entirely of independent directors, other than the audit committee within one year of the

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listing date and the Capital Stock Committee. Accordingly, holders of Class V Common Stock will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

As of the date of this proxy statement/prospectus, EMC is not a controlled company within the meaning of NYSE rules. Therefore, following the completion of the merger, EMC shareholders that become holders of Class V Common Stock will no longer be afforded the same corporate governance protections such shareholders currently are entitled to as EMC shareholders.

Denali is highly dependent on the services of Michael S. Dell, its Chief Executive Officer, and its success depends on the ability to attract, retain and motivate key employees.

Denali is highly dependent on the services of Michael S. Dell, its Chief Executive Officer and largest stockholder. If Denali loses the services of Mr. Dell, Denali may not be able to locate a suitable or qualified replacement and Denali may incur additional expenses to recruit a replacement, which could severely disrupt Denali s business and growth. Further, Denali relies on key personnel, including other members of its executive leadership team, to support its business and increasingly complex product and services offerings. Denali may not be able to attract, retain and motivate the key professional, technical, marketing and staff resources needed.

Denali s substantial level of indebtedness could adversely affect its financial condition.

As of October 30, 2015, Denali had approximately $14.2 billion in long-term debt principal outstanding, including current maturities. After the closing of the merger, Denali will have a substantial amount of indebtedness, which will require significant interest payments. After giving effect to the transactions contemplated by the merger agreement on a pro forma basis, including the incurrence of merger financing under Denali s debt financing commitments, Denali and its subsidiaries would have had approximately $59.3 billion of short-term and long-term indebtedness as of February 1, 2016 and estimated cash interest for the twelve months ended February 1, 2016 would have been approximately $2.6 billion. Denali and its subsidiaries would also have had an additional $1.15 billion available for borrowing under its senior secured revolving credit facility on such date (without giving effect to letters of credit outstanding) and approximately an additional $1.2 billion available for borrowing under its existing asset backed securities facility, referred to as the ABS facility, on such date.

Denali s substantial level of indebtedness could have important consequences, including the following:

- Denali must use a substantial portion of its cash flow from operations to pay interest and principal on its new senior credit facilities, senior secured notes and senior unsecured notes, referred to as the notes, and other indebtedness, which will reduce funds available to Denali for other purposes such as working capital, capital expenditures, other general corporate purposes and potential acquisitions;

- Denali s ability to refinance such indebtedness or to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;

- Denali will be exposed to fluctuations in interest rates because Denali s new senior credit facilities will have variable rates of interest;

Denali s leverage may be greater than that of some of its competitors, which may put Denali at a competitive disadvantage and reduce Denali s flexibility in responding to current and changing industry and financial market conditions; and

Denali may be unable to comply with financial and other restrictive covenants in its new senior credit facilities, the notes and other indebtedness that will limit Denali s ability to incur additional debt, make investments and sell assets, which could result in an event of default that, if not cured or waived, would have an adverse effect on Denali s business and prospects and could force it into bankruptcy or liquidation.

Denali and its subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in Denali s and its subsidiaries credit facilities and the indentures governing the notes to be issued in connection with the transactions contemplated by the merger agreement. If new indebtedness is added to Denali s and its subsidiaries debt levels as of the closing of the merger, the related risks that Denali now faces could intensify. Denali s ability to access additional funding under Denali s new revolving credit facility and the existing ABS facility will depend upon, among other things, the absence of a default under either such facility, including any default arising from a failure to comply with the related covenants. If Denali is unable to comply with its covenants under its new revolving credit facility or the existing ABS facility, Denali s liquidity may be adversely affected.

As of February 1, 2016, after giving effect to the transactions contemplated by the merger agreement on a pro forma basis, including the incurrence of the merger financing under Denali s debt financing commitments, approximately $19.35 billion of Denali s debt would have been variable rate debt and the effect of a 0.5% increase or decrease in interest rates would have increased or decreased such total annual cash interest by approximately $57 million. Denali s ability to meet expenses, to remain in compliance with its covenants under its debt instruments and to make future principal and interest payments in respect of its debt depends on, among other things, Denali s operating performance, competitive developments and financial market conditions, all of which are significantly affected by financial, business, economic and other factors. Denali is not able to control many of these factors. Given current industry and economic conditions, Denali s cash flow may not be sufficient to allow Denali to pay principal and interest on its debt and meet its other obligations.

Denali may not be able to achieve its objective of reducing its indebtedness in the first 18-24 months after the completion of the merger.

Denali has an objective of reducing its indebtedness in the first 18-24 months after completion of the merger and achieving an investment grade credit rating for such indebtedness. The cash necessary to achieve that objective is expected to come from divestitures of non-core businesses of the DHI Group, including EMC, cash flows from operations of the DHI Group and cash generated by reductions in the working capital needed to operate the DHI Group. Denali may not be able to generate the sale proceeds, operating cash flows and other cash necessary to accomplish this objective. Any failure of Denali to significantly reduce its indebtedness and achieve its objectives could result in a material reduction in the credit quality of Denali and adversely impact the value of the Class V Common Stock.

The Denali certificate designates a state court of the State of Delaware or the federal district court for the District of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Denali s stockholders, which could limit the ability of the holders of Class V Common Stock to obtain a favorable judicial forum for disputes with Denali or with directors, officers or the controlling stockholders of Denali.

Under the Denali certificate, unless Denali consents in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of Denali, (2) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or stockholder of Denali to Denali or Denali s stockholders, (3) any action asserting a claim against Denali or any director or officer or stockholder of Denali arising pursuant to any provision of the DGCL or Denali s certificate or bylaws, or (4) any action asserting a claim against Denali or any director or officer or stockholder of Denali governed by the internal affairs doctrine, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). These provisions of the Denali certificate could limit the ability of the holders of the Class V Common Stock to obtain a favorable judicial forum for disputes with Denali or with directors, officers or the controlling stockholders of Denali, which may discourage such lawsuits against Denali and

its directors, officers and stockholders. Alternatively, if a court were to find these provisions of its constituent documents inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, Denali may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition and results of operations.

The combined company is expected to incur substantial expenses related to the completion of the merger and the integration of Denali and EMC.

The combined company is expected to incur substantial expenses in connection with the completion of the merger and the integration of Denali and EMC. There is a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, revenue management, marketing and benefits. In addition, the businesses of Denali and EMC will continue to maintain a presence in Texas and Massachusetts, respectively. The substantial majority of these costs will be non-recurring expenses related to the merger (including financing of the merger), facilities and systems consolidation costs. The combined company may incur additional costs to maintain employee morale and to retain key employees. Denali and EMC will also incur transaction fees and costs related to formulating integration plans for the combined business, and the execution of these plans may lead to additional unanticipated costs. Additionally, as a result of the merger, rating agencies may take negative actions with regard to the combined company s credit ratings, which may increase the combined company s costs in connection with the financing of the merger. These incremental transaction and merger-related costs may exceed the savings the combined company expects to achieve from the elimination of duplicative costs and the realization of other efficiencies related to the integration of the businesses, particularly in the near term and in the event there are material unanticipated costs. Denali cannot identify the timing, nature and amount of all such expenses as of the date of this proxy statement/prospectus. However, any such expenses could affect Denali s results of operations and cash flows from operations in the period in which such charges are recorded.

The combined company may not realize the anticipated synergies from the merger.

Although the combined company expects to achieve synergies as a result of the merger, including with respect to VMware, it may not succeed in doing so. The combined company s ability to realize the anticipated synergies will depend on the successful integration of EMC s business with that of Dell. Even if the combined company successfully integrates the Dell and EMC businesses, the integration may not result in the realization of the full benefits of the anticipated synergies or the realization of these benefits within the expected periods. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, benefits from the merger may be offset by costs incurred in integrating Dell and EMC, or regulatory authorities may impose adverse conditions on the combined company in connection with granting approval of the merger.

Failure to integrate EMC s technology, solutions, products and services with those of Dell in an effective manner could reduce Denali s profitability and delay or prevent realization of many of the potential benefits of the merger.

To obtain the benefits of the merger, Denali must integrate EMC s technology, solutions, products and services with those of Dell in an effective manner. Denali may not be able to accomplish this integration quickly and efficiently. Denali may be required to spend additional time and money on operating compatibility that otherwise would be spent on developing and selling solutions, products and services. Denali s business, financial condition and results of operations could be harmed if it does not integrate operations effectively or uses too many resources on integration efforts.

The time and effort required to be dedicated to the integration of Dell and EMC could divert the attention of Denali s management from other business concerns or otherwise harm Denali s business.

The integration process could result in the diversion of Denali management s attention from other business concerns, in the disruption or interruption of, or the loss of momentum in, Denali s business, or in inconsistencies in standards, controls, procedures and policies. Any of these impacts could adversely affect Denali s ability to maintain relationships

with its customers and employees or achieve the anticipated benefits of the merger, or could reduce Denali s earnings or otherwise adversely affect its business and financial results.

Denali may be unable to use some or all of EMC s net operating losses following the merger.

Based on current tax law, as of June 30, 2015, EMC had gross federal, state and foreign net operating losses, referred to as NOLs, of approximately $262 million, $562 million and $18 million, respectively. Until such NOLs expire, they can be used to reduce taxable income in future years. After the merger, Denali s ability to use these tax attributes to offset future taxable income will be subject to significant limitations under Sections 382 and 383 and other provisions of the Internal Revenue Code. For this reason, Denali may be unable to use EMC s NOLs after the merger in the amounts it projects or at all.

After the completion of the merger, former shareholders of EMC, a Massachusetts corporation, will be stockholders of Denali, a Delaware corporation.

The rights of holders of Class V Common Stock will be governed by Delaware corporate law and by the Denali certificate and Denali bylaws, as opposed to Massachusetts corporate law and the EMC articles and EMC bylaws. Consequently, the rights of such Denali stockholders following the merger may vary in some respects from their rights as EMC shareholders prior to the merger.

Risk Factors Relating to Denali, Dell and EMC

Risk Factors Relating to Denali and Dell

Competitive pressures may adversely affect Dell s industry unit share position, revenue and profitability.

Dell operates in an industry in which there are rapid technological advances in hardware, software and service offerings. As a result, Dell faces aggressive product and price competition from both branded and generic competitors. Dell competes based on its ability to offer to its customers competitive integrated solutions that provide the most current and desired product and services features. There is a risk that Dell s competitors may provide products that are less costly, perform better or include additional features that are not available with Dell s products. There also is a risk that Dell s product portfolios may quickly become outdated or that Dell s market share may quickly erode. Further, efforts to balance the mix of products and services in order to optimize profitability, liquidity and growth may put pressure on Dell s industry position.

As the technology industry continues to expand globally, there may be new and increased competition in different geographic regions. The generally low barriers to entry in the technology industry increase the potential for challenges from new industry competitors. There also may be increased competition from new types of products as the options for mobile and cloud computing solutions increase. In addition, companies with which Dell has strategic alliances may become competitors in other product areas or current competitors may enter into new strategic relationships with new or existing competitors, all of which may further increase the competitive pressures on Dell.

Reliance on vendors for products and components, many of whom are single-source or limited-source suppliers, could harm Dell s business by adversely affecting product availability, delivery, reliability and cost.

Dell maintains several single-source or limited-source supplier relationships, including relationships with third-party software providers, either because multiple sources are not readily available or because the relationships are advantageous due to performance, quality, support, delivery, capacity or price considerations. A delay in the supply of a critical single- or limited-source product or component may prevent the timely shipment of the related product in desired quantities or configurations. In addition, Dell may not be able to replace the functionality provided by third-party software currently offered with its products if that software becomes obsolete, defective or incompatible

with future product versions or is not adequately maintained or updated. Even where multiple sources of supply are available, qualification of the alternative suppliers and establishment of reliable supplies could result in delays and a possible loss of sales, which could harm Dell s operating results.

Dell obtains many of its products and all of its components from third-party vendors, many of which are located outside of the United States. In addition, significant portions of Dell s products are assembled by contract manufacturers, primarily in various locations in Asia. A significant concentration of such outsourced manufacturing is currently performed by only a few of Dell s contract manufacturers, often in single locations. Dell sells components to these contract manufacturers and generates large non-trade accounts receivables, an arrangement that would present a risk of uncollectibility if the financial condition of a contract manufacturer should deteriorate.

Although these relationships generate cost efficiencies, they limit Dell s direct control over production. The increasing reliance on vendors subjects Dell to a greater risk of shortages and reduced control over delivery schedules of components and products, as well as a greater risk of increases in product and component costs. Because Dell maintains minimal levels of component and product inventories, a disruption in component or product availability could harm Dell s ability to satisfy customer needs. In addition, defective parts and products from these vendors could reduce product reliability and harm Dell s reputation.

If Dell fails to achieve favorable pricing from vendors, its profitability could be adversely affected.

Dell s profitability is affected by its ability to achieve favorable pricing from vendors and contract manufacturers, including through negotiations for vendor rebates, marketing funds and other vendor funding received in the normal course of business. Because these supplier negotiations are continuous and reflect the evolving competitive environment, the variability in timing and amount of incremental vendor discounts and rebates can affect Dell s profitability. The vendor programs may change periodically, potentially resulting in adverse profitability trends if Dell cannot adjust pricing or variable costs. An inability to establish a cost and product advantage, or determine alternative means to deliver value to customers, may adversely affect Dell s revenue and profitability.

Adverse global economic conditions and instability in financial markets may harm Dell s business and result in reduced net revenue and profitability.

As a global company with customers operating in a broad range of businesses and industries, Dell s performance is affected by global economic conditions. Adverse economic conditions may negatively affect customer demand for Dell s products and services. Such economic conditions could result in postponed or decreased spending amid customer concerns over unemployment, reduced asset values, volatile energy costs, geopolitical issues, the availability and cost of credit and the stability and solvency of financial institutions, financial markets, businesses, local and state governments and sovereign nations. Weak global economic conditions also could harm Dell s business by contributing to product shortages or delays, insolvency of key suppliers, customer and counterparty insolvencies and increased challenges in managing Dell s treasury operations. Any such effects could have a negative impact on Dell s net revenue and profitability.

Dell s results of operations may be adversely affected if it fails to successfully execute its growth strategy.

Dell s growth strategy involves reaching more customers through new distribution channels, expanding relationships with resellers and augmenting select business areas through targeted acquisitions and other commercial arrangements. As more customers are reached through new distribution channels and expanded reseller relationships, Dell may fail to manage effectively the increasingly difficult tasks of inventory management and demand forecasting. The ability to implement this growth strategy depends on a successful transitioning of sales capabilities, the successful addition to the breadth of Dell s solutions capabilities through selective acquisitions of other businesses and the effective management of the consequences of these strategic initiatives. If Dell is unable to meet these challenges, its results of operations could be adversely affected.

Dell faces risks and challenges in connection with its transformation to a scalable end-to-end technology solutions provider and its business strategy.

Dell expects its strategic transformation to a scalable end-to-end technology solutions provider to take more time and investment, and the investments it must make are likely to result in lower gross margins and raise its operating expenses and capital expenditures.

For fiscal 2015, Dell s Client Solutions business generated 68% of Dell s net revenue, and largely relied on PC sales. Moreover, revenue from Client Solutions absorbs Dell s significant overhead costs and allows for scaled procurement. As a result, Client Solutions remains an important component in Dell s broad transformation strategy. While Dell continues to rely on Client Solutions as a critical element of its business, Dell also anticipates an increasingly challenging demand environment in Client Solutions and intensifying market competition. Current challenges in Client Solutions stem from fundamental changes in the PC market, including a decline in worldwide revenues for desktop and laptop PCs and lower shipment forecasts for PC products due to a general lengthening of the replacement cycle for PC products and increasing interest in alternative mobile solutions. PC shipments worldwide declined 7.0% year-to-year in the second quarter of fiscal 2016, and further deterioration in the PC market may occur. Other challenges include declining margins as demand for PC products shifts from higher-margin premium products to lower-cost and lower-margin products, particularly in emerging markets, and significant and increasing competition from efficient and low-cost manufacturers and from manufacturers of innovative and higher-margin PC products. For example, the built-to-order model that Dell has historically used is losing competitiveness in an environment where profit pools are moving toward lower-margin segments primarily based on a build-to-stock model, and Dell also lacks a strong offering in tablets.

The challenges Dell faces in its transformation include low operating margin for the Enterprise Solutions Group, referred to as ESG, and, although Client Solutions drives pull-through revenue and cross-selling of ESG solutions, the potential for further margin erosion remains due to intense competition, including emerging competitive pressure from cloud services. Improving integration of Dell s product and service offerings as well as its ability to cross-sell remain a work in progress, as Dell is in the early stages of integrating its products into solutions and thus far has limited overlap in the base of large customers for the Client Solutions business and the ESG and Dell services businesses. In addition, returns from Dell s prior acquisitions have been mixed and will require additional investments to reposition the business for growth, while cross-selling synergies have not been achieved as anticipated. As a result of the foregoing challenges, Dell s business, financial condition and results of operations may be adversely affected.

Dell may not successfully implement its acquisition strategy, which could result in unforeseen operating difficulties and increased costs.

Dell makes strategic acquisitions of other companies as part of its growth strategy. Dell could experience unforeseen operating difficulties in assimilating or integrating the businesses, technologies, services, products, personnel or operations of acquired companies, especially if Dell is unable to retain the key personnel of an acquired company. Further, future acquisitions may result in a delay or reduction of client sales for both Dell and the acquired company because of client uncertainty about the continuity and effectiveness of solutions offered by either company and may disrupt Dell s existing business by diverting resources and significant management attention that otherwise would be focused on development of the existing business. Acquisitions may also negatively affect Dell s relationships with strategic partners if the acquisitions are seen as bringing Dell into competition with such partners.

To complete an acquisition, Dell may be required to use substantial amounts of cash, engage in equity or debt financings or enter into credit agreements to secure additional funds. Such debt financings could involve restrictive covenants that could limit Dell s capital-raising activities and operating flexibility. In addition, an acquisition may

negatively affect Dell s results of operations because it may expose Dell to unexpected liabilities, require the incurrence of charges and substantial indebtedness or other liabilities, have adverse tax

consequences, result in acquired in-process research and development expenses, or in the future require the amortization, write-down or impairment of amounts related to deferred compensation, goodwill and other intangible assets, or fail to generate a financial return sufficient to offset acquisition costs.

If its cost efficiency measures are not successful, Dell may become less competitive.

Dell continues to focus on minimizing operating expenses through cost improvements and simplification of Dell s structure. Certain factors may prevent the achievement of these goals, which may negatively affect Dell s competitive position. For example, Dell may experience delays or unanticipated costs in implementing its cost efficiency plans, which could prevent the timely or full achievement of expected cost efficiencies.

Dell s inability to manage solutions and product and services transitions in an effective manner could reduce the demand for Dell s solutions, products and services and the profitability of Dell s operations.

Continuing improvements in technology result in the frequent introduction of new solutions, products and services, improvements in product performance characteristics and short product life cycles. If Dell fails to effectively manage transitions to new solutions and offerings, the products and services associated with such offerings and customer demand for Dell s solutions, products and services could diminish and Dell s profitability could suffer.

Dell is increasingly sourcing new products and transitioning existing products through its contract manufacturers and manufacturing outsourcing relationships in order to generate cost efficiencies and better serve its customers. The success of product transitions depends on a number of factors, including the availability of sufficient quantities of components at attractive costs. Product transitions also present execution challenges and risks, including the risk that new or upgraded products may have quality issues or other defects.

Failure to deliver high-quality products and services could lead to loss of customers and diminished profitability.

Dell must identify and address quality issues associated with its products and services, many of which include third-party components. Although quality testing is performed regularly to detect quality problems and implement required solutions, failure to identify and correct significant product quality issues before the sale of such products to customers could result in lower sales, increased warranty or replacement expenses and reduced customer confidence, which could harm Dell s operating results.

Dell s ability to generate substantial non-U.S. net revenue is subject to additional risks and uncertainties.

Sales outside the United States accounted for approximately 50% of Dell s consolidated net revenue for fiscal 2015. Dell s future growth rates and success are substantially dependent on the continued growth of Dell s business outside the United States. Dell s international operations face many risks and uncertainties, including varied local economic and labor conditions, political instability, changes in the U.S. and international regulatory environments, and the impacts of trade protection measures, tax laws (including U.S. taxes on foreign operations), copyright levies and foreign currency exchange rates. Any of these factors could negatively affect Dell s international business results and prospects for growth.

Dell s profitability may be adversely affected by product, customer and geographic sales mix and seasonal sales trends.

Dell s overall profitability for any period may be adversely affected by changes in the mix of products, customers and geographic markets reflected in sales for that period and by seasonal trends. Profit margins vary among products, services, customers and geographic markets. For instance, services offerings generally have a higher profit margin than consumer products. In addition, parts of Dell s business are subject to seasonal sales

trends. Among the trends with the most significant impact on Dell s operating results, sales to government customers (particularly the U.S. federal government) are typically stronger in Dell s third fiscal quarter, sales in Europe, the Middle East and Africa are often weaker in Dell s third fiscal quarter, and consumer sales are typically strongest during Dell s fourth fiscal quarter.

Dell may lose revenue opportunities and experience gross margin pressure if sales channel participants fail to perform as expected.

Dell relies on third-party distributors, retailers, systems integrators, value-added resellers and other sales channels to complement its direct sales organization in order to reach more end-users globally. Future operating results increasingly will depend on the performance of sales channel participants and on Dell s success in maintaining and developing these relationships. Revenue and gross margins could be negatively affected if the financial condition or operations of channel participants weaken as a result of adverse economic conditions or other business challenges, or if uncertainty regarding the demand for Dell s products causes channel participants to reduce their orders for Dell s products. Further, some channel participants may consider the expansion of Dell s direct sales initiatives to conflict with their business interests as distributors or resellers of Dell s products, which could lead them to reduce their investment in the distribution and sale of Dell s products, or to cease all sales of Dell s products.

Dell s financial performance could suffer from reduced access to the capital markets by Dell or some of its customers.

Dell may access debt and capital sources to provide financing for customers and to obtain funds for general corporate purposes, including working capital, acquisitions, capital expenditures and funding of customer receivables. In addition, Dell maintains customer financing relationships with some companies that rely on access to the debt and capital markets to meet significant funding needs. Any inability of these companies to access such markets could compel Dell to self-fund transactions with such companies or to forgo customer financing opportunities, which could harm Dell s financial performance. The debt and capital markets may experience extreme volatility and disruption from time to time in the future, which could result in higher credit spreads in such markets and higher funding costs for Dell. Deterioration in Dell s business performance, a credit rating downgrade, volatility in the securitization markets, changes in financial services regulation or adverse changes in the economy could lead to reductions in the availability of debt financing. In addition, these events could limit Dell s ability to continue asset securitizations or other forms of financing from debt or capital sources, reduce the amount of financing receivables that Dell originates or negatively affect the costs or terms on which Dell may be able to obtain capital. Any of these developments could adversely affect Dell s net revenue, profitability and cash flows.

Weak economic conditions and additional regulation could harm Dell s financial services activities.

Dell s financial services activities are negatively affected by adverse economic conditions that contribute to loan delinquencies and defaults. An increase in loan delinquencies and defaults would result in greater net credit losses, which may require Dell to increase its reserves for customer receivables. In addition, the implementation of new financial services regulation, or the application of existing financial services regulation in new countries where Dell expands its financial services and related supporting activities, could unfavorably impact the profitability and cash flows of Dell s consumer financing activities.

Dell is subject to counterparty default risks.

Dell has numerous arrangements with financial institutions that include cash and investment deposits, interest rate swap contracts, foreign currency option contracts and forward contracts. As a result, Dell is subject to the risk that the

counterparty to one or more of these arrangements will default, either voluntarily or involuntarily, on its performance under the terms of the arrangement. In times of market distress, a counterparty

may default rapidly and without notice, and Dell may be unable to take action to cover its exposure, either because of lack of contractual ability to do so or because market conditions make it difficult to take effective action. If one of Dell s counterparties becomes insolvent or files for bankruptcy, Dell s ability eventually to recover any losses suffered as a result of that counterparty s default may be limited by the liquidity of the counterparty or the applicable legal regime governing the bankruptcy proceeding. In the event of such default, Dell could incur significant losses, which could harm Dell s business and adversely affect its results of operations and financial condition.

The exercise by customers of certain rights under their services contracts with Dell, or Dell s failure to perform as it anticipates at the time it enters into services contracts, could adversely affect Dell s revenue and profitability.

Many of Dell s services contracts allow customers to take actions that may adversely affect Dell s revenue and profitability. These actions include terminating a contract if Dell s performance does not meet specified service levels, requesting rate reductions or contract termination, reducing the use of Dell s services or terminating a contract early upon payment of agreed fees. In addition, Dell estimates the costs of delivering the services at the outset of the contract. If Dell fails to estimate such costs accurately and actual costs significantly exceed estimates, Dell may incur losses on the services contracts.

Loss of government contracts could harm Dell s business.

Contracts with the U.S. federal, state and local governments and foreign governments are subject to future funding that may affect the extension or termination of programs and to the right of such governments to terminate contracts for convenience or non-appropriation. There is pressure on governments, both domestically and internationally, to reduce spending. Funding reductions or delays could adversely affect public sector demand for Dell s products and services. In addition, if Dell violates legal or regulatory requirements, the applicable government could suspend or disbar Dell as a contractor, which would unfavorably affect Dell s net revenue and profitability.

Dell s business could suffer if Dell does not develop and protect its proprietary intellectual property or obtain or protect licenses to intellectual property developed by others on commercially reasonable and competitive terms.

If Dell or Dell s suppliers are unable to develop or protect desirable technology or technology licenses, Dell may be prevented from marketing products, may have to market products without desirable features or may incur substantial costs to redesign products. Dell also may have to defend or enforce legal actions or pay damages if Dell is found to have violated the intellectual property of other parties. Although Dell s suppliers might be contractually obligated to obtain or protect such licenses and indemnify Dell against related expenses, those suppliers could be unable to meet their obligations. Although Dell invests in research and development and obtains additional intellectual property through acquisitions, those activities do not guarantee that Dell will develop or obtain intellectual property necessary for profitable operations. Costs involved in developing and protecting rights in intellectual property may have a negative impact on Dell s business. In addition, Dell s operating costs could increase because of copyright levies or similar fees by rights holders and collection agencies in European and other countries.

Infrastructure disruptions could harm Dell s business.

Dell depends on its information technology and manufacturing infrastructure to achieve its business objectives. Natural disasters, manufacturing failures, telecommunications system failures or defective or improperly installed new or upgraded business management systems could lead to disruptions in this infrastructure. Portions of Dell s IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with

systems integration or migration work. Such disruptions may

prevent Dell s ability to receive or process orders, manufacture and ship products in a timely manner or otherwise conduct business in the normal course. Further, portions of Dell s services business involve the processing, storage and transmission of data, which would also be negatively affected by such an event. Disruptions in Dell s infrastructure could lead to loss of customers and revenue, particularly during a period of heavy demand for Dell s products and services. Dell also could incur significant expense in repairing system damage and taking other remedial measures.

Cyber attacks or other data security breaches that disrupt Dell s operations or result in the dissemination of proprietary or confidential information about Dell, Dell s customers or other third parties could disrupt Dell s business, harm its reputation, cause Dell to lose clients and expose Dell to costly litigation.

Dell manages and stores various proprietary information and sensitive or confidential data relating to its operations. In addition, Dell s outsourcing services and cloud computing businesses routinely process, store and transmit large amounts of data for Dell s customers, including sensitive and personally identifiable information. Dell may be subject to breaches of the information technology systems it uses for these purposes. Experienced computer programmers and hackers may be able to penetrate Dell s network security and misappropriate or compromise Dell s confidential information or that of third parties, create system disruptions or cause shutdowns. Further, sophisticated hardware and operating system software and applications that Dell produces or procures from third parties may contain defects in design or manufacture, including bugs and other problems that could unexpectedly interfere with the operation of such systems.

The costs to eliminate or address the foregoing security problems and security vulnerabilities before or after a cyber incident could be significant. Remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential customers that may impede Dell s sales, manufacturing, distribution or other critical functions. Dell could lose existing or potential customers for outsourcing services or other information technology solutions in connection with any actual or perceived security vulnerabilities in Dell s products. In addition, breaches of Dell s security measures and the unapproved dissemination of proprietary information or sensitive or confidential data about Dell or its customers or other third parties could expose Dell, its customers or other third parties affected to a risk of loss or misuse of this information, result in litigation and potential liability for Dell, damage Dell s brand and reputation or otherwise harm Dell s business. Further, Dell relies in certain limited capacities on third-party data management providers whose possible security problems and security vulnerabilities may have similar effects on Dell.

Dell is subject to laws, rules and regulations in the United States and other countries relating to the collection, use and security of user data. Dell s ability to execute transactions and to possess and use personal information and data in conducting its business subjects it to legislative and regulatory burdens that may require Dell to notify customers or employees of a data security breach. Dell has incurred, and will continue to incur, significant expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

Failure to hedge effectively Dell s exposure to fluctuations in foreign currency exchange rates and interest rates could adversely affect Dell s financial condition and results of operations.

Dell utilizes derivative instruments to hedge its exposure to fluctuations in foreign currency exchange rates and interest rates. Some of these instruments and contracts may involve elements of market and credit risk in excess of the amounts recognized in Dell s financial statements. If Dell is not successful in monitoring its foreign exchange exposures and conducting an effective hedging program, Dell s foreign currency hedging activities may not offset the impact of fluctuations in currency exchange rates on its future results of operations and financial position.

The expiration of tax holidays or favorable tax rate structures, unfavorable outcomes in tax audits and other tax compliance matters, or adverse legislative or regulatory tax changes could result in an increase in Dell s tax expense or Dell s effective income tax rate.

Portions of Dell s operations are subject to a reduced tax rate or are free of tax under various tax holidays that expire in whole or in part from time to time. Many of these holidays may be extended when certain conditions are met, or may be terminated if certain conditions are not met. If the tax holidays are not extended, or if Dell fails to satisfy the conditions of the reduced tax rate, then its effective tax rate would increase in the future. Dell s effective tax rate also could increase if Dell s geographic sales mix changes. In addition, any actions by Dell to repatriate non-U.S. earnings for which it has not previously provided for U.S. taxes may impact the effective tax rate.

The application of tax laws to Dell s operations and past transactions involves some inherent uncertainty. Dell is continually under audit in various tax jurisdictions. Although Dell believes its tax positions are appropriate, Dell may not be successful in resolving potential tax claims that arise from these audits. An unfavorable outcome in certain of these matters could result in a substantial increase in Dell s tax expense. In addition, Dell s provision for income taxes could be affected by changes in the valuation of deferred tax assets.

Further, changes in tax laws (including laws relating to U.S. taxes on foreign operations) could adversely affect Dell s operations and profitability. In recent years, numerous legislative, judicial and administrative changes have been made to tax laws applicable to Dell and companies similar to Dell. Additional changes to tax laws are likely to occur, and such changes may adversely affect Dell s tax liability.

Dell s profitability could suffer from any impairment of its portfolio investments.

Dell invests a significant portion of its available funds in a portfolio consisting primarily of debt securities of various types and maturities pending the deployment of these funds in Dell s business. Dell s earnings performance could suffer from any impairment of its investments. Dell s portfolio securities generally are classified as available-for-sale and are recorded in Dell s financial statements at fair value. If any such investments experience declines in market price and it is determined that such declines are other than temporary, Dell may have to recognize in earnings the decline in the fair market value of such investments below their cost or carrying value.

Unfavorable results of legal proceedings could harm Dell s business and result in substantial costs.

Dell is involved in various claims, suits, investigations and legal proceedings that arise from time to time in the ordinary course of business, as well as in connection with its going-private transaction and the merger, including those described elsewhere in this proxy statement/prospectus. Additional legal claims or regulatory matters may arise in the future and could involve stockholder, consumer, regulatory, compliance, intellectual property, antitrust, tax and other issues on a global basis. Litigation is inherently unpredictable. Regardless of the merits of the claims, litigation may be both time-consuming and disruptive to Dell s business. Dell could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period. In addition, Dell s business, operating results and financial condition could be adversely affected if any infringement or other intellectual property claim made against it by any third party is successful, or if Dell fails to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions.

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Denali will incur increased costs and become subject to additional regulations and requirements as a result of becoming a newly public company, and Denali s management will be required to devote substantial time to new compliance matters, which could lower Denali s profits or make it more difficult to run its business.

As a newly public company, Denali will incur significant legal, accounting and other expenses that it has not incurred as a private company, including costs associated with public company reporting requirements and costs of recruiting and retaining non-executive directors. Denali will also incur costs associated with the Sarbanes-Oxley Act of 2002 and related rules implemented by the SEC and the NYSE. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. Denali expects these rules and regulations to increase its legal and financial compliance costs and to make some activities more time-consuming and costly, although it is currently unable to estimate these costs with any degree of certainty. Denali s management will need to devote a substantial amount of time to ensure that it complies with all of these requirements. These laws and regulations also could make it more difficult or costly for Denali to obtain certain types of insurance, including director and officer liability insurance, and Denali may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for Denali to attract and retain qualified persons to serve on its board of directors, its board committees or as its executive officers. Furthermore, if Denali is unable to satisfy its obligations as a public company, the Class V Common Stock could be subject to delisting and Denali could be subject to fines, sanctions and other regulatory action and potentially civil litigation.

As a public company, Denali will be obligated to develop and maintain proper and effective internal control over financial reporting and any failure to do so may adversely affect investor confidence in Denali and, as a result, the value of the Class V Common Stock.

Following a transition period afforded to companies that were not previously SEC reporting companies, Denali will be required by Section 404 of the Sarbanes-Oxley Act of 2002 to furnish a report by management on, among other things, its assessment of the effectiveness of its internal control over financial reporting. The assessment will need to include disclosure of any material weaknesses identified by Denali s management in Denali s internal control over financial reporting. Denali also will be required to disclose significant changes made in its internal control procedures on a quarterly basis. In addition, Denali s independent registered public accounting firm is required to express an opinion as to the effectiveness of Denali s internal control over financial reporting beginning with the second annual report on Form 10-K. The process of designing, implementing and testing internal controls over financial reporting is time consuming, costly and complicated.

During the evaluation and testing process of its internal controls, if Denali identifies one or more material weaknesses in its internal control over financial reporting, Denali will be unable to assert that its internal control over financial reporting is effective. Denali may experience material weaknesses or significant deficiencies in its internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit Denali s ability to report accurately its financial condition or results of operations. If Denali is unable to conclude that its internal control over financial reporting is effective, or if Denali s independent registered public accounting firm determines Denali has a material weakness or significant deficiency in its internal control over financial reporting, Investors could lose confidence in the accuracy and completeness of its financial reports, the market price of the Class V Common Stock could decline, and Denali could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in its internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, also could restrict Denali s future access to the capital markets.

Compliance requirements of current or future environmental and safety laws, or other regulatory laws, may increase costs, expose Denali and Dell to potential liability and otherwise harm Dell s business.

Dell s operations are subject to environmental and safety regulations in all areas in which Dell conducts business. Product design and procurement operations must comply with new and future requirements relating to climate change laws and regulations, materials composition, sourcing, energy efficiency and collection, recycling, treatment, transportation and disposal of electronics products, including restrictions on mercury, lead, cadmium, lithium metal, lithium ion and other substances. If Dell fails to comply with applicable rules and regulations regarding the transportation, source, use and sale of such regulated substances, Dell could be subject to liability. The costs and timing of costs under environmental and safety laws are difficult to predict, but could have an adverse impact on Dell s business.

In addition, Denali and its subsidiaries are subject to various anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business and are also subject to export controls, customs and economic sanctions laws and embargoes imposed by the U.S. Government. Violations of the Foreign Corrupt Practices Act or other anti-corruption laws or export control, customs or economic sanctions laws may result in severe criminal or civil sanctions and penalties, and Denali and its subsidiaries may be subject to other liabilities which could have a material adverse effect on Denali s business, results of operations and financial condition.

In addition, Denali will be subject to provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act intended to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of Congo or adjoining countries. Denali will incur costs to comply with the disclosure requirements of this law and may realize other costs relating to the sourcing and availability of minerals used in Dell s products. Further, Denali may face reputational harm if Denali s customers or other Denali stakeholders conclude that Denali is unable to sufficiently verify the origins of the minerals used in Dell s products.

Armed hostilities, terrorism, natural disasters or public health issues could harm Dell s business.

Armed hostilities, terrorism, natural disasters or public health issues, whether in the U.S. or abroad, could cause damage or disruption to Dell or Dell s suppliers and customers, or could create political or economic instability, any of which could harm Dell s business. For example, the earthquake and tsunami in Japan and severe flooding in Thailand which occurred during fiscal 2012 caused damage to infrastructure and factories that disrupted the supply chain for a variety of components used in Dell s products. Any such future events could cause a decrease in demand for Dell s products, make it difficult or impossible to deliver products or for suppliers to deliver components and could create delays and inefficiencies in Dell s supply chain.

Risk Factors Relating to EMC

Denali s and EMC s businesses are and, when combined, will be subject to the risks described above. EMC is, and following the completion of the merger Denali will be, subject to the risks described in EMC s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as updated from time to time in EMC s subsequent filings with the SEC, including those incorporated by reference in this proxy statement/prospectus. See *Where You Can Find More Information* for information on how to obtain copies of the incorporated documents or view them via the Internet.

Risk Factors Relating to Denali s Proposed Tracking Stock Structure

Holders of Class V Common Stock will be common stockholders of Denali and will be, therefore, subject to risks associated with an investment in Denali as a whole.

Even though Denali will attribute, for financial reporting purposes, all of Denali s consolidated assets, liabilities, revenue and expenses to either the DHI Group or the Class V Group in order to prepare the unaudited

financial information for the Class V Group, Denali will retain legal title to all of Denali s assets, and Denali s tracking stock capitalization will not limit Denali s legal responsibility, or that of Denali s subsidiaries, for their debts and liabilities. Holders of Class V Common Stock will not have special legal rights related to specific assets attributed to the Class V Group and, in any liquidation, holders of DHI Group common stock and holders of Class V Common Stock will be entitled to their proportionate interests in assets of Denali after payment or provision for payment of the debts and liabilities of Denali and payment or provision for payment of any preferential amount due to the holders of any other class or series of stock based on their respective numbers of liquidation units. See *Description of Denali Capital Stock Following the Merger Liquidation and Dissolution.*

Subject to the approval of the Capital Stock Committee, which will consist of a majority of independent directors, Denali could use shares of VMware common stock or other assets attributed to the Class V Group to satisfy liabilities attributed to the DHI Group.

Subject to the approval of the Capital Stock Committee, which will consist of a majority of independent directors, the assets attributed to the Class V Group are potentially subject to the liabilities attributed to the DHI Group, even if those liabilities arise from lawsuits, contracts or indebtedness that are attributed to the DHI Group. While Denali s proposed Denali Tracking Stock Policy provides that reallocations of assets between groups may result in the creation of inter-group debt or an inter-group interest or an offsetting reallocation of cash or other assets, no provision of the Denali certificate prevents Denali from satisfying liabilities of the DHI Group with assets of the Class V Group, and Denali s creditors will not be limited by Denali s tracking stock capitalization from proceeding against any assets they could have proceeded against if Denali did not have a tracking stock capitalization.

The Denali board of directors may not reallocate assets and liabilities between the DHI Group and the Class V Group without the approval of the Capital Stock Committee, which will consist of a majority of independent directors, but any such reallocation of assets and liabilities may make it difficult to assess the future prospects of either group based on its past performance.

The Denali board of directors may not allocate or reallocate assets and liabilities to one group or the other without the approval of the Capital Stock Committee, which will consist of a majority of independent directors. However, any such allocation or reallocation may be made without the approval of any of Denali s stockholders in accordance with the Denali Tracking Stock Policy and the Denali certificate. See *Description of Denali Tracking Stock Policy.* Any such reallocation made by the Denali board of directors, as well as the existence of the right in and of itself to effect a reallocation, may impact the ability of investors to assess the future prospects of either group, including its liquidity and capital resource needs, based on its past performance. Stockholders may also have difficulty evaluating the liquidity and capital resources of each group based on past performance, as the Denali board of directors may use one group s liquidity to fund the other group s liquidity and capital expenditure requirements through the use of inter-group loans or other inter-group arrangements.

The market price of Class V Common Stock may not reflect the performance of the Class V Group as Denali intends.

Denali cannot make any assurance that the market price of the Class V Common Stock will, in fact, reflect the performance of Denali s interest in VMware and any other businesses, assets and liabilities that may be attributed to the Class V Group at any time. Holders of Class V Common Stock will be common stockholders of Denali as a whole and, as such, will be subject to all risks associated with an investment in Denali and all of Denali s businesses, assets and liabilities, including the approximately $59.3 billion of short-term and long-term indebtedness that Denali is expected to have outstanding immediately following the merger. In addition, investors may discount the value of the Class V Common Stock because it is part of a common enterprise rather than of a stand-alone entity.

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The market price of Class V Common Stock may be volatile, could fluctuate substantially and could be affected by factors that do not affect traditional common stock.

Market reaction to the establishment of tracking stocks is unpredictable and Denali does not know how the market will react to the merger. In addition, given that the Class V Common Stock is intended to track the performance of a more focused group of businesses, assets and liabilities than EMC common stock does, the market price of Class V Common Stock may be more volatile than the market price of EMC common stock has historically been. The market price of Class V Common Stock may be materially affected by, among other things:

- actual or anticipated fluctuations in VMware s operating results or in the operating results of any other businesses attributable to the Class V Group from time to time;
- potential acquisition activity by Denali or the companies in which Denali invests;
- adverse changes in the credit rating or credit quality of Denali and its subsidiaries;
- issuances of additional debt or equity securities to raise capital by Denali or the companies in which Denali invests and the manner in which that debt or the proceeds of an equity issuance are attributed to each of the groups;
- changes in financial estimates by securities analysts regarding Class V Common Stock or the companies attributable to either of Denali s groups;
- changes in market valuations of other companies engaged in similar lines of business;
- the complex nature and the potential difficulties investors may have in understanding the terms of the Class V Common Stock, as well as concerns regarding the possible effect of certain of those terms on an investment in Denali s stock; and
- general market conditions.

In addition, until an orderly trading market develops for Class V Common Stock following the completion of the merger, the market price of Class V Common Stock may fluctuate significantly.

There may not be an active trading market for shares of the Class V Common Stock, which may cause a decrease in the market price of the shares of the Class V Common Stock and make it difficult to sell such shares.

Prior to the completion of the merger, there will not be a public trading market for shares of the Class V Common Stock. It is possible that after the completion of the merger, an active trading market will not develop or, if developed,

that any market will be sustained. The market price of the Class V Common Stock may decline from time to time and you may not be able to sell your shares of Class V Common Stock at an attractive price or at all.

The market value of Class V Common Stock could be adversely affected by events involving the assets and businesses attributed to the DHI Group.

Because Denali will be the issuer of both DHI Group common stock and Class V Common Stock, an adverse market reaction to events relating to the assets and businesses attributed to the DHI Group, such as disclosure of earnings or announcements of new products or services, acquisitions or dispositions that the market does not view favorably, may have an adverse effect on the Class V Common Stock. Because Denali s objective of reducing its indebtedness during the first 18-24 months after completion of the merger will be depend on cash generated by the DHI Group, any failure of the DHI Group to generate such cash could result in a material reduction in the credit quality of Denali and adversely impact the value of the Class V Common Stock. In addition, the incurrence of significant additional indebtedness by Denali or any of Denali s subsidiaries on behalf of the DHI Group, including additional indebtedness incurred or assumed in connection with acquisitions of, or investments in, businesses, could affect Denali s credit rating and that of Denali s subsidiaries and, therefore, could increase the borrowing costs of Denali and its subsidiaries.

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Denali may not pay dividends equally or at all on Class V Common Stock.

VMware does not currently pay dividends on its common stock, and any decisions regarding dividends on the VMware common stock would be a decision of VMware s board of directors. Denali does not presently intend to pay cash dividends on the Class V Common Stock. If VMware were to pay a dividend on the VMware common stock owned by Denali that is attributable to the Class V Group, Denali could, but would not be required to, distribute some or all of that amount to the holders of Class V Common Stock. Denali will have the right to pay dividends on the shares of common stock of each group in equal or unequal amounts, and Denali may pay dividends on the shares of common stock of one group and not pay dividends on shares of common stock of the other group. See *Risk Factors Relating to the Combined Company After the completion of the merger, Denali will be controlled by the MD stockholders, the MSD Partners stockholders and the SLP stockholders, whose interests may differ from the interests of the holders of Class V Common Stock.* In addition, any dividends or distributions on, or repurchases of, shares relating to either group will reduce Denali s assets legally available to be paid as dividends on the shares relating to the other group.

Denali s operations are conducted almost entirely through its subsidiaries and its ability to generate cash to make future dividend payments, if any, is highly dependent on the cash flows and the receipt of funds from its subsidiaries via dividends or intercompany loans. To the extent that Denali determines in the future to pay dividends on the DHI Group common stock or the Class V Common Stock, the terms of certain agreements governing Denali s or its subsidiaries indebtedness, including the credit agreement governing the new revolving credit facility and any credit facilities of VMware, may significantly restrict the ability of Denali s subsidiaries to pay dividends or otherwise transfer assets to Denali, as well as the ability of Denali to pay dividends to holders of its common stock. In addition, Delaware law imposes requirements that may restrict Denali s ability to pay dividends to holders of its common stock.

Denali s tracking stock capital structure could create conflicts of interest, and the Denali board of directors may make decisions that could adversely affect only some holders of Denali s common stock.

Denali s tracking stock capital structure could give rise to circumstances where the interests of holders of stock of one group might diverge or appear to diverge from the interests of holders of stock of the other group. In addition, given the nature of their businesses, there may be inherent conflicts of interests between the DHI Group and the Class V Group. Denali s groups are not separate entities and thus holders of DHI Group common stock and Class V Common Stock will not have the right to elect separate boards of directors. As a result, Denali s officers and directors will owe fiduciary duties to Denali as a whole and all of Denali s stockholders as opposed to only holders of a particular group. Decisions deemed to be in the best interest of Denali and all of Denali s stockholders may not be in the best interest of a particular group when considered independently, such as:

- decisions as to the terms of any business relationships that may be created between the DHI Group and the Class V Group or the terms of any reallocations of assets between the groups;

- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of both groups;

- decisions as to operational and financial matters that could be considered detrimental to one group but beneficial to the other;

decisions as to the conversion of Class V Common Stock into Class C Common Stock, which the Denali board of directors may make in its sole discretion, so long as the Class C Common Stock is then traded on a U.S. securities exchange;

decisions regarding the increase or decrease of the inter-group interest that the DHI Group may own in the Class V Group from time to time;

decisions as to the internal or external financing attributable to businesses or assets attributed to either of Denali s groups;

decisions as to the dispositions of assets of either of Denali s groups; and

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decisions as to the payment of dividends on the stock relating to either of Denali s groups.

Ownership of DHI Group common stock and Class V Common Stock by Denali s directors or officers may create or appear to create conflicts of interest.

With the exception of the three independent directors who will serve as Group I Directors (whose equity compensation by Denali must be approximately half in the form of Class V Common Stock or options to acquire Class V Common Stock based on value at the time of grant), it is expected that all or substantially all of the direct and indirect equity ownership in Denali of Denali s directors and officers will consist of DHI Group common stock. Such ownership of DHI Group common stock by Denali s directors and officers could create or appear to create conflicts of interest when they are faced with decisions that could have different implications for the holders of DHI Group common stock or Class V Common Stock.

The Denali board of directors may not change the Denali Tracking Stock Policy without the approval of the Capital Stock Committee, which will consist of a majority of independent directors. However, any such change following its implementation may be made to the detriment of either group without stockholder approval.

The Denali board of directors intends to adopt the Denali Tracking Stock Policy described in this proxy statement/prospectus to serve as guidelines in making decisions regarding the relationships between the DHI Group and the Class V Group with respect to matters such as tax liabilities and benefits, inter-group debt, inter-group interests, allocation and reallocation of assets, financing alternatives, corporate opportunities, payment of dividends and similar items. These policies also set forth the initial allocation of Denali s businesses, assets and liabilities between them. See *Description of Denali Tracking Stock Policy*. These policies will not be included in the Denali certificate. The Denali board of directors may not change or make exceptions to these policies without the approval of the Capital Stock Committee, which will consist of a majority of independent directors. Because these policies relate to matters concerning the day-to-day management of Denali as opposed to significant corporate actions, such as a merger involving Denali or a sale of substantially all of Denali s assets, no stockholder approval is required with respect to their adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one group while advantaging the other.

Holders of shares of stock relating to a particular group may not have any remedies if any action by Denali s directors or officers has an adverse effect on only that stock.

Principles of Delaware law and the provisions of the Denali certificate may protect decisions of the Denali board of directors that have a disparate impact upon holders of shares of stock relating to a particular group. Under Delaware law, the Denali board of directors has a duty to act with due care and in the best interests of all stockholders. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that, subject to any applicable provisions of the corporation s certificate of incorporation, a board of directors owes an equal duty to all stockholders and does not have separate or additional duties to any subset of stockholders. Judicial opinions in Delaware involving tracking stocks have established that decisions by directors or officers involving differing treatment of holders of tracking stocks may be judged under the business judgment rule. In some circumstances, Denali s directors or officers may be required to make a decision that is viewed as adverse to the holders of shares relating to a particular group. Under the principles of Delaware law and the business judgment rule referred to above, Denali stockholders may not be able to successfully challenge decisions they believe have a disparate impact upon the stockholders of one of Denali s groups if a majority of the Denali board of directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the Denali board of directors is acting in the best interest of Denali and all of Denali s stockholders.

Denali may dispose of assets of the Class V Group without the approval of holders of the Class V Common Stock.

Delaware law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of Denali taken as a whole, and the Denali certificate does not require a separate class vote in the case of a sale of a significant amount of assets attributed to any of Denali s groups. As long as the assets attributed to the Class V Group proposed to be disposed of represent less than substantially all of Denali s assets, Denali may approve sales and other dispositions of any amount of the assets attributed to such group without any stockholder approval.

If Denali disposes of all or substantially all of the assets attributed to the Class V Group (which means, for this purpose, assets representing 80% of the fair value of the total assets of the Class V Group as of such date, as determined by the Denali board of directors), Denali would be required, if the disposition is not an excluded transaction under the terms of the Denali certificate, to choose one or more of the following three alternatives:

- declare and pay a dividend on the Class V Common Stock;
- redeem shares of the Class V Common Stock in exchange for cash, securities or other property; and/or
- so long as the Class C Common Stock is then traded on a U.S. securities exchange, convert all or a portion of the outstanding Class V Common Stock into Class C Common Stock.

See *Description of Denali Capital Stock Following the Merger Denali Common Stock Dividend, Redemption or Conversion in Case of Class V Group Disposition*.

In this type of a transaction, holders of the Class V Common Stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the Class V Group.

The Denali board of directors will decide, in its sole discretion, how to proceed and is not required to select the option that would result in the highest value to holders of any group of Denali s common stock.

Holders of Class V Common Stock may receive less consideration upon a sale of the assets attributed to the Class V Group than if such group were a separate company.

If the Class V Group were a separate, independent company and its shares were acquired by another person, certain costs of that sale, including corporate level taxes, might not be payable in connection with that acquisition. As a result, stockholders of a separate, independent company with the same assets might receive a greater amount of proceeds than the holders of Class V Common Stock would receive upon a sale of all or substantially all of the assets of the Class V Group. In addition, Denali cannot make any assurance that in the event of such a sale the per share consideration to be paid to holders of Class V Common Stock will be equal to or more than the per share value prior to or after the announcement of a sale of all or substantially all of the assets of the Class V Group. Further, there is no requirement that the consideration paid be tax-free to the holders of Class V Common Stock. Accordingly, if Denali sells all or substantially all of the assets attributed to the Class V Group, the value of Denali s stockholders investment in Denali could decrease.

In the event of a liquidation of Denali, holders of Class V Common Stock will not have a priority with respect to the assets attributed to the Class V Group remaining for distribution to stockholders.

Under the Denali certificate, upon Denali s liquidation, dissolution or winding-up, holders of the Class V Common Stock will be entitled to receive, in respect of their shares of such stock, their proportionate interest in all of Denali s assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of liquidation units per share. Relative liquidation units will be based on the volume weighted average price of the Class V Common Stock over the 10 trading day period commencing shortly after

the initial filing of the Denali certificate and the determination of the Denali board of directors of the value of the DHI Group common stock at such time. Hence, the assets to be distributed to a holder of Class V Common Stock upon a liquidation, dissolution or winding-up of Denali will not be linked to the relative value of the assets attributed to the Class V Group at that time or to changes in the relative value of the DHI Group common stock and the Class V Common Stock over time.

The Denali board of directors may in its sole discretion elect to convert the Class V Common Stock into Class C Common Stock, thereby changing the nature of the investment.

The Denali certificate will permit the Denali board of directors, in its sole discretion, to convert all of the outstanding shares of Class V Common Stock into Class C Common Stock at such time as the Class C Common Stock is already traded on a U.S. securities exchange and the shares are converted at a ratio that provides the stockholders of the Class V Common Stock with the applicable conversion premium to which they are entitled. See *Description of Denali Capital Stock Following the Merger Conversion Conversion of Class V Common Stock into Class C Common Stock at the Option of Denali*. A conversion would preclude the holders of Class V Common Stock from retaining their investment in a security that is intended to reflect separately the performance of the Class V Group. Denali cannot predict the impact on the market value of Denali s stock of (1) the Denali board of directors ability to effect any such conversion or (2) the exercise of this conversion right by Denali.

If Denali exercises its option to convert all outstanding shares of Class V Common Stock into shares of Class C Common Stock, such conversion would effectively eliminate Denali s tracking stock structure because the holders of Class V Common Stock would upon conversion hold one of four series of DHI Group common stock, each of which would, after such conversion, represent common equity interests in the business and operations of Denali as a whole, without giving effect to distinct tracking groups. Upon any such conversion, holders would no longer, for example, have special class voting rights or be subject to certain redemption or conversion provisions related to the Class V Group. Additionally, there would no longer be a Capital Stock Committee or a tracking stock policy. See *Description of Denali Capital Stock Following the Merger Conversion Conversion of Class V Common Stock into Class C Common Stock at the Option of Denali Material Differences in Rights between Class V Common Stock and Class C Common Stock*.

Holders of DHI Group common stock and Class V Common Stock will generally vote together and holders of Class V Common Stock will have limited separate voting rights.

Holders of DHI Group common stock and Class V Common Stock will vote together as a single class, except in certain limited circumstances prescribed by the Denali certificate and under Delaware law. Each share of Class V Common Stock and Class C Common Stock will have one vote per share. Each share of Class A Common Stock and Class B Common Stock will have ten votes per share. Class D Common Stock will not vote on any matters except to the extent required under Delaware law. In addition, the Group II Directors of DHI will be elected solely by the holders of Class A Common Stock voting as a separate class and the Group III Directors of DHI will be elected solely by the holders of Class B Common Stock voting as a separate class.

Immediately following the completion of the merger, it is expected that the number of votes to which holders of Class V Common Stock would be entitled will represent approximately 4% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class A Common Stock would be entitled will represent approximately 73% of the total number of votes to which all holders of Denali common stock would be entitled, the number of votes to which holders of Class B Common Stock would be entitled will represent approximately 23% of the total number of votes to which all holders of Denali common stock would be entitled, and the number of votes to which holders of Class C Common Stock would be entitled will represent less than 1% of the

total number of votes to which all holders of Denali common stock would be entitled. As a result, when holders of DHI Group common stock and Class V Common Stock vote together as a single class, holders of DHI Group common stock will be in a position to control the outcome of the vote even if the matter involves a conflict of interest among Denali s stockholders or

has a greater impact on one group than the other. See *Description of Denali Capital Stock Following the Merger Denali Common Stock Voting Rights*.

Certain restrictions provided in the Denali certificate will lapse on the two-year anniversary of the closing of the merger, which would allow Denali to cause VMware Class A common stock to cease to be publicly listed and would prevent investors who may view the market price of VMware Class A common stock as relevant to a valuation of the VMware business from accessing sale information.

As described under *Description of Denali Capital Stock Following the Merger Restrictions on Corporate Actions*, certain restrictions in the Denali certificate will prevent Denali from acquiring shares of VMware common stock for two years in circumstances in which the VMware Class A common stock would cease to be listed on a U.S. national securities, subject to certain exceptions related to tax consolidation. While investors may view the market price of VMware Class A common stock as relevant to a valuation of the VMware business, the Class V Common Stock and the VMware Class A common stock have different characteristics, which Denali expects may affect their respective market prices in distinct ways. If Denali determined to take such actions following the expiration of such restrictions in the Denali certificate and the VMware Class A common stock ceased to publicly trade, such action may negatively impact the market price of Class V Common Stock or cause it to fluctuate significantly.

Holders of Class V Common Stock may not benefit from any potential premiums paid to the public holders of VMware Class A common stock following the merger.

Denali or other persons may choose to purchase shares of VMware Class A common stock at a premium, and holders of Class V Common Stock would not be entitled to a similar premium for their shares of Class V Common Stock in such circumstances.

Denali s capital structure, as well as the fact that the Class V Group is not an independent company, may inhibit or prevent acquisition bids for the Class V Group and may make it difficult for a third party to acquire Denali, even if doing so may be beneficial to Denali s stockholders.

If the Class V Group were a separate, independent company, any person interested in acquiring the Class V Group without negotiating with management could seek control of the group by obtaining control of its outstanding voting stock, by means of a tender offer, or by means of a proxy contest. Although Denali intends the Class V Common Stock to reflect the separate economic performance of the Class V Group, the group is not a separate entity and a person interested in acquiring only the Class V Group without negotiation with Denali s management could obtain control of the group only by obtaining control of a majority in voting power of all of the outstanding shares of common stock of Denali. Even if the MD stockholders, the MSD Partners stockholders and the SLP stockholders approved such an acquisition, the existence of shares of common stock relating to different groups could present complexities and in certain circumstances pose obstacles, financial and otherwise, to an acquiring person that are not present in companies that do not have capital structures similar to Denali s.

Certain provisions of the Denali certificate and Denali bylaws may discourage, delay or prevent a change in control of Denali that a stockholder may consider favorable. These provisions include:

- limiting who may call special meetings of stockholders;

establishing advance notice requirements for nominations of candidates for election to the Denali board of directors; and

the existence of authorized and unissued stock, including blank check preferred stock, which could be issued by the Denali board of directors without approval of the holders of Denali common stock to persons friendly to Denali s then-current management, thereby protecting the continuity of Denali s management, or which could be used to dilute the stock ownership of persons seeking to obtain control of Denali.

Further, as a Delaware corporation, Denali is also subject to provisions of Delaware law, which may deter a takeover attempt that its stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of Denali, including actions that its stockholders may deem advantageous, or negatively affect the trading price of its common stock, including the Class V Common Stock. These provisions could also discourage proxy contests and make it more difficult for Denali s stockholders to elect directors of their choosing and to cause Denali to take other corporate actions that may be desired by its stockholders.

Denali s board of directors is authorized to issue and designate shares of preferred stock in additional series without stockholder approval.

The Denali certificate will authorize Denali s board of directors, without the approval of its stockholders, to issue 1.0 billion shares of preferred stock, subject to limitations prescribed by applicable law, rules and regulations and the provisions of the Denali certificate, as shares of preferred stock in series, to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The powers, preferences and rights of these additional series of preferred stock may be senior to or on parity with Denali s series of common stock, including the Class V Common Stock, which may reduce the value of the Class V Common Stock.

You may be diluted in certain circumstances by the future issuance of additional Class V Common Stock.

After the completion of the merger, Denali will have 120,058,858 shares of authorized but unissued Class V Common Stock. The Denali certificate authorizes Denali to issue these shares of Class V Common Stock from time to time on the terms and conditions established by the Denali board of directors, whether in connection with acquisitions or otherwise. The issuance of currently authorized but unissued shares of Class V Common Stock will not dilute your interest in the Class V Group. However, your percentage interest in the Class V Group may be diluted in certain circumstances following such time, if any, as the Denali certificate is amended to increase the number of authorized shares of Class V Common Stock to over 343,025,308 shares.

Future sales, or the perception of future sales, by Denali or holders of Class V Common Stock in the public market could cause the market price for the Class V Common Stock to decline.

The sale of substantial amounts of shares of the Class V Common Stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of the Class V Common Stock. These sales, or the possibility that these sales may occur, also might make it more difficult for Denali to sell equity securities in the future at a time and at a price that it deems appropriate.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF DENALI

The following tables present Denali s selected historical consolidated financial data. On October 29, 2013, Denali acquired Dell in a transaction referred to as the going-private transaction. For the purposes of the consolidated financial data included in this proxy statement/prospectus for Denali, periods prior to October 29, 2013 reflect the financial position, results of operations and changes in financial position of Dell and its consolidated subsidiaries prior to the going-private transaction, referred to as the Predecessor, and periods beginning on or after October 29, 2013 reflect the financial position, results of operations and changes in financial position of Denali and its consolidated subsidiaries as a result of the going-private transaction, referred to as the Successor. For more information on the predecessor and successor periods, see Note 1 of the Notes to the Audited Consolidated Financial Statements of Denali.

The consolidated balance sheet data as of January 30, 2015 and January 31, 2014 and the results of operations and cash flow data for the year ended January 30, 2015, the period October 29, 2013 to January 31, 2014, the period February 2, 2013 to October 28, 2013 and the year ended February 1, 2013 have been derived from Denali s audited consolidated financial statements included elsewhere in this proxy statement/prospectus. The consolidated balance sheet data as of February 1, 2013 and February 3, 2012 and the results of operations and cash flow data for the fiscal years ended February 3, 2012 and January 28, 2011 have been derived from Dell s audited financial statements included in Dell s Annual Report on Form 10-K for the year ended February 1, 2013 filed with the SEC and not included or incorporated by reference herein. The consolidated balance sheet data as of January 28, 2011 have been derived from Dell s audited financial statements included in Dell s Annual Report on Form 10-K for the year ended February 3, 2012 filed with the SEC and not included or incorporated by reference herein. The consolidated balance sheet data as of October 30, 2015 and the results of operations and cash flow data for the nine months ended October 30, 2015 and October 31, 2014 have been derived from Denali s unaudited condensed consolidated financial statements included elsewhere in this proxy statement/prospectus. In the opinion of management, Denali s unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods.

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The selected historical consolidated financial data presented below is not necessarily indicative of the results to be expected for any future period. The selected historical consolidated financial data does not reflect the capital structure of the combined company following the completion of the merger and related financings and is not indicative of results that would have been reported had such transactions occurred as of the dates indicated. The selected historical consolidated financial data presented below should be read in conjunction with Denali s audited consolidated financial statements and accompanying notes, unaudited condensed consolidated financial statements and accompanying notes and the *Denali Unaudited Pro Forma Condensed Combined Financial Statements*, as well as *Management s Discussion and Analysis of Financial Condition and Results of Operations of Denali*, included elsewhere in this proxy statement/prospectus.

	Successor				Predecessor			
	Nine Months Ended October 30, 2015	Nine Months Ended October 31, 2014	Fiscal Year Ended January 30, 2015	October 29, 2013 to January 31, 2014	February 2, 2013 to October 28, 2013	Fiscal Year Ended February 1, 2013	Fiscal Year Ended February 3, 2012[(a)]	Fiscal Year Ended January 28, 2011
	(in millions, except per share data)							
Results of Operations and Cash Flow Data:								
Net revenue	$ 41,204	$ 43,858	$ 58,119	$ 14,075	$ 42,302	$ 56,940	$ 62,071	$ 61,494
Gross margin	$ 7,212	$ 7,852	$ 10,208	$ 1,393	$ 7,991	$ 12,186	$ 13,811	$ 11,396
Operating income (loss)	$ (393)	$ (245)	$ (422)	$ (1,798)	$ 518	$ 3,012	$ 4,431	$ 3,433
Income (loss) before income taxes	$ (1,001)	$ (937)	$ (1,346)	$ (2,002)	$ 320	$ 2,841	$ 4,240	$ 3,350
Net income (loss)	$ (949)	$ (875)	$ (1,221)	$ (1,612)	$ (93)	$ 2,372	$ 3,492	$ 2,635
Earnings (loss) per common share:								
Basic	$ (2.34)	$ (2.17)	$ (3.02)	$ (4.06)	$ (0.05)	$ 1.36	$ 1.90	$ 1.36
Diluted	$ (2.34)	$ (2.17)	$ (3.02)	$ (4.06)	$ (0.05)	$ 1.35	$ 1.88	$ 1.35
Number of weighted-average shares outstanding:								
Basic	405	404	404	397	1,755	1,745	1,838	1,944
Diluted	405	404	404	397	1,755	1,755	1,853	1,955
Net cash provided by operating activities	$ 1,191	$ 1,749	$ 2,551	$ 1,082	$ 1,604	$ 3,283	$ 5,527	$ 3,969

(a) The fiscal year ended February 3, 2012 included 53 weeks.

The following table presents Denali s selected historical consolidated balance sheet information as of the dates indicated:

	Successor			Predecessor		
	October 30, 2015	January 30, 2015	January 31, 2014	February 1, 2013	February 3, 2012	January 28, 2011
			(in millions)			
Balance Sheet Data:						
Cash and cash equivalents	$ 5,982	$ 5,398	$ 6,449	$ 12,569	$ 13,852	$ 13,913
Total assets	$ 46,218	$ 48,192	$ 51,153	$ 47,540	$ 44,533	$ 38,599
Short-term debt	$ 2,944	$ 2,921	$ 3,063	$ 3,843	$ 2,867	$ 851
Long-term debt	$ 10,986	$ 11,234	$ 14,352	$ 5,242	$ 6,387	$ 5,146
Total stockholders equity	$ 1,689	$ 2,904	$ 4,014	$ 10,701	$ 8,917	$ 7,766

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF EMC

The following table presents selected historical consolidated financial data for EMC as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010, and as of and for the nine months ended September 30, 2015 and 2014.

The consolidated summary of operations data for the years ended December 31, 2014, 2013 and 2012 and the consolidated balance sheet data as of December 31, 2014 and 2013 have been derived from EMC s audited consolidated financial statements included in EMC s Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this proxy statement/prospectus. The consolidated summary of operations data for the years ended December 31, 2011 and 2010 and the consolidated balance sheet data as of December 31, 2012, 2011 and 2010 have been derived from EMC s audited consolidated financial statements for such periods, which have not been incorporated into this document by reference.

The consolidated summary of operations data for the nine months ended September 30, 2015 and 2014 and the consolidated balance sheet data as of September 30, 2015 have been derived from EMC s unaudited consolidated financial statements included in EMC s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, which is incorporated by reference into this proxy statement/prospectus. The consolidated balance sheet data as of September 30, 2014 has been derived from EMC s unaudited consolidated financial statements for such period, which have not been incorporated into this document by reference.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in EMC s Annual Report on Form 10-K for the year ended December 31, 2014 and EMC s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, including the sections entitled *Management s Discussion and Analysis of Financial Condition and Results of Operations of Denali*, and the consolidated financial statements and related notes therein. See *Where You Can Find More Information* for information on how you can obtain copies of the incorporated documents or view them via the Internet.

(in millions, except per share amounts)

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
Summary of Operations Data:							
Revenues	$ 17,689	$ 17,391	$ 24,440	$ 23,222	$ 21,714	$ 20,008	$ 17,015
Operating income	$ 1,748	$ 2,466	$ 4,037	$ 4,150	$ 3,964	$ 3,442	$ 2,683
Net income attributable to EMC Corporation	$ 1,219	$ 1,568	$ 2,714	$ 2,889	$ 2,733	$ 2,461	$ 1,900
Net income attributable to EMC Corporation per weighted average share, basic	$ 0.63	$ 0.77	$ 1.34	$ 1.39	$ 1.31	$ 1.20	$ 0.92
Net income attributable to EMC Corporation per weighted average share, diluted	$ 0.62	$ 0.76	$ 1.32	$ 1.33	$ 1.23	$ 1.10	$ 0.88

Weighted average shares, basic	1,945	2,033	2,028	2,074	2,093	2,056	2,056
Weighted average shares, diluted	1,963	2,065	2,059	2,160	2,206	2,229	2,148
Dividend declared per common share	$ 0.34	0.33	$ 0.45	$ 0.30	$	$	$
Balance Sheet Data:							
Working capital	$ 1,426	$ 4,284	$ 4,023	$ 5,479	$ 1,745	$ 1,179	$ 372
Total assets (2)	$ 45,345	$ 45,028	$ 45,859	$ 45,859	$ 37,962	$ 34,469	$ 30,833
Current obligations (1)	$ 1,970	$	$	$ 1,665	$ 1,652	$ 3,305	$ 3,215
Long-term obligations (2)	$ 5,474	$ 5,494	$ 5,469	$ 5,494	$	$	$
Total shareholders equity	$ 21,955	$ 24,291	$ 23,525	$ 23,786	$ 23,524	$ 20,280	$ 18,634

(1) Current obligations include commercial paper issued and outstanding at September 30, 2015 and the convertible debt and notes converted and payable, which were classified as current at December 31, 2013, 2012, 2011 and 2010.

(2) During 2015, EMC retrospectively adopted the accounting guidance requiring the presentation of debt issuance costs to be presented in the balance sheet as a direct reduction from the carrying amount of the related debt liability rather than as an asset. This adoption is reflected in the table above as of September 30, 2015 and December 31, 2014. Reclassified debt issuance costs of $27 million and $32 million are not reflected in the above table as of September 30, 2014 and December 31, 2013, respectively.

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SELECTED DENALI UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The selected unaudited pro forma condensed combined financial data for the year ended January 30, 2015, and for the nine months ended October 30, 2015, combines the historical consolidated statements of income of Denali and EMC, giving effect to the merger and related financing transactions as if they had occurred on February 1, 2014, the first day of the fiscal year ended January 30, 2015. The selected unaudited pro forma condensed combined statement of financial position data as of October 30, 2015, combines the historical consolidated statements of financial position of Denali and EMC, giving effect to the merger and related financing transactions as if they had occurred on October 30, 2015. The selected unaudited pro forma condensed combined financial data has been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial information, including the notes thereto, which is included in this proxy statement/prospectus under *Denali Unaudited Pro Forma Condensed Combined Financial Statements*.

The selected unaudited pro forma condensed combined financial data is presented for informational purposes only. The selected unaudited pro forma condensed combined financial data does not purport to represent what the combined company s results of operations or financial condition would have been had the merger actually occurred on the dates indicated, and does not purport to project the combined company s results of operations or financial condition for any future period or as of any future date. The selected unaudited pro forma condensed combined financial data does not reflect any potential divestitures that may occur prior to, or subsequent to, the completion of the merger, cost savings that may be realized as a result of the merger, or any potential changes in compensation plans. Further, as explained in the notes accompanying the unaudited pro forma condensed combined financial information included under *Denali Unaudited Pro Forma Condensed Combined Financial Statements*, the pro forma allocation of purchase price reflected in the selected unaudited pro forma condensed combined financial data is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Additionally, the adjustments made in the selected unaudited pro forma condensed financial data, which are described in those notes, are preliminary and may be revised.

	Pro forma	
	Nine Months Ended October 30, 2015	Fiscal Year Ended January 30, 2015
	(in millions, except per share data)	
Combined Results of Operations Data:		
Net revenue	$ 57,928	$ 79,879
Gross margin	$ 15,190	$ 20,569
Operating income (loss)	$ (1,457)	$ (1,496)
Income (loss) before income taxes	$ (3,741)	$ (4,935)
Net income (loss)	$ (2,535)	$ (3,105)
DHI Group Common Stock:		
Earnings (loss) per share, basic	$ (5.04)	$ (6.13)
Earnings (loss) per share, diluted	$ (5.04)	$ (6.13)
Weighted average shares outstanding, basic	560	559
Weighted average shares outstanding, diluted	560	559
Net income (loss) attributable to DHI Group common stock	$ (2,819)	$ (3,425)
Class V Common Stock:		
Earnings (loss) per share, basic	$ 1.47	$ 2.06

Earnings (loss) per share, diluted	$	1.46	$	2.04
Weighted average shares outstanding, basic		223		223
Weighted average shares outstanding, diluted		223		223
Net income (loss) attributable to Class V Common Stock	$	327	$	459

The following table presents Denali s selected unaudited pro forma combined statement of financial position data as of October 30, 2015:

	Pro forma October 30, 2015 (in millions)
Combined Statement of Financial Position Data:	
Cash and cash equivalents	$ 7,403
Total assets	$ 133,713
Short-term debt	$ 2,155
Long-term debt	$ 56,993
Total stockholders equity	$ 15,230

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COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA

The following tables set forth:

historical per share information of Denali for the nine months ended October 30, 2015 and fiscal year ended January 30, 2015;

historical per share information of EMC for the nine months ended October 30, 2015 and for the fiscal year ended December 31, 2014; and

unaudited pro forma per share information of the combined company for the nine months ended October 30, 2015 and fiscal year ended January 30, 2015 after giving effect to the transactions contemplated by the merger agreement.

The pro forma net income and cash dividends per share information reflects the transactions contemplated by the merger agreement as if they had occurred on February 1, 2014.

This information is based on, and should be read together with, the selected historical financial information, the unaudited pro forma condensed combined financial information and the historical financial statements of Denali included in this proxy statement/prospectus and the historical financial information that EMC has presented in its filings with the SEC that are incorporated herein by reference. See the section entitled *Where You Can Find More Information* for information on how you can obtain copies of EMC s incorporated SEC filings or access them via the Internet. The unaudited pro forma combined per share data are presented for illustrative purposes only and are not necessarily indicative of actual or future financial position or results of operations that would have been realized if the merger had been completed as of the dates indicated or will be realized upon the completion of the merger.

Nine-Month Periods

	Denali (Nine Months Ended October 30, 2015) (unaudited)	EMC (Nine Months Ended September 30, 2015) (unaudited)	DHI Group Unaudited Pro Forma Combined (Nine Months Ended October 30, 2015) (unaudited)	Class V Unaudited Pro Forma Combined (Nine Months Ended October 30, 2015) (unaudited)
Basic net income (loss) per common share	$ (2.34)	$ 0.63	$ (5.04)	$ 1.47
Diluted net income (loss) per common share	$ (2.34)	$ 0.62	$ (5.04)	$ 1.46
Cash dividends per share	$	$ 0.34	$	$
Book value per share [(1)]	$ 4.33	$ 11.32		

(1) Book value per share on a pro forma basis is not included as it is not considered meaningful.

Fiscal Years

	Denali (Fiscal Year Ended January 30, 2015)	EMC (Fiscal Year Ended December 31, 2014)	DHI Group Unaudited Pro Forma Combined (Fiscal Year Ended January 30, 2015) (unaudited)	Class V Unaudited Pro Forma Combined (Fiscal Year Ended January 30, 2015) (unaudited)
Basic net income (loss) per common share	$ (3.02)	$ 1.34	$ (6.13)	$ 2.06
Diluted net income (loss) per common share	$ (3.02)	$ 1.32	$ (6.13)	$ 2.04
Cash dividends per share	$	$ 0.45	$	$
Book value per share	$ 7.30	$ 11.85		

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COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Shares of EMC are currently listed and principally traded on the NYSE under the symbol EMC. The following table sets forth, for the periods indicated, the high and low sales price per share of EMC common stock as reported on the NYSE, and the dividends declared during such periods. Denali common stock is not publicly traded. Denali has never declared or paid cash dividends on its common stock and does not expect to pay any cash dividends in the foreseeable future. In addition, Denali s operations are conducted almost entirely through its subsidiaries and its ability to generate cash to make future dividend payments, if any, is highly dependent on the cash flows and the receipt of funds from its subsidiaries via dividends or intercompany loans. To the extent that Denali determines in the future to pay dividends on the DHI Group common stock or the Class V Common Stock, the terms of certain agreements governing Denali s or its subsidiaries indebtedness, including the credit agreement governing the new revolving credit facility and any credit facilities of VMware, may significantly restrict the ability of Denali s subsidiaries to pay dividends or otherwise transfer assets to Denali, as well as the ability of Denali to pay dividends to holders of its common stock. In addition, Delaware law may also impose requirements that may restrict Denali s ability to pay dividends to holders of its common stock.

EMC	High	Low	Dividends
Fiscal year ending December 31, 2015			
Fourth Quarter	$ 28.77	$ 23.70	$ 0.115
Third Quarter	$ 28.00	$ 22.66	$ 0.115
Second quarter	$ 27.73	$ 25.22	$ 0.115
First quarter	$ 30.05	$ 25.07	$ 0.115
Fiscal year ended December 31, 2014			
Fourth quarter	$ 30.92	$ 26.11	$ 0.115
Third quarter	$ 30.18	$ 26.34	$ 0.115
Second quarter	$ 28.10	$ 24.92	$ 0.115
First quarter	$ 28.26	$ 23.47	$ 0.10
Fiscal year ended December 31, 2013			
Fourth quarter	$ 25.84	$ 23.15	$ 0.10
Third quarter	$ 27.34	$ 23.25	$ 0.10
Second quarter	$ 25.38	$ 21.45	$ 0.10
First quarter	$ 25.75	$ 22.76	$ N/A
Fiscal year ended December 31, 2012			
Fourth quarter	$ 27.89	$ 23.24	N/A
Third quarter	$ 28.18	$ 22.79	N/A
Second quarter	$ 29.98	$ 22.77	N/A
First quarter	$ 30.00	$ 21.60	N/A

The following table sets forth the closing price of EMC common stock on October 9, 2015, the last trading date prior to the public announcement of the transaction, and on [ ], 2016, the most recent practicable trading day prior to the date of this proxy statement/prospectus. The market prices of EMC common stock will likely fluctuate between the date of this proxy statement/prospectus and the time of the special meeting and completion of the merger.

	EMC Common Stock
October 9, 2015	$ 27.86
[ ], 2016	$ [ ]

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THE COMPANIES

Denali Holding Inc.

Denali Holding Inc., referred to as Denali, is a holding company that conducts its business operations through Dell Inc., referred to as Dell, and Dell s direct and indirect wholly owned subsidiaries.

Denali was incorporated in the state of Delaware on January 31, 2013 in connection with the going-private transaction of Dell, which was completed in October 2013. Denali is owned by Michael S. Dell, the Chairman, Chief Executive Officer and founder of Dell, a separate property trust for the benefit of Mr. Dell s wife, investment funds affiliated with Silver Lake Partners (a global private equity firm), investment funds affiliated with MSD Partners, L.P. (an investment firm that was formed by the principals of MSD Capital, L.P., the investment firm that exclusively manages the capital of Mr. Dell and his family), members of Dell s management and other investors. As of February 1, 2016, Mr. Dell and his wife s trust beneficially owned approximately 70% of Denali s voting securities, the investment funds associated with Silver Lake Partners beneficially owned approximately 24% of Denali s voting securities, and the other stockholders beneficially owned approximately 6% of Denali s voting securities.

Upon the listing of the shares of Class V Common Stock on the NYSE, Denali will be a controlled company within the meaning of NYSE rules and, as a result, will qualify for exemptions from and may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of the Class V Common Stock:

- Denali have a board that is composed of a majority of independent directors, as defined under the rules of the NYSE;
- Denali have a compensation committee that is composed entirely of independent directors; and
- Denali have a corporate governance and nominating committee that is composed entirely of independent directors.

Following the closing of the merger, Denali intends to utilize these exemptions. Accordingly, holders of Class V Common Stock will not have the same protections afforded to stockholders of companies such as EMC that are subject to all of the corporate governance requirements of the NYSE.

Denali s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800. Denali s website address is *www.dell.com*. The information contained in, or that may be accessed through, Denali s website and the information contained therein or connected thereto is not intended to be incorporated into this proxy statement/prospectus.

Dell Inc.

Dell is a leading global information technology company that designs, develops, manufactures, markets, sells and supports a wide range of products and services. Dell was incorporated in the state of Delaware in 1984 and is an indirect wholly owned subsidiary of Denali.

Dell s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800. Dell s website address is www.dell.com. The information contained in, or that may be accessed through, Dell s website and the information contained therein or connected thereto is not intended to be incorporated into this proxy statement/prospectus.

Universal Acquisition Co.

Universal Acquisition Co., referred to as Merger Sub, is a Delaware corporation and wholly owned subsidiary of Denali. Merger Sub was incorporated on October 8, 2015, solely for the purpose of effecting the

merger. It has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Merger Sub s principal executive offices are located at One Dell Way, Round Rock, Texas 78682, and its telephone number is (512) 728-7800.

EMC Corporation

EMC Corporation, referred to as EMC, including its subsidiaries and affiliates, is a company that manages a federation of businesses, each of which plays a vital role in the transformation of IT. These businesses enable customers to build cloud-based infrastructures for existing applications while at the same time helping customers build and run new applications. EMC was incorporated in Massachusetts in 1979.

EMC common stock is listed on the NYSE under the trading symbol EMC. EMC s principal executive offices are located at 176 South Street, Hopkinton, Massachusetts 01748, its telephone number is (508) 435-1000, and its website is *www.emc.com*. The information contained in, or that can be accessed through, EMC s website is not intended to be incorporated into this proxy statement/prospectus.

INFORMATION ABOUT DENALI AND DELL

Denali is a holding company that conducts its business operations through Dell and Dell s direct and indirect wholly owned subsidiaries.

Business

Dell is a leading global information technology company that offers its customers a broad range of products and services. Dell built its reputation through listening to customers and developing solutions that meet their needs. Several years ago, Dell initiated a broad transformation of its operations with the goal of becoming the leading provider of scalable end-to-end technology solutions, and it remains focused on this strategy. The strategy is a multi-year plan, differentiated by Dell s ability to bring practical innovation and efficient, simple, and affordable solutions to its customers. Dell seeks to build superior customer relationships through its direct business model and its network of channel partners, which includes value-added resellers, system integrators, distributors, and retailers. Dell believes it can react quickly to customer needs, invest in strategic solutions, and expand its go-to-market sales and marketing capabilities as it continues its transformation. Dell will continue to build strong capabilities to create a leading global technology company poised for long-term sustainable growth and innovation.

A key component of Dell s strategic transformation is to continue shifting its product and services portfolio to offerings that provide higher-value and recurring revenue streams over time. As part of this strategy, Dell is continuing to expand and enhance its offerings through acquisitions and strategic investments that will complement its existing portfolio of solutions. These solutions include digital transformation, software-defined data centers, hybrid cloud, converged infrastructure, mobile and security. In addition, Dell s extended warranty and delivery offerings, and software and peripherals, which are closely tied to the sale of its hardware products, are important value differentiators that it is able to offer its customers. Dell s Client Solutions offerings are an important element of its strategy, and Dell believes that the strategic expansion of this business is critical to its long-term success.

Products and Services

Dell designs, develops, manufactures, markets, sells, and supports a wide range of products and services. Dell is currently organized into four product and services business units: Client Solutions; Enterprise Solutions Group; Dell Software Group; and Dell Services.

In the first quarter of Fiscal 2016, Dell redefined the categories within Client Solutions and Enterprise Solutions Group to reflect the way it currently organizes products and services within these business units. The commercial and consumer categories of client solutions consist of products designed to meet the needs of the relevant customer. We have not recast prior period amounts in the Audited Consolidated Financial Statements of Denali included in this proxy statement/prospectus as it was not considered material. None of these changes impacted our consolidated or total business unit results.

Dell offers its products and services through the four following business units:

Client Solutions. Dell s Client Solutions offerings include desktops, thin client products, notebooks, tablets and services that are closely tied to the sale of Client Solutions hardware offerings, and Client Solutions peripherals and third-party software related to the sale of these product offerings. Dell s computing devices are designed with customer needs in mind. Dell s offerings balance performance, manageability, design, and security. Dell believes that the strategic and profitable expansion of the Client Solutions offerings is critical to its long-term success.

Commercial During fiscal 2015, Dell refreshed its commercial line of desktops and expanded its portfolio of commercial notebooks, tablets and mobility products. Dell also offers a variety of support

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and deployment services, customized configuration services, and extended warranty services, tailored to meet the wide-ranging needs of its commercial customers. These services are highly integrated with the sale and deployment of hardware for Dell s commercial customers.

Consumer Dell s desktops, notebooks and mobility offerings provide strong performance, superior display and enhanced entertainment capabilities. In addition to these hardware offerings, Dell s portfolio of solutions includes peripherals and other service offerings, such as support and extended warranty services, which are closely tied to the sale of consumer hardware.

Third-party software and after-point-of-sale peripherals Dell sells a variety of Client Solutions third-party software and peripherals, including monitors, printers, and projectors.

Enterprise Solutions Group. Offerings by Dell s Enterprise Solutions Group, referred to as ESG, include servers, networking, storage, services that are closely tied to the sale of ESG hardware offerings, and ESG-related peripherals and third-party software.

Servers and Networking Dell s servers are designed to offer customers affordable performance, reliability, and scalability. Dell s offerings include high-performance rack, blade, tower, and hyperscale servers for Dell s business customers as well as converged infrastructure that combines servers, storage and networking capabilities. During fiscal 2015, Dell enhanced its server portfolio with a number of new features that optimize performance, flexibility and manageability. Dell s scalable networking solutions are designed to help companies meet growing demand in their IT environments. Dell s networking solutions are also designed to lower data center operating costs and improve manageability in high-performance computing environments. Dell also provides services and third-party software and peripherals that are closely tied to the sale of servers and networking products.

Storage Dell offers a comprehensive portfolio of advanced storage solutions, including storage area networks, network-attached storage, direct-attached storage, software-defined storage, and various data protection solutions. Dell s storage offerings allow customers to grow capacity, add performance, and protect their data in a more economical manner. The flexibility and scalability offered by Dell s storage systems help organizations optimize storage for diverse environments with varied IT requirements. During fiscal 2015, Dell continued to evolve its storage portfolio through enhancements across the entire portfolio, including advances in flash technology, new hyper-converged architectures, and software-defined storage offerings. Dell also provides services and third-party software and peripherals that are closely tied to the sale of storage products.

Dell Software Group. The Dell Software Group, referred to as DSG, offers systems management, security software solutions, and information management software. During fiscal 2015, Dell continued to enhance its software offerings, as Dell believes that software will continue to play an important role in its strategy to become the leading provider of scalable end-to-end technology solutions.

Dell Services. Dell Services offers a broad range of IT and business services, including infrastructure, cloud, applications, and business process services.

Infrastructure and cloud services Infrastructure and cloud services may be performed under multi-year outsourcing arrangements, subscription services, or short-term consulting contracts. These services include infrastructure services, infrastructure consulting, and cloud computing. Dell is often responsible for defining the infrastructure technology strategies for Dell s customers through the identification and delivery of new technology offerings and innovations that deliver value to its customers.

Applications and business process services Applications services include such services as application development, modernization and maintenance, application migration and management services, package implementation, testing and quality assurance functions, business intelligence and data

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warehouse solutions, and application consulting services. Through its business process services, Dell assumes responsibility for certain customer business functions, including back office administration, call center management, and other technical and administration services.

Dell Financial Services

Dell offers or arranges various financing options and services for its commercial and consumer customers in the United States, Canada, Europe, and Mexico through Dell Financial Services, or DFS. DFS offers a wide range of financial services, including originating, collecting, and servicing customer receivables primarily related to the purchase of Dell products. DFS offers private label credit financing programs to qualified commercial and consumer customers and offers leases and fixed-term financing primarily to commercial customers. Financing through DFS is one of many sources of funding Dell s customers may select. For additional information about Dell s financing arrangements, see Note 5 of the Notes to the Audited Consolidated Financial Statements of Denali included in this proxy statement/prospectus.

Product Development

Dell focuses on developing scalable technology solutions that incorporate highly desirable features and capabilities at competitive prices. It employs a collaborative approach to product design and development in which Dell s engineers, with direct customer input, design innovative solutions and work with a global network of technology companies to architect new system designs, influence the direction of future development, and integrate new technologies into Dell s products. Dell manages its research, development, and engineering, or RD&E, spending by targeting those innovations and products that Dell believes are most valuable to its customers and by relying on the capabilities of Dell s strategic relationships. Through this collaborative, customer-focused approach, Dell strives to deliver new and relevant products to the market quickly and efficiently.

To further its goal of transforming its operations to become the leading provider of scalable end-to-end technology solutions, Dell has been investing in research and development activities that support its strategic initiatives. At January 30, 2015, Dell operated 18 global research and development centers, including the Dell Silicon Valley Research and Development Center. Dell s total RD&E expenses were $1.2 billion, $1.3 billion, and $1.1 billion for fiscal 2015, fiscal 2014, and fiscal 2013, respectively. These investments reflect Dell s commitment to research and development activities that support Dell s initiatives to grow its enterprise solutions, services, and software offerings.

Manufacturing and Materials

Third parties manufacture the majority of the client products Dell sells under the Dell brand. Dell uses contract manufacturers and manufacturing outsourcing relationships as part of its strategy to enhance Dell s variable cost structure and to achieve Dell s goals of generating cost efficiencies, delivering products faster, better serving Dell s customers, and building a world-class supply chain. Dell s manufacturing facilities are located in Penang, Malaysia; Chengdu, China; Xiamen, China; Hortolândia, Brazil; Chennai India; and Lodz, Poland. See *Properties* for information about Dell s manufacturing and distribution locations.

Dell s manufacturing process consists of assembly, software installation, functional testing, and quality control. Testing and quality control processes are also applied to components, parts, sub-assemblies, and systems obtained from third-party suppliers. Quality control is maintained through the testing of components, sub-assemblies, and systems at various stages in the manufacturing process. Quality control procedures also include a burn-in period for completed units after assembly, ongoing production reliability audits, failure tracking for early identification of production and component problems, and information from customers obtained through services and support programs. Dell is certified to the ISO (International Organization for Standardization) 9001: 2008 Quality

management systems standard. This certification includes most of Dell s global sites that design, manufacture, and service its products.

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Dell purchases materials, supplies, product components, and products from a large number of vendors. In some cases, where multiple sources of supply are not available, Dell relies on single-source vendors. In other cases, Dell may establish a working relationship with a single source or a limited number of sources of supply if Dell believes it is advantageous to do so because of performance, quality, support, delivery, capacity, or price considerations. Dell believes that any disruption that may occur because of its dependence on single- or limited-source vendors would not disproportionately disadvantage Dell relative to its competitors. See *Risk Factors Risk Factors Relating to Denali, Dell and EMC Risk Factors Relating to Denali and Dell Reliance on vendors for products and components, many of whom are single-source or limited-source suppliers, could harm Dell s business by adversely affecting product availability, delivery, reliability and cost* for information about the risks associated with Dell s use of single- or limited-source suppliers.

Geographic Operations

Dell s global corporate headquarters is located in Round Rock, Texas. Dell has operations and conducts business in many countries located in the Americas, Europe, the Middle East, Asia, and other geographic regions. To increase its global presence, Dell continues to focus on emerging markets outside of the United States, Western Europe, Canada, China and Japan. Dell continues to view these geographical markets, which include the vast majority of the world s population, as a long-term growth opportunity. Accordingly, Dell continues to pursue the development of technology solutions that meet the needs of these markets. Dell s continued expansion in emerging markets creates additional complexity in coordinating the design, development, procurement, manufacturing, distribution, and support of Dell s product and services offerings. For information about percentages of revenue Dell generated from its operations outside of the United States and other financial information for each of the last three fiscal years, see *Management s Discussion and Analysis of Financial Condition and Results of Operations of Denali Results of Operations* and Note 15 of the Notes to the Audited Consolidated Financial Statements of Denali included in this proxy statement/prospectus.

Competition

Dell operates in an industry in which there are rapid technological advances in hardware, software, and services offerings. Dell faces ongoing product and price competition in all areas of its business, including from both branded and generic competitors. Dell competes based on its ability to offer customers competitive, scalable, and integrated solutions that provide the most current and desired product and services features at a competitive price. Dell closely monitors competitor list pricing, including the effect of foreign exchange rate movements, in an effort to provide the best value for its customers. Dell believes that its strong relationships with its customers and channel partners allow it to respond to changing customer needs, and other macroeconomic factors, faster than many of Dell s competitors.

Sales and Marketing

Dell sells products and services directly to customers and through other sales distribution channels, such as retailers, third-party solutions providers, system integrators, and third-party resellers. Dell s customers include large global and national corporate businesses, public institutions that include government, education, healthcare organizations, and law enforcement agencies, small and medium-sized businesses, and consumers.

Dell s sales efforts are organized around the evolving needs of Dell s customers, and Dell s marketing initiatives reflect this focus. Dell believes that its unified global sales and marketing team creates a sales organization that is more customer-focused, collaborative, and innovative. Dell s go-to-market strategy includes a direct business model, as well as channel distribution. Dell s direct business model emphasizes direct communication with customers, thereby allowing Dell to refine its products and marketing programs for specific customers groups, and Dell continues to rely

on this strategy. In addition to its direct business model, Dell relies on a network of channel partners to sell Dell products and services, enabling Dell to serve a greater number of customers.

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Dell markets its products and services to small and medium-sized businesses and consumers through various advertising media. Customers may offer suggestions for current and future Dell products, services, and operations on Dell IdeaStorm, an interactive portion of Dell s internet website. To react quickly to Dell s customers needs, Dell tracks Dell s Net Promoter Score, a customer loyalty metric that is widely used across various industries. Increasingly, Dell also engages with customers through Dell s social media communities on *www.dell.com* and in external social media channels.

For large business and institutional customers, Dell maintains a field sales force throughout the world. Dedicated account teams, which include enterprise solutions specialists, form long-term relationships to provide Dell s largest customers with a single source of assistance, develop tailored solutions for these customers, and provide Dell with customer feedback. For these customers, Dell offers several programs designed to provide single points of contact and accountability with global account specialists, special global pricing, and consistent global service and support programs. Dell also maintains specific sales and marketing programs targeted at federal, state, and local governmental agencies, as well as healthcare and educational customers.

Patents, Trademarks, and Licenses

At January 30, 2015, Dell held a worldwide portfolio of 4,987 patents and had an additional 2,435 patent applications pending. Dell also holds licenses to use numerous third-party patents. To replace expiring patents, Dell obtains new patents through Dell s ongoing research and development activities. The inventions claimed in Dell s patents and patent applications cover aspects of Dell s current and possible future computer system products, manufacturing processes, and related technologies. Dell s product, business method, and manufacturing process patents may establish barriers to entry in many product lines. Although Dell uses its patented inventions and also licenses them to others, Dell is not substantially dependent on any single patent or group of related patents. Dell has entered into a variety of intellectual property licensing and cross-licensing agreements and software licensing agreements with other companies. Dell anticipates that its worldwide patent portfolio will be of value in negotiating intellectual property rights with others in the industry.

Dell has obtained U.S. federal trademark registration for the DELL word mark and the Dell logo mark. At January 30, 2015, Dell owned registrations for 206 of Dell s other trademarks in the United States and had pending applications for registration of 26 other trademarks. Dell believes that the establishment of the DELL word mark and logo mark in the United States is material to its operations. At January 30, 2015, Dell also had applied for, or obtained registration of, the DELL word mark and several other marks in approximately 183 other countries.

From time to time, other companies and individuals assert exclusive patent, copyright, trademark, or other intellectual property rights to technologies or marks that are alleged to be relevant to the technology industry or Dell s business. Dell evaluates each claim relating to Dell s products and, if appropriate, seeks a license to use the protected technology. The licensing agreements generally do not require the licensor to assist Dell in duplicating the licensor s patented technology, nor do the agreements protect Dell from trade secret, copyright, or other violations by Dell or Dell s suppliers in developing or selling these products.

Government Regulation and Sustainability

Government Regulation. Dell s business is subject to regulation by various U.S. federal and state governmental agencies and other governmental agencies. Such regulation includes the activities of the U.S. Federal Communications Commission; the anti-trust regulatory activities of the U.S. Federal Trade Commission, the U.S. Department of Justice, and the European Union; the consumer protection laws and financial services regulation of the U.S. Federal Trade Commission and various state governmental agencies; the export regulatory activities of the U.S. Department of

Commerce and the U.S. Department of Treasury; the import regulatory activities of the U.S. Customs and Border Protection; the product safety regulatory activities of the U.S. Consumer Product Safety Commission and the U.S. Department of Transportation; the health information

privacy and security requirements of the U.S. Department of Health and Human Services; and the environmental, employment and labor, and other regulatory activities of a variety of governmental authorities in each of the countries in which Dell conducts business. Dell was not assessed any material environmental fines, nor did Dell have any material environmental remediation or other environmental costs, during fiscal 2015 or through the second quarter of fiscal 2016.

Sustainability. Environmental stewardship and social responsibility are both integral parts of how Dell manages its business, and complement Dell s focus on business efficiencies and customer satisfaction. Dell believes that its focus on environmental and social responsibility drives top-line performance and customer loyalty, reduces operational and regulatory risk, and enhances Dell s brand.

Dell uses open dialogue with its customers, vendors, and other stakeholders as part of its sustainability governance process in which Dell solicits candid feedback and offers honest discussions on the challenges Dell faces globally. Dell s environmental initiatives take many forms, including maximizing product energy efficiency, reducing and eliminating sensitive materials from Dell s products, and providing responsible, convenient computer recycling options for customers. Dell s social responsibility initiatives are focused on both Dell s own facilities and Dell s complex supply chain.

Dell was the first company in its industry to offer a free worldwide recycling program for consumers. Dell has streamlined its transportation network to reduce transit times, minimize air freight, and reduce emissions. Dell s sustainable packaging is designed to minimize box size and to increase recycled content of materials along with recyclability. When developing and designing products, Dell selects materials guided by a precautionary approach in which Dell seeks to eliminate environmentally sensitive substances (where reasonable alternatives exist) from Dell s products and works towards developing reliable, environmentally sound, and commercially scalable solutions. Dell also has created a series of tools that help customers assess their current IT operations and uncover ways to reduce both the costs of those operations and their impact on the environment.

Product Backlog

Dell believes that product backlog is not a meaningful indicator of net revenue that can be expected for any period. Dell s business model generally gives it flexibility to manage product backlog at any point in time by expediting shipping or prioritizing customer orders toward products that have shorter lead times, thereby reducing product backlog and increasing current period revenue. Moreover, product backlog at any point in time may not result in the generation of any predictable amount of net revenue in any subsequent period, as unfilled orders can generally be canceled at any time by the customer.

Trademarks and Services Marks

Unless otherwise noted, trademarks appearing in this description of Denali s business are trademarks owned by Dell. Dell and Denali disclaim proprietary interest in the marks and names of others. Net Promoter Score is a trademark of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

Employees

At the end of fiscal 2015, Dell had approximately 98,300 total full-time employees, compared to approximately 108,300 total full-time employees at the end of fiscal 2014. At the end of fiscal 2015, approximately 36% of these full-time employees were located in the United States, and approximately 64% of these full-time employees were located in other countries.

Properties

At January 30, 2015, Dell owned or leased a total of approximately 19 million square feet of office, manufacturing and warehouse space worldwide, approximately 7 million square feet of which is located in the United States. Dell owned approximately 47% of this space and leased the remaining 53%. Included in these amounts are approximately 40 thousand square feet that are either vacant or sublet.

Denali s principal executive offices and Dell s global headquarters are located at One Dell Way, Round Rock, Texas. Dell s business centers, which include facilities that contain operations for sales, technical support, administrative and support functions, occupy 14 million square feet of space, of which Dell owned 50% at January 30, 2015. At the same date, Dell s manufacturing operations occupied 2.5 million square feet of manufacturing space, of which Dell owned 100%. In addition, at January 30, 2015, Dell s research and development centers were housed in 1.6 million square feet of space, of which Dell owned 1%.

Dell believes that its existing properties are suitable and adequate for its current needs and that it can readily meet its requirements for additional space at competitive rates by extending expiring leases or by finding alternative space.

Because of the interrelation of the products and services offered in each of Dell s segments, Dell does not designate its properties to any segment. All segments use substantially all of the properties at least in part, and Dell retains the flexibility to make future use of each of the properties available to each of the segments.

Legal Proceedings

Dell is involved in various claims, suits, assessments, investigations and legal proceedings that arise from time to time in the ordinary course of its business, consisting of matters involving consumer, antitrust, tax, intellectual property and other issues on a global basis. Information about Dell s significant legal matters and other proceedings is set forth under Note 11 of the Notes to the Audited Consolidated Financial Statements of Denali included in this proxy statement/prospectus.

Divestiture Plans

Denali expects that it may divest certain businesses lines, assets, equity interests or properties of Denali and EMC to be determined, the proceeds of which may be used to, among other purposes, repay indebtedness incurred in connection with the merger. Such divestitures may be material to each company s financial condition and results of operations. As of the date of this proxy statement/prospectus, there is no commitment or probable transaction related to these potential divestitures, and the manner in which any potential divestitures might be effected has not been determined. Accordingly, the pro forma financial information including elsewhere in this proxy statement/prospectus does not reflect any adjustments relating to such divestitures.

STOCKHOLDER MATTERS

Market Information

Denali is a privately held company. Its securities are not listed on an exchange or quoted on any automated quotation service, and there is no established trading market for its securities.

As of February 1, 2016, there were 306,551,222 shares of Series A Common Stock outstanding and 42 record holders of Series A Common Stock, 98,181,818 shares of Series B Common Stock outstanding and 5 record holders of Series B Common Stock, and 249,199 shares of Series C Common Stock outstanding and 14 record holders of Series C Common Stock. Under the Denali certificate that Denali will adopt in connection with the merger, Denali s authorized capital stock will consist of 2,143,025,308 shares of common stock, par value $0.01 per share, and 1,000,000 shares of preferred stock, par value $0.01 per share. There will be five series of authorized common stock, consisting of 600,000,000 shares of Class A Common Stock, 200,000,000 shares of Class B Common Stock, 900,000,000 shares of Class C Common Stock, 100,000,000 shares of Class D Common Stock and 343,025,308 shares of Class V Common Stock.

Denali has never declared or paid any cash dividends on its capital stock and presently does not intend to pay cash dividends on the Class A, Class B, Class C or Class D common stock after the merger. See *Description of Denali Tracking Stock Policy Dividend Policy* for information about payment of dividends on the Class V Common Stock.

Because there is no established trading market for the Class V Common Stock, price information for the shares of Class V Common Stock is not available as of the date of this proxy statement/prospectus or as of the date immediately prior to the public announcement of the merger.

See *Security Ownership of Certain Beneficial Owners and Management* for information about beneficial ownership of Denali s outstanding equity securities by its directors, officers and greater than 5% beneficial owners, both prior to the merger and after giving effect to the merger.

Equity Compensation Plan Information

The following table provides information about stock-based awards outstanding and shares of common stock available for future awards under all of Denali s equity compensation plans as of January 29, 2016. See *Executive Compensation* for information about compensation arrangements expected to be adopted by the combined company in connection with the merger.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) (1)	Weighted-average exercise price of outstanding options, warrants and rights (b) (2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))

			(c) (3)
	(In thousands, except per share data)		
Equity compensation plans approved by security holders	54,352,119(1)	$ 14.27	16,994,887(2)
Equity compensation plans not approved by security holders			
Total	54,352,119(1)	$ 14.27	16,994,887(2)

(1) Represents shares of Series C Common Stock issuable upon the exercise of options granted by Denali under the Denali Holding Inc. 2013 Stock Incentive Plan, as well as options granted by Dell Inc. prior to the going-private transaction that were assumed by Denali upon the closing of the going-private transaction.

(2) Represents shares that remain available for issuance under the Denali Holding Inc. 2013 Stock Incentive Plan.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF DENALI

On October 29, 2013, Dell was acquired by Denali in a going-private transaction. For purposes of this management s discussion and analysis and the historical consolidated financial statements and related notes of Denali included elsewhere in this proxy statement/prospectus, periods prior to October 29, 2013 reflect the financial position, results of operations and changes in financial position of Dell prior to the going-private transaction, referred to as the predecessor periods (with our company during such periods referred to as the Predecessor), and periods beginning on or after October 29, 2013 reflect the financial position, results of operations and changes in financial position of Denali subsequent to the going-private transaction, referred to as the successor periods (with our company during such periods referred to as the Successor).

This management s discussion and analysis should be read in conjunction with the Denali Unaudited Pro Forma Condensed Combined Financial Statements, Selected Historical Consolidated Financial Data of Denali and the historical consolidated financial statements and related notes of Denali included elsewhere in this proxy statement/prospectus. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs, and that are subject to numerous risks and uncertainties, including, but not limited to, those described in the Risk Factors section of this proxy statement/prospectus. Our actual results may differ materially from those expressed or implied in any forward-looking statements.

Unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal periods. Our fiscal year is the 52- or 53-week period ending on the Friday nearest January 31. We refer to our fiscal years ended January 29, 2016, January 30, 2015, January 31, 2014 and February 1, 2013 as Fiscal 2016, Fiscal 2015, Fiscal 2014 and Fiscal 2013, respectively. Each of these fiscal years includes 52 weeks. Unless the context indicates otherwise, references in this management s discussion and analysis to we, us, our and Denali mean Denali Holding Inc. and its consolidated subsidiaries.

The following management s discussion and analysis of our financial condition and results of operations covers Fiscal 2013 and Fiscal 2015 and the combined results for the 2014 predecessor and successor periods, adjusted for pro forma items directly associated with the going-private transaction to give effect to that transaction as if it had occurred on the first day of Fiscal 2014, referred to as pro forma Fiscal 2014. These pro forma Fiscal 2014 results are unaudited. We believe the presentation of a twelve-month period on a pro forma basis for our 2014 fiscal year is meaningful to the reader and more useful for comparative purposes.

INTRODUCTION

We are a leading global information technology company that offers our customers a broad range of products and services. We built our reputation through listening to customers and developing solutions that meet their needs. Several years ago, we initiated a broad transformation of our company to become the leading provider of scalable end-to-end technology solutions, and we remain focused on this strategy. This strategy began as a multi-year plan, differentiated by our ability to bring practical innovation and efficient, simple, and affordable solutions to our customers. The announcement in October 2015 of the merger agreement with EMC evidences our intention to accelerate this strategy over the coming years as we bring together two companies with complementary product portfolios, sales teams and research and development strategies. See *The EMC Merger Transaction* below for additional information. We will continue to build superior customer relationships through our direct model and through our network of channel partners, which includes value-added resellers, system integrators, distributors and

retailers. We believe we can react quickly to customer needs, invest in strategic solutions and expand our go-to-market sales and marketing capabilities as we continue our transformation. We will continue to build strong capabilities to create a leading global technology company poised for long-term sustainable growth and innovation.

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A key component of our strategic transformation is to continue shifting our product and solutions portfolio to offerings that provide higher-value and recurring revenue streams over time. As part of this strategy, we are continuing to expand and enhance our offerings through acquisitions and strategic investments that will complement our existing portfolio of solutions. These solutions include digital transformation, software-defined data centers, hybrid cloud, converged infrastructure, mobile and security. In addition, our extended warranty and delivery offerings, and software and peripherals, which are closely tied to the sale of our hardware products, are important value differentiators that we are able to offer our customers. Our Client Solutions offerings are an important element of our strategy, and we believe the strategic expansion of this business is critical to our long-term success.

We operate a diversified business model with the majority of our net revenue and operating income derived from commercial clients (large enterprises, small and medium-sized businesses, and public sector customers). We have a large global presence across the Americas, Europe, Middle East, Asia and other geographic regions with approximately 50% of revenue coming from customers outside of the United States during Fiscal 2015. We continue to view emerging markets, which include the vast majority of the world s population, as a long-term growth opportunity. Accordingly, we continue to pursue the development of technology solutions that meet the needs of these markets.

Products and Services

We design, develop, manufacture, market, sell and support a wide range of products and services. We are organized into the following four product and services business units, which are our reportable segments: Client Solutions; Enterprise Solutions Group; Dell Software Group; and Dell Services.

Client Solutions Client Solutions includes sales to our commercial and consumer customers of desktops, thin clients, notebooks and tablets, third-party software and peripherals and services closely tied to the sale of Client Solutions hardware. Generally, over half of Client Solutions revenue is generated in the Americas, with the remaining portion derived from sales in Europe, the Middle East and Africa, referred to as EMEA, and Asia Pacific and Japan, referred to as APJ.

Enterprise Solutions Group (ESG) ESG includes servers, networking and storage, as well as services and third party software and peripherals that are closely tied to the sale of ESG hardware. Generally, over half of ESG revenue is generated in the Americas, with the remaining portion derived from sales in EMEA and APJ.

Dell Software Group (DSG) DSG includes systems management, security software solutions and information management software offerings. DSG revenue is primarily derived from sales in the Americas and EMEA.

Dell Services Dell Services includes a broad range of IT and business services, including infrastructure, cloud, applications, and business process services. Dell Services revenue is mostly generated in the Americas, primarily in the United States.

In the first quarter of Fiscal 2016, we redefined the categories within Client Solutions and ESG to reflect the way we currently organize products and services within these business units. We have not recast prior period amounts in the Audited Consolidated Financial Statements of Denali as it was not considered material. None of these changes

impacted our consolidated or total business unit results. See Note 13 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for a reconciliation of net revenue by reportable segment to consolidated net revenue.

We also offer or arrange various financing options and services for our commercial and consumer customers in the United States, Canada, Europe and Mexico through Dell Financial Services, referred to as DFS, and its affiliates. DFS services include originating, collecting, and servicing customer receivables primarily related to the purchase of Dell products. The results of these operations are allocated to our segments based on the underlying product or service financed.

For further discussion regarding our reportable segments, see *Results of Operations Product and Services Business Units.*

Business Trends and Challenges

We are seeing an unprecedented rate of change in the IT industry, but our strategy remains consistent. As a leading provider of scalable end-to-end technology solutions, we accelerate results for our customers by enabling them to be more efficient, mobile, informed and secure. We continue to invest in R&D, sales and other key areas of our business to deliver superior products and solution capabilities and to drive execution of long-term profitable growth. We believe that our results will improve over time in connection with the productivity initiatives directed at our salesforce and as a result of our differentiated products and solution capabilities. We intend to continue to execute on our business model and seek to balance liquidity, profitability and growth to position our company for long-term success.

We are able to leverage our traditional strength in the PC market to offer solutions and services that provide higher value recurring revenue streams. During Fiscal 2015 total net revenue increased 5%, largely driven by Client Solutions which benefited from the Windows XP refresh cycle during that year. We have also been experiencing a consolidation of the industry, which contributed to the improved results for Fiscal 2015. Although the positive trend in total net revenue was largely driven by Client Solutions, revenue from ESG, DSG and Dell Services also contributed to the increase to a lesser extent. Net revenue from Client Solutions for the first nine months of Fiscal 2016 declined 11% when compared to the first nine months of Fiscal 2015. Revenue generated from our Client Solutions business unit was 65%, 68%, 68% and 69% of total net revenue for the first nine months of Fiscal 2016, Fiscal 2015, pro forma Fiscal 2014 and Fiscal 2013, respectively. We anticipate an increasingly challenging demand environment, increased pricing pressures, and intensifying market competition in Client Solutions, given the macroeconomic environment and PC demand trends. Our Client Solutions offerings remain an important element of our strategy, generating strong cash flow and opportunities for cross-selling of complementary solutions.

In addition, we expect our ESG business to continue to be challenged by declines in the traditional storage market, due to emerging trends of enterprises deploying Software Defined Storage, Hyperconverged, and Modular based on server-centric architectures. We are seeking to merge with EMC to complement our current offerings within this business unit and to strengthen our overall data center offerings.

We manage our business on a U.S. dollar basis, but a significant portion of our revenue is earned from international sources and, therefore, can be impacted by fluctuations in foreign currency exchange rates. The strength of the U.S. dollar relative to most foreign currencies continued during Fiscal 2015 and the first nine months of Fiscal 2016, which resulted in a challenged pricing and demand environment. We utilize a comprehensive hedging strategy intended to mitigate the impact of foreign currency volatility over time, and we adjust pricing when possible to further minimize foreign currency impacts.

The Going-Private Transaction

On October 29, 2013, Dell was acquired by Denali in the going-private transaction pursuant to the terms of the going-private agreement.

At the effective time of the going-private transaction, each share of Dell common stock issued and outstanding immediately prior to the effective time (other than certain excluded shares and shares held by any of Dell s stockholders who were entitled to, properly exercised and did not withdraw appraisal rights under Delaware law) was converted into the right to receive $13.75 in cash, without interest, less any applicable withholding taxes, whereupon all such shares were automatically canceled upon the conversion thereof and ceased to exist. In addition, each share of

Dell common stock held as of the close of business on October 28, 2013 was entitled to receive a special dividend of $0.13 per share declared by Dell s board of directors on October 18, 2013. Shares of common stock held by Denali and its subsidiaries, by the MD stockholders, and by Dell or any wholly-owned subsidiary of Dell were not entitled to receive the going-private transaction consideration. In connection with the going-private

transaction, Denali recorded a liability related to Dell shares subject to the appraisal proceedings described in Note 8 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali. As of October 30, 2015, this liability was approximately $585 million, including $63 million in accrued interest. The aggregate purchase price for the acquisition of Dell by Denali was approximately $24.1 billion.

Denali financed the going-private transaction, the redemption of $900 million in aggregate principal amount of senior notes, the repayment of certain other existing debt of Dell and its subsidiaries, and the payment of fees and expenses related to the going-private transaction and related transactions with cash equity investments by Mr. Dell, the MD stockholders and the SLP stockholders, the contribution by the MD stockholders of shares of Dell common stock to Denali immediately prior to the completion of the going-private transaction, proceeds from the debt financings described in Note 6 of the Notes to the Audited Consolidated Financial Statements of Denali, and cash on hand at Dell and its subsidiaries.

The EMC Merger Transaction

On October 12, 2015, EMC, Denali, Dell, and Merger Sub entered into the merger agreement. Pursuant to the merger agreement, Merger Sub will be merged with and into EMC with EMC surviving the merger as a wholly-owned subsidiary of Denali.

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, each share of EMC common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by Denali, Merger Sub or any of EMC s wholly owned subsidiaries, and other than shares with respect to which appraisal rights are properly exercised and not withdrawn) automatically will be converted into the right to receive the merger consideration, consisting of (1) $24.05 in cash, without interest, and (2) a number of validly issued, fully paid and non-assessable shares of Class V Common Stock equal to the quotient (rounded to the nearest five decimal points) obtained by dividing (A) 222,966,450 by (B) the aggregate number of shares of EMC common stock issued and outstanding immediately prior to the effective time of the merger, plus cash in lieu of any fractional shares.

The merger agreement also provides that each currently outstanding EMC stock option will vest and become fully exercisable prior to the effective time of the merger. As of the effective time of the merger, each outstanding EMC stock option will be canceled and converted into the right to receive the merger consideration with respect to the number of shares of EMC common stock issuable upon the exercise of such stock options on a net exercise basis, such that shares of EMC common stock with a value equal to the aggregate exercise price and applicable tax withholding reduce the number of shares of EMC common stock otherwise issuable. The merger agreement also provides that as of the effective time of the merger each currently outstanding EMC restricted stock unit and share of EMC restricted stock will fully vest (with performance vesting units vesting at the target level of performance) and the holder will become entitled to receive the merger consideration with respect to the shares of EMC common stock subject to the award (which shall be calculated net of the number of shares withheld in respect of taxes upon the vesting of the award). The merger agreement provides that Denali may agree with individual award recipients to different equity treatment. No such agreements were in effect as of the date of this proxy statement/prospectus.

Also, in connection with the merger, all principal, accrued but unpaid interest, fees and other amounts (other than certain contingent obligations) outstanding at the effective time of the merger under EMC s unsecured revolving credit facility, Dell International s asset-based revolving credit facility and Dell International s term facilities will be repaid in full substantially concurrently with the closing and all commitments to lend and guarantees and security interests, as applicable, in connection therewith will be terminated and/or released. In connection with the merger, Dell expects that the aggregate amounts of principal, interest and premium necessary to redeem in full the outstanding $1.4 billion in aggregate principal amount of 5.625% Senior First Lien Notes due 2020 co-issued by Dell International and Denali

Finance Corp. will be deposited with the trustee for such notes, and that such notes will thereby be satisfied and discharged, substantially concurrently with the effective time of the merger. Dell further expects that all of Dell s and EMC s other outstanding senior notes and senior debentures will remain outstanding after the effective time of the merger in accordance with their respective terms.

Denali expects to finance the merger, the refinancing of certain of Dell International s and EMC s indebtedness outstanding as of the closing of the merger, and the payment of related fees and expenses with up to $49.5 billion from debt financings.

Concurrently with the execution of the merger agreement, Denali entered into common stock purchase agreements, referred to as the common stock purchase agreements, with (1) Silver Lake Partners III, L.P. and Silver Lake Partners IV, L.P., referred to as the SLP investors, (2) Michael S. Dell and the Susan Lieberman Dell Separate Property Trust, referred to as the MD investors, (3) MSDC Denali Investors, L.P. and MSDC Denali EIV, LLC, referred to as the MSD Partners investors and, together with the MD investors and the SLP investors, the existing Denali stockholder investors, and (4) an affiliate of Temasek Holdings (Private) Limited, which affiliate is referred to as Temasek and, together with the existing Denali stockholder investors, the common stock investors, pursuant to which the common stock investors agreed to purchase common stock of Denali on the closing date of the merger for an aggregate purchase price of up to $4.25 billion.

NON-GAAP FINANCIAL MEASURES

In this management s discussion and analysis we use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. These non-GAAP financial measures include non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share diluted, earnings before interest and other, net, taxes, depreciation and amortization, referred to as EBITDA, and adjusted EBITDA.

We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures will provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the non-GAAP financial measures presented in this report. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per share, as defined by us, exclude the following items: the impact of purchase accounting, amortization of intangible assets, other corporate expenses, and for non-GAAP net income and non-GAAP earnings per share, an aggregate adjustment for income taxes. As the excluded items have a material impact on our financial results, our management compensates for this limitation by relying primarily on GAAP or pro forma results and using non-GAAP financial measures supplementally or for projections when comparable GAAP financial measures are not available. The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for revenue, gross margin, operating expenses, operating income, or net income prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP or, for Fiscal 2014, pro forma basis. For comparative purposes, we have presented pro forma Fiscal 2014 operating results, giving effect to the going-private transaction as if it had occurred on the first day of Fiscal 2014. See *Results of Operations Dell s Going-Private Transaction* for more information on pro forma Fiscal 2014. See below for reconciliations of each non-GAAP financial measure to its most directly comparable GAAP or

pro forma financial measure. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. See the discussion below for more information on each of the excluded items as well as our reasons for excluding them from our non-GAAP results. In future fiscal periods,

we may exclude such items and may incur income and expenses similar to these excluded items. Accordingly, the exclusion of these items and other similar items in our non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent, or unusual.

The following is a summary of the items excluded from the most comparable GAAP or pro forma financial measures to calculate our non-GAAP financial measures:

Impact of Purchase Accounting The impact of purchase accounting includes purchase accounting adjustments recorded under the acquisition method of accounting, related to the going-private transaction. Purchase accounting adjustments primarily include fair value adjustments made to deferred revenue, inventory and property, plant, and equipment which are recorded over time. During pro forma Fiscal 2014, purchase accounting adjustments also include a provision charge on customer receivables recorded on October 29, 2013, amortization of fair value adjustments on customer shipments in transit, and compensation costs related to cash settlement of employee stock options, triggered by the going-private transaction. See Notes 1 and 3 of the Notes to the Audited Consolidated Financial Statements of Denali for more information on the going-private transaction. We exclude these charges for purposes of calculating the non-GAAP financial measures presented below to facilitate a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

Amortization of Intangible Assets Amortization of intangible assets consists of amortization of customer relationships, developed technology, trade names, and also, in the predecessor period, non-compete covenants. We incur charges related to the amortization of these intangibles, which are included in our consolidated financial statements. In connection with the going-private transaction, all of Denali s tangible and intangible assets and liabilities were accounted for and recognized at fair value on the transaction date. Accordingly, for the successor periods, amortization of intangible assets consists primarily of amortization associated with intangible assets recognized in connection with the going-private transaction. In the predecessor periods, amortization of intangible assets consists of amortization associated with purchased intangible assets recognized in connection with Dell s legacy acquisitions. Amortization charges for purchased intangible assets are significantly impacted by the timing and magnitude of our acquisitions, and these charges may vary in amount from period to period. We exclude these charges for purposes of calculating the non-GAAP financial measures presented below to facilitate a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

Other Corporate Expenses Other corporate expenses consists of the following items:

Severance and facility action costs primarily related to severance and benefits for employees terminated pursuant to cost savings initiatives.

Acquisition-related charges which are expensed as incurred and consist primarily of retention payments, integration costs, and other costs.

Stock-based compensation expense associated with equity awards.

Costs related to the going-private transaction.

Other corporate expenses vary from period to period and are significantly impacted by the timing and nature of these events. Therefore, although we may incur these types of expenses in the future, we believe that eliminating these charges for purposes of calculating the non-GAAP financial measures presented below facilitates a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

In addition, pro forma Fiscal 2014 net income includes a $204 million valuation allowance on deferred tax assets for one of our foreign jurisdictions. We are excluding this valuation allowance on deferred tax assets described above for the purpose of calculating the non-GAAP net income financial measure presented below because we believe this adjustment is outside our ordinary course of business and does not contribute to a meaningful evaluation of our current operating performance or comparisons to our past operating performance.

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Aggregate Adjustment for Income Taxes The aggregate adjustment for income taxes is the estimated combined income tax effect for the adjustments mentioned above. The tax effects are determined based on the tax jurisdictions where the above items were incurred.

Non-GAAP Adjustments Per Share The cumulative impact of the above adjustments on earnings per share diluted.

Third Quarter and First Nine Months of Fiscal 2016 Compared to Third Quarter and First Nine Months of Fiscal 2015

The tables below presents a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure for each of the periods presented:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages)					
GAAP revenue	$ 13,667	(5)%	$ 14,364	$ 41,204	(6)%	$ 43,858
Non-GAAP adjustments:						
Impact of purchase accounting	118		203	406		784
Non-GAAP revenue	$ 13,785	(5)%	$ 14,567	$ 41,610	(7)%	$ 44,642
GAAP gross margin	$ 2,507	(1)%	$ 2,532	$ 7,212	(8)%	$ 7,852
Non-GAAP adjustments:						
Impact of purchase accounting	123		249	409		829
Amortization of intangibles	121		115	363		345
Other corporate expenses	3		12	20		43
Non-GAAP gross margin	$ 2,754	(5)%	$ 2,908	$ 8,004	(12)%	$ 9,069
GAAP operating expenses	$ 2,532	(5)%	$ 2,660	$ 7,605	(6)%	$ 8,097
Non-GAAP adjustments:						
Impact of purchase accounting	(28)		(23)	(75)		(69)
Amortization of intangibles	(424)		(465)	(1,282)		(1,404)
Other corporate expenses	(57)		(27)	(124)		(99)
Non-GAAP operating expenses	$ 2,023	(6)%	$ 2,145	$ 6,124	(6)%	$ 6,525
GAAP operating loss	$ (25)	80%	$ (128)	$ (393)	(60)%	$ (245)
Non-GAAP adjustments:						
Impact of purchase accounting	151		272	484		898
Amortization of intangibles	545		580	1,645		1,749
Other corporate expenses	60		39	144		142

Non-GAAP operating income	$ 731	(4)%	$ 763	$ 1,880	(26)%	$ 2,544
GAAP net loss	$ (180)	31%	$ (261)	$ (949)	(8)%	$ (875)
Non-GAAP adjustments:						
Impact of purchase accounting	151		272	484		904
Amortization of intangibles	545		580	1,645		1,749
Other corporate expenses	60		39	138		142
Aggregate adjustment for income taxes	(140)		(165)	(418)		(556)
Non-GAAP net income	$ 436	(6)%	$ 465	$ 900	(34)%	$ 1,364
Earnings (loss) per share diluted	$ (0.44)	31%	$ (0.64)	$ (2.34)	(8)%	$ (2.17)
Non-GAAP adjustments per share diluted	1.50		1.79	4.53		5.55
Non-GAAP earnings per share diluted	$ 1.06	(8)%	$ 1.15	$ 2.19	(35)%	$ 3.38

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Fiscal 2015 Compared to Pro Forma Fiscal 2014 and Pro Forma Fiscal 2014 Compared to Fiscal 2013

The tables below presents a reconciliation of each non-GAAP financial measure to the most comparable GAAP or for Fiscal 2014, pro forma, measure for each of the periods presented:

	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net revenue	$ 58,119	5%	$ 55,579	(2)%	$ 56,940
Non-GAAP adjustments:					
Impact of purchase accounting	976		1,222		
Non-GAAP net revenue	$ 59,095	4%	$ 56,801	%	$ 56,940
Gross margin	$ 10,208	17%	$ 8,692	(29)%	$ 12,186
Non-GAAP adjustments:					
Impact of purchase accounting	1,025		1,963		
Amortization of intangibles	466		459		455
Other corporate expenses	48		127		67
Non-GAAP gross margin	$ 11,747	5%	$ 11,241	(12)%	$ 12,708
Operating expenses	$ 10,630	(7)%	$ 11,489	25%	$ 9,174
Non-GAAP adjustments:					
Impact of purchase accounting	(91)		(157)		
Amortization of intangibles	(1,833)		(1,874)		(158)
Other corporate expenses	(152)		(710)		(281)
Non-GAAP operating expenses	$ 8,554	(2)%	$ 8,748	%	$ 8,735
Operating income (loss)	$ (422)	85%	$ (2,797)	(193)%	$ 3,012
Non-GAAP adjustments:					
Impact of purchase accounting	1,116		2,120		
Amortization of intangibles	2,299		2,333		613
Other corporate expenses	200		837		348
Non-GAAP operating income	$ 3,193	28%	$ 2,493	(37)%	$ 3,973
Net income (loss)	$ (1,221)	63%	$ (3,324)	(240)%	$ 2,372
Non-GAAP adjustments:					
Impact of purchase accounting	1,122		2,088		
Amortization of intangibles	2,299		2,333		613
Other corporate expenses	202		837		348

Aggregate adjustment for income taxes		(732)			(871)			(316)
Non-GAAP net income	$	1,670	57%	$	1,063	(65)%	$	3,017
Earnings (loss) per share diluted	$	(3.02)		$	(8.23)		$	1.35
Non-GAAP adjustments per share diluted		7.15		$	10.86			0.37
Non-GAAP earnings per share diluted	$	4.13		$	2.63		$	1.72

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In addition to the above measures, we also use EBITDA and adjusted EBITDA to facilitate a more meaningful evaluation of our operating performance. Adjusted EBITDA excludes purchase accounting adjustments related to the going-private transaction, severance and facility actions, acquisition-related costs, stock-based compensation expense, and the costs related to the going-private transaction. EBITDA and adjusted EBITDA provide more comparability between our historical results prior to the completion of the going-private transaction and historical results that reflect our capital structure upon completion of the going-private transaction.

As is the case with the non-GAAP measures presented above, users should consider the limitations of using EBITDA and adjusted EBITDA, including the fact that those measures do not provide a complete measure of our operating performance. EBITDA and adjusted EBITDA do not purport to be alternatives to net income as measures of operating performance or to cash flows from operating activities as a measure of liquidity. In particular, EBITDA and adjusted EBITDA are not intended to be a measure of free cash flow available for management s discretionary use, as these measures do not consider certain cash requirements, such as working capital needs, capital expenditures, contractual commitments, interest payments, tax payments, and other debt service requirements. Our management believes that these non-GAAP financial measures are helpful in highlighting trends because they exclude the results of decisions that are outside the control of operating management and that can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

The tables below presents a reconciliation of EBITDA and adjusted EBITDA to net income (loss) for the periods presented:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages)					
Net Loss	$ (180)	31%	$ (261)	$ (949)	(8)%	$ (875)
Adjustments:						
Interest and other, net (a)	205		219	608		692
Income tax provision (benefit)	(50)		(86)	(52)		(62)
Depreciation and amortization	719		747	2,156		2,257
EBITDA	$ 694	12%	$ 619	$ 1,763	(12)%	$ 2,012
EBITDA	$ 694	12%	$ 619	$ 1,763	(12)%	$ 2,012
Adjustments:						
Stock based compensation expense	19		17	53		53
Impact of purchase accounting (b)	119		245	397		819
Other corporate expenses (c)	41		22	91		89
Adjusted EBITDA	$ 873	(3)%	$ 903	$ 2,304	(23)%	$ 2,973

(a)

See *Results of Operations Interest and Other, Net* for more information on the components of interest and other, net.

(b) This amount includes the non-cash purchase accounting adjustments related to the going-private transaction.

(c) Consists of severance and facility action costs, acquisition-related costs, and the costs related to the going-private transaction.

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	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net Income (loss)	$ (1,221)	63%	$ (3,324)	(240)%	$ 2,372
Adjustments:					
Interest and other, net (a)	924		872		171
Income tax provision (benefit)	(125)		(345)		469
Depreciation and amortization	2,977		2,991		1,144
EBITDA	$ 2,555	NM	$ 194	(95)%	$ 4,156
EBITDA	$ 2,555	NM	$ 194	(95)%	$ 4,156
Adjustments:					
Stock based compensation expense	72		135		347
Impact of purchase accounting (b)	1,011		2,010		189
Other corporate expenses (c)	128		748		348
Adjusted EBITDA	$ 3,766	22%	$ 3,087	(39)%	$ 5,040

(a) See *Results of Operations Interest and Other, Net* for more information on the components of interest and other, net.

(b) For Fiscal 2015 and pro forma Fiscal 2014, this amount includes the non-cash purchase accounting adjustments related to the going-private transaction. For Fiscal 2013, this adjustment also eliminates the non-cash purchase accounting impact on deferred revenue related to Dell s Fiscal 2013 acquisitions of SonicWALL and Quest Software.

(c) Consists of severance and facility action costs, acquisition-related costs, and the costs related to the going-private transaction.

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RESULTS OF OPERATIONS

Consolidated Operations

Third Quarter and First Nine Months of Fiscal 2016 Compared to Third Quarter and First Nine Months of Fiscal 2015

The following table summarizes our consolidated results of operations for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended					Nine Months Ended				
	Successor October 30, 2015			Successor October 31, 2014		Successor October 30, 2015			Successor October 31, 2014	
	Dollars	% of Revenue	% Change	Dollars	% of Revenue	Dollars	% of Revenue	% Change	Dollars	% of Revenue
	(in millions, except percentages and per share data, unaudited)									
Net revenue:										
Product	$ 10,777	78.9%	(7)%	$ 11,535	80.3%	$ 32,525	78.9%	(8)%	$ 35,315	80.5%
Services, including software related	2,890	21.1%	2%	2,829	19.7%	8,679	21.1%	2%	8,543	19.5%
Total net revenue	$ 13,667	100.0%	(5)%	$ 14,364	100.0%	$ 41,204	100.0%	(6)%	$ 43,858	100.0%
Gross margin:										
Product	$ 1,354	12.6%	(13)%	$ 1,555	13.5%	$ 3,897	12.0%	(22)%	$ 4,992	14.1%
Services, including software related	1,153	39.9%	18%	977	34.5%	3,315	38.2%	16%	2,860	33.5%
Total gross margin	$ 2,507	18.3%	(1)%	$ 2,532	17.6%	$ 7,212	17.5%	(8)%	$ 7,852	17.9%
Operating expenses	2,532	18.5%	(5)%	2,660	18.5%	7,605	18.5%	(6)%	8,097	18.5%
Operating loss	$ (25)	(0.2)%	80%	$ (128)	(0.9)%	$ (393)	(1.0)%	(60)%	$ (245)	(0.6)%
Net loss	$ (180)	(1.3)%	31%	$ (261)	(1.8)%	$ (949)	(2.3)%	(8)%	$ (875)	(2.0)%
Earnings (loss) per share diluted	$ (0.44)	N/A	31%	$ (0.64)	N/A	$ (2.34)	N/A	(8)%	$ (2.17)	N/A

Other Financial Information										
Non-GAAP revenue	$ 13,785	N/A	(5)%	$ 14,567	N/A	$ 41,610	N/A	(7)%	$ 44,642	N/A
Non-GAAP gross margin	$ 2,754	20.0%	(5)%	$ 2,908	20.0%	$ 8,004	19.2%	(12)%	$ 9,069	20.3%
Non-GAAP operating expenses	$ 2,023	14.7%	(6)%	$ 2,145	14.7%	$ 6,124	14.7%	(6)%	$ 6,525	14.6%
Non-GAAP operating income	$ 731	5.3%	(4)%	$ 763	5.2%	$ 1,880	4.5%	(26)%	$ 2,544	5.7%
Non-GAAP net income	$ 436	3.2%	(6)%	$ 465	3.2%	$ 900	2.2%	(34)%	$ 1,364	3.1%
EBITDA	$ 694	5.0%	12%	$ 619	4.2%	$ 1,763	4.2%	(12)%	$ 2,012	4.5%
Adjusted EBITDA	$ 873	6.3%	(3)%	$ 903	6.2%	$ 2,304	5.5%	(23)%	$ 2,973	6.7%
Non-GAAP earnings per share diluted	$ 1.06	N/A	(8)%	$ 1.15	N/A	$ 2.19	N/A	(35)%	$ 3.38	N/A

Non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, EBITDA, adjusted EBITDA, and non-GAAP earnings per share diluted, are not measurements of financial performance prepared in accordance with GAAP. Non-GAAP financial measures as a percentage of revenue are calculated based on non-GAAP revenue. See *Non-GAAP Financial Measures* for information about these non-GAAP financial measures, including our reasons for including the measures, material limitations with respect to the usefulness of the measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure.

Overview

During the third quarter and first nine months of Fiscal 2016, our total net revenue on a GAAP basis decreased 5% and 6%, respectively. On a non-GAAP basis, during the third quarter and first nine months of Fiscal 2016, our total net revenue decreased 5% and 7%, respectively. Client Solutions contributed to most of the decline in revenue for the third quarter and first nine months of Fiscal 2016, driven by a global decline in demand for desktops and notebooks. To a lesser extent, revenue from DSG and Dell Services also contributed to the decline. In aggregate, revenue from ESG, DSG, and Dell Services represented 34.9% and 34.8% of total GAAP revenue for the third quarter and first nine months of Fiscal 2016, respectively, compared to 32.8% and 32.4%, respectively, for the same periods in Fiscal 2015. This increase in revenue mix was primarily attributable to a decrease in revenue from Client Solutions.

During the third quarter and first nine months of Fiscal 2016, we incurred operating losses on a GAAP basis of $25 million and $393 million, respectively. During the third quarter and first nine months of Fiscal 2015, we incurred operating losses on a GAAP basis of $128 million and $245 million, respectively. Operating loss on a GAAP basis includes purchase accounting adjustments related to the going-private transaction, amortization of intangible assets, and other corporate expenses. In aggregate, these items totaled $0.8 billion and $2.3 billion for the third quarter and first nine months of Fiscal 2016, respectively. On a non-GAAP basis, during the third quarter and first nine months of Fiscal 2016, operating income decreased 4% and 26% to $0.7 billion and $1.9 billion, respectively. The decrease in non-GAAP operating income was primarily attributable to lower gross margin offset partially by a decrease in operating expenses.

We generated cash flow from operations of $1.2 billion and $1.8 billion during the first nine months of Fiscal 2016 and Fiscal 2015, respectively. Overall, the decrease in cash generated by operating activities was attributable to lower net income in the first nine months of Fiscal 2016 coupled with a decline in cash generated from working capital changes.

Revenue

Product Revenue Product revenue includes revenue from the sale of hardware products and Dell-owned software licenses. On a GAAP basis, during the third quarter and first nine months of Fiscal 2016, product revenue decreased 7% and 8%, respectively. On a non-GAAP basis, during the third quarter and first nine months of Fiscal 2016, product revenue decreased 6% and 8%, respectively. Overall, these decreases were primarily attributable to decreases in revenue from Client Solutions as we experienced an overall decline in the demand for desktops and notebooks. The decrease in non-GAAP product revenue for the first nine months of Fiscal 2016 was magnified due to a decrease in the positive effects from the Windows XP refresh that benefited product revenue in the first nine months of Fiscal 2015, but not Fiscal 2016.

Services Revenue, including software related Services revenue, including software related, includes revenue from our services offerings, third-party software revenue, and support services related to Dell-owned software. During both the third quarter and first nine months of Fiscal 2016, revenue attributable to these services increased 2% on a GAAP basis. On a non-GAAP basis, revenue attributable to these services decreased 3% and 2%, respectively, during the third quarter and first nine months of Fiscal 2016. The decline in non-GAAP services revenue, including software related, for the third quarter and first nine months of Fiscal 2016 was primarily attributable to a decrease in revenue from our Dell Services business unit.

See *Product and Services Business Units* for further information regarding revenue from our products, services, and software offerings.

From a geographical perspective, net revenue decreased in all regions during the third quarter of Fiscal 2016. During the first nine months of Fiscal 2016, revenue decreased across all regions, partially offset by growth in certain emerging markets, including China and India.

Gross Margin

During the third quarter of Fiscal 2016, our total gross margin decreased 1% to $2.5 billion on a GAAP basis and 5% to $2.8 billion on a non-GAAP basis. During the third quarter of Fiscal 2016, our gross margin percentage increased 70 basis points to 18.3% and was unchanged at 20.0% on a GAAP and non-GAAP basis, respectively. During the first

nine months of Fiscal 2016, our total gross margin decreased 8% to $7.2 billion on a GAAP basis and decreased 12% to $8.0 billion on a non-GAAP basis. During the first nine months of Fiscal 2016, our gross margin percentage decreased 40 basis points to 17.5% and 110 basis points to 19.2% on a GAAP and non-GAAP basis, respectively. Gross margin on a GAAP basis for the third quarter and first nine months of Fiscal 2016 includes the effects of $0.2 billion and $0.8 billion, respectively, in purchase accounting adjustments related to the going-private transaction.

Products During the third quarter of Fiscal 2016, product gross margin dollars decreased 13% and 10%, on a GAAP and non-GAAP basis, respectively. Product gross margin percentage on a GAAP and non-GAAP basis decreased 90 and 70 basis points during the third quarter of Fiscal 2016 to 12.6% and 13.9%, respectively.

During the first nine months of Fiscal 2016, product gross margin dollars decreased 22% and 21%, on a GAAP and non-GAAP basis, respectively. Product gross margin percentage decreased 210 basis points on both a GAAP and non-GAAP basis during the first nine months of Fiscal 2016 to 12.0% and 13.3%, respectively.

The decrease in product gross margin in dollars and percentages for both periods was attributable to Client Solutions, primarily driven by an overall decline in demand for desktops and notebooks, in conjunction with challenging pricing dynamics. These pricing dynamics included the impacts of foreign currency volatility and competitive pressures.

Services, including software related During the third quarter of Fiscal 2016, our gross margin dollars for services, including software related, increased 18% and 2% on a GAAP and non-GAAP basis, respectively. Services gross margin percentage on a GAAP and non-GAAP basis increased 540 and 170 basis points during the third quarter of Fiscal 2016 to 39.9% to 41.8%, respectively.

During the first nine months of Fiscal 2016, our gross margin dollars for services, including software related, increased 16% and 2% on a GAAP and non-GAAP basis, respectively. Services gross margin percentage on a GAAP and non-GAAP basis increased 470 and 190 basis points during the first nine months of Fiscal 2016 to 38.2% and 40.7%, respectively.

Vendor Programs and Settlements

Our gross margin is affected by our ability to achieve competitive pricing with our vendors and contract manufacturers, including through our negotiation of a variety of vendor rebate programs to achieve lower net costs for the various components we include in our products. Under these programs, vendors provide us with rebates or other discounts from the list prices for the components, which are generally elements of their pricing strategy. We account for vendor rebates and other discounts as a reduction in cost of net revenue. We manage our costs on a total net cost basis, which includes supplier list prices reduced by vendor rebates and other discounts.

The terms and conditions of our vendor rebate programs are largely based on product volumes and are generally negotiated either at the beginning of the annual or quarterly period, depending on the program. The timing and amount of vendor rebates and other discounts we receive under the programs may vary from period to period, reflecting changes in the competitive environment. We monitor our component costs and seek to address the effects of any changes to terms that might arise under our vendor rebate programs. Our gross margins for the third quarter and first nine months of Fiscal 2016 and Fiscal 2015 were not materially affected by any changes to the terms of our vendor rebate programs, as the amounts we received under these programs were generally stable relative to our total net cost. We are not aware of any significant programmatic changes to vendor pricing or rebate programs that may impact our results in the near term.

In addition, we have pursued legal action against certain vendors and are currently involved in negotiations with other vendors regarding their past pricing practices. We have negotiated settlements with some of these vendors and may have additional settlements in future quarters. These settlements are allocated to our segments based on the relative amount of affected vendor products used by each segment. Our gross margins for the third quarter and first nine months of Fiscal 2016 and Fiscal 2015 were not affected by negotiated vendor settlements.

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Operating Expenses

The following table presents information regarding our operating expenses for the three months and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended					Nine Months Ended				
	Successor October 30, 2015			Successor October 31, 2014		Successor October 30, 2015			Successor October 31, 2014	
	Dollars	% of Revenue	% Change	Dollars	% of Revenue	Dollars	% of Revenue	% Change	Dollars	% of Revenue
	(in millions, except percentages; unaudited)									
Operating expenses:										
Selling, general, and administrative	$ 2,199	16.1%	(7)%	$ 2,354	16.4%	$ 6,628	16.1%	(8)%	$ 7,196	16.4%
Research, development, and engineering	333	2.4%	9%	306	2.1%	977	2.4%	8%	901	2.1%
Total operating expenses	$ 2,532	18.5%	(5)%	$ 2,660	18.5%	$ 7,605	18.5%	(6)%	$ 8,097	18.5%
Other Financial Information										
Non-GAAP operating expenses	$ 2,023	14.7%	(6)%	$ 2,145	14.7%	$ 6,124	14.7%	(6)%	$ 6,525	14.6%

During the third quarter and first nine months of Fiscal 2016, our total operating expenses on a GAAP basis decreased 5% and 6%, respectively. During the third quarter and first nine months of Fiscal 2016, we recognized $0.5 billion and $1.4 billion, respectively, in amortization of intangible assets and purchase accounting adjustments related to the going-private transaction. In comparison, during the third quarter and first nine months of Fiscal 2015, we recognized $0.5 billion and $1.5 billion, respectively. Excluding these costs as well as other corporate expenses, total operating expenses on a non-GAAP basis decreased 6% during both the third quarter and first nine months of Fiscal 2016 .

Selling, General, and Administrative Selling, general, and administrative expenses, referred to as SG&A expenses on a GAAP basis decreased 7% and 8% during the third quarter and first nine months of Fiscal 2016, respectively. These decreases were driven by a reduction compensation expense, primarily due to a decrease in performance-based compensation. During the third quarter and first nine months of Fiscal 2016, we continued to actively manage our cost structure, which allows us to invest in strategic areas such as strengthening our sales force.

Research, Development, and Engineering Research, development, and engineering expenses, referred to as RD&E expenses were 2.4% of net revenue for both the third quarter and first nine months of Fiscal 2016, compared to 2.1% for both the third quarter and first nine months of Fiscal 2015. The increase in RD&E expenses was primarily driven by personnel-related expenses as we continue to invest in product

development.

Operating Income/Loss

On a GAAP basis during the third quarter and first nine months of Fiscal 2016, operating loss was $25 million and $393 million, respectively. During the third quarter and first nine months of Fiscal 2015, we incurred operating losses on a GAAP basis of $128 million and $245 million, respectively. Operating loss on a GAAP basis includes amortization of intangible assets and purchase accounting adjustments associated with the going-private transaction of $696 million and $2,129 million for the third quarter and first nine months of Fiscal 2016, respectively. Excluding these costs as well as other corporate expenses, during the third quarter and first nine months of Fiscal 2016, operating income on a non-GAAP basis decreased 4% to an operating income of $731 million and 26% to an operating income of $1,880 million, respectively. These decreases were primarily attributable to lower product gross margin offset partially by a reduction in operating expenses.

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Interest and Other, Net

The following table provides a detailed presentation of interest and other, net for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended Successor		Nine Months Ended Successor	
	October 30, 2015	October 31, 2014	October 30, 2015	October 31, 2014
	(in millions)			
Interest and other, net:				
Investment income, primarily interest	$ 9	$ 12	$ 30	$ 34
Gains (losses) on investments, net		(17)	(3)	(28)
Interest expense	(167)	(196)	(516)	(623)
Foreign exchange	(31)	(3)	(84)	(48)
Other	(16)	(15)	(35)	(27)
Interest and other, net	$ (205)	$ (219)	$ (608)	$ (692)

During the third quarter and first nine months of Fiscal 2016, changes in interest and other, net were favorable by $14 million and $84 million, respectively, when compared to the same periods in Fiscal 2015. These changes were primarily attributable to decreases in interest expense, driven by lower debt balances over the periods, partially offset by increases in foreign exchange losses, driven by revaluations of certain un-hedged foreign currencies.

Income and Other Taxes

Our effective income tax rate was 21.7% and 5.2% for the third quarter and first nine months of Fiscal 2016, respectively. In comparison, our effective income tax rate was 24.8% and 6.6% for the third quarter and first nine months of Fiscal 2015, respectively. The change in our effective tax rate was primarily attributable to a shift in mix of geographic income to lower tax jurisdictions, partially offset by greater discrete tax expense items.

Our effective tax rate can fluctuate depending on the geographic distribution of our world-wide earnings, as our foreign earnings are generally taxed at lower rates than in the U.S. In certain jurisdictions, our tax rate is significantly less than the applicable statutory rate as a result of tax holidays. The majority of our foreign income that is subject to these tax holidays and lower tax rates is attributable to Singapore, China and Malaysia. Our significant tax holidays expire in whole or in part during fiscal years 2017 through 2023. The differences between our effective tax rate and the U.S. federal statutory rate of 35% principally resulted from the geographical distribution of taxable income discussed above and permanent differences between the book and tax treatment of certain items. We continue to assess our business model and its impact in various taxing jurisdictions.

For further discussion regarding tax matters, including the status of income tax audits, see Note 9 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali.

Net Income/Loss

On a GAAP basis, during the third quarter and first nine months of Fiscal 2016, net loss decreased 31% to a net loss of $180 million and increased 8% to a net loss of $949 million, respectively. Net loss on a GAAP basis includes amortization of intangible assets, purchase accounting adjustments, costs related to the going-private merger, and other corporate expenses. Excluding these costs, during the third quarter and first nine months of Fiscal 2016, net income on a non-GAAP basis decreased 6% to $436 million and 34% to $900 million, respectively. The change in non-GAAP net income/loss for the third quarter of Fiscal 2016 was primarily attributable to a decrease in operating income and an increase in tax expense. The changes in net income/loss for

the first nine months of Fiscal 2016 were primarily attributable to a decrease in operating income partially offset by a decrease in tax expense. See Note 9 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for more information regarding our effective tax rate.

Product and Services Business Units

Third Quarter and First Nine Months of Fiscal 2016 Compared to Third Quarter and First Nine Months of Fiscal 2015

Client Solutions:

The following table presents revenue and operating income attributable to Client Solutions for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages; unaudited)					
Net Revenue:						
Commercial	$ 5,334	(8)%	$ 5,789	$ 16,377	(12)%	$ 18,526
Consumer	2,257	(12)%	2,565	6,584	(10%	7,324
Third-party software and after-point-of-sale peripherals	1,345	(6)%	1,433	4,079	(7)%	4,393
Total Client Solutions revenue	$ 8,936	(9)%	$ 9,787	$ 27,040	(11)%	$ 30,243
Operating Income:						
Client Solutions operating income	$ 384	(25)%	$ 513	$ 926	(49)%	$ 1,799
% of segment revenue	4.3%		5.2%	3.4%		5.9%

During the third quarter of Fiscal 2016, Client Solutions experienced a 9% decrease in net revenue due to a decline in demand for desktops and notebooks coupled with competitive pricing pressure. From a geographical perspective, revenue attributable to Client Solutions decreased across all regions during the third quarter of Fiscal 2016, with revenue from the Americas and EMEA representing most of the decline.

During the first nine months of Fiscal 2016, Client Solutions experienced an 11% decrease in net revenue due to lower demand across all Client Solutions product categories coupled with competitive pricing pressure. The decline in commercial and consumer revenue reflects a decline in the demand for desktops and notebooks, which was magnified by our product mix. The decline in commercial and consumer reflects a decline in demand for desktops and notebooks primarily due to a decrease in the positive effects from the Windows XP refresh that benefited revenue in the first nine months of Fiscal 2015. From a geographical perspective, revenue attributable to Client Solutions decreased across all regions during the first nine months of Fiscal 2016, with revenue from the Americas and EMEA representing most of the decline.

During the third quarter and first nine months of Fiscal 2016, operating income as a percentage of revenue attributable to Client Solutions decreased 90 basis points to 4.3% and 250 basis points to 3.4%, respectively. These declines were primarily driven by decreases in our gross margin percentages, and, to a lesser extent, an increase in operating expense percentages. The declines in our gross margin percentages were a result of challenging economic conditions, competitive pressures, and a strong U.S. dollar that all impacted our ability to adjust pricing accordingly. Despite this challenging environment, we are making investments in our sales coverage to enhance efficiency and drive growth.

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Enterprise Solutions Group:

The following table presents revenue and operating income attributable to Enterprise Solutions Group for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages; unaudited)					
Net Revenue:						
Servers and networking	$ 3,163	6%	$ 2,992	$ 9,527	5%	$ 9,092
Storage	548	(4)%	572	1,655	(5)%	1,747
Total ESG revenue	$ 3,711	4%	$ 3,564	$ 11,182	3%	$ 10,839
Operating Income:						
ESG operating income	$ 257	(9)%	$ 283	$ 776	(16)%	$ 923
% of segment revenue	6.9%		7.9%	6.9%		8.5%

During the third quarter of Fiscal 2016, ESG net revenue increased 4%, which was attributable to a 6% increase in net revenue from servers and networking, partially offset by a decrease in storage revenue. The increase in net revenue from servers and networking was primarily driven by PowerEdge server sales. In storage we saw decreases in net revenue from the prior year due to a reduction of overall demand, but we continue to make the right investments in our storage offerings and are optimizing our go-to-market sales and marketing capabilities to generate growth in the business. From a geographical perspective, for the third quarter of Fiscal 2016, ESG net revenue increased across all regions.

For the first nine months of Fiscal 2016, ESG net revenue increased 3% primarily due to a 5% increase in net revenue from servers and networking as PowerEdge server average selling prices increased, due to a shift to products with richer configurations, while overall unit sales remained relatively flat. The increase in net revenue from servers and networking in the first nine months of Fiscal 2016 was partially offset by a 5% decrease in storage revenue. From a geographical perspective, during the first nine months of Fiscal 2016, the overall increase in ESG revenue was primarily due to increased revenue in APJ.

During the third quarter and first nine months of Fiscal 2016, ESG operating income as a percentage of revenue decreased 100 basis points to 6.9% and 160 basis points to 6.9%, respectively. The decrease in our operating income percentage was driven by lower gross margin percentages. These declines were primarily driven by challenging pricing dynamics, including competitive pressures and the strong U.S. dollar. These challenging economic conditions resulted in an inability to sufficiently raise prices to offset the higher costs associated with the shift to products with richer configurations.

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Dell Software Group:

The following table presents revenue and operating income attributable to DSG for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages; unaudited)					
Net Revenue:						
DSG revenue	$ 337	(15)%	$ 398	$ 1,017	(9)%	$ 1,116
Operating Income (loss):						
DSG operating income (loss)	$ 2	(87)%	$ 15	$ (19)	47%	$ (36)
% of segment revenue	*0.6%*		*3.8%*	*(1.9)%*		*(3.2)%*

During the third quarter and first nine months of Fiscal 2016, DSG revenue decreased 15% and 9%, respectively, driven by a decrease in systems management software sales. The decreases were primarily attributable to a realignment of our sales organization. From a geographical perspective, DSG revenue decreased across all regions during the third quarter and first nine months of Fiscal 2016.

During the third quarter of Fiscal 2016, DSG operating income as a percentage of revenue decreased 320 basis points to 0.6%. This decrease was driven by a decline in our gross margin percentage, with security software representing most of the decline due to an increase in costs over the period. During the first nine months of Fiscal 2016, DSG operating income as a percentage of revenue increased 130 basis points to an operating loss percentage of 1.9%. This improvement was attributable to a decrease in our operating expense percentage, primarily driven by a decrease in SG&A expenses, partially offset by a decline in our gross margin percentage due to a shift to lower margin software solutions offerings during the period.

Dell Services:

The following table presents revenue attributable to Dell Services for the three and nine months ended October 30, 2015 and October 31, 2014:

	Three Months Ended			Nine Months Ended		
	Successor October 30, 2015	% Change	Successor October 31, 2014	Successor October 30, 2015	% Change	Successor October 31, 2014
	(in millions, except percentages; unaudited)					
Net Revenue:						
Infrastructure and cloud services	$ 423	(4)%	$ 439	$ 1,261	(4)%	$ 1,308
	294	(5)%	309	870	(7)%	938

Applications and business process services						
Total Dell Services revenue	$ 717	(4)%	$ 748	$ 2,131	(5)%	$ 2,246
Operating Income:						
Dell Services operating income	$ 62	24%	$ 50	$ 124	44%	$ 86
% of segment revenue	*8.6%*		*6.7%*	*5.8%*		*3.8%*

During the third quarter and first nine months of Fiscal 2016, Dell Services experienced a 4% and 5% decrease in net revenue, respectively. The decreases were attributable to a decline in revenue across all Dell Services categories. Dell Services revenue generated in the Americas decreased 3% and 4% during the third quarter and first nine months of Fiscal 2016, respectively, driven by revenue runoff from several large contracts.

For the third quarter and first nine months of Fiscal 2016, operating income as a percentage of revenue attributable to Dell Services increased 190 basis points to 8.6% and 200 basis points to 5.8%, respectively. These increases were driven by improved gross margin percentages, primarily attributable to our infrastructure and cloud offerings, as we continued to optimize our cost structure and automate our delivery process.

Services backlog decreased 13% to $6.9 billion as of October 30, 2015, compared to $8.0 billion as of January 30, 2015. Our focus continues to be on building a sustainable pipeline and improving our cost structure to enable our growth in the market. Estimated services backlog is primarily related to our outsourcing services business. The majority of services backlog represents signed contracts that are initially $2 million or more in total expected revenue with an initial contract term of at least 18 months. We provide information regarding services backlog because we believe it provides useful trend information regarding changes in the size of our services business over time. The terms of the signed services contracts included in our calculation of services backlog are subject to change and are affected by terminations, changes in the scope of services, and changes to other factors that could impact the value of the contract. For these and other reasons, it is not reasonably practicable to estimate the portions of these backlog amounts that will ultimately be recognized as revenue when performance on the contracts is completed.

Dell s Going-Private Transaction

The going-private transaction was recorded using the acquisition method of accounting in accordance with the accounting guidance for business combinations. This guidance prescribes that the purchase price be allocated to assets acquired and liabilities assumed based on the estimated fair value of such assets and liabilities on the date of the transaction. All of our assets and liabilities were accounted for and recognized at fair value as of the transaction date. Accordingly, periods prior to October 29, 2013 reflect the financial position, results of operations, and changes in financial position of Dell prior to the going-private transaction, referred to as the predecessor periods (with our company referred to as the Predecessor entity during such periods), and the periods beginning on or after October 29, 2013 reflect the financial position, results of operations and changes in financial position of Denali Holding Inc. and its consolidated subsidiaries subsequent to the going-private transaction, referred to as the successor periods (with our company referred to as the Successor entity during such periods). Included in the results for the successor periods is the impact of purchase accounting adjustments, primarily related to deferred revenue, and an increase in amortization expense for intangible assets.

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The following tables provide unaudited pro forma results of operations for the fiscal year ended January 31, 2014 as if the going-private transaction had occurred at the beginning of the fiscal year ended January 31, 2014. The impact of the fair value adjustments related to deferred revenue and intangible assets and the impact of interest expense on borrowings are the primary items impacting comparability between the Fiscal 2014 predecessor and successor periods.

	As Reported					
	Successor	Predecessor	Subtotal	Adjustments		Pro Forma Fiscal Year Ended January 31, 2014
	October 29, 2013 through January 31, 2014	February 2, 2013 through October 28, 2013	Fiscal Year Ended January 31, 2014	Going-private transaction	Notes	
	(in millions)					
Net revenue:						
Products	$ 11,253	$ 32,786	$ 44,039	$ (35)	(1)(2)	$ 44,004
Services, including software related	2,822	9,516	12,338	(763)	(2)	11,575
Total net revenue	14,075	42,302	56,377	(798)		55,579
Cost of net revenue:						
Products	10,695	28,150	38,845	25	(1)(3)(4)	38,870
Services, including software related	1,987	6,161	8,148	(131)	(3)(4)(5)(9)	8,017
Total cost of net revenue	12,682	34,311	46,993	(106)		46,887
Gross margin	1,393	7,991	9,384	(692)		8,692
Operating expenses:						
Selling, general, and administrative	2,863	6,528	9,391	822	(3)(4)(6)	10,213
Research, development, and engineering	328	945	1,273	3	(3)(4)	1,276
Total operating expenses	3,191	7,473	10,664	825		11,489
Operating income (loss)	(1,798)	518	(1,280)	(1,517)		(2,797)
Interest and other, net	(204)	(198)	(402)	(470)	(7)(10)	(872)
Income before income taxes	(2,002)	320	(1,682)	(1,987)		(3,669)
Income tax provision (benefit)	(390)	413	23	(368)	(8)	(345)
Net income (loss)	$ (1,612)	$ (93)	$ (1,705)	$ (1,619)		$ (3,324)

(1) Reflects the impact on the products net revenue and cost of net revenue as if the purchase accounting was applied to financing receivables as of the first day of the period. The adjustment reflects amortization of the financing receivables fair value adjustment over the three year weighted average useful life of the loan portfolio.
(2) Reflects the decrease in products and services net revenue to illustrate the effects of the going-private transaction. The adjustment represents the amortization of the deferred revenue fair value adjustment over the estimated useful life of one to three years.
(3) Reflects the impact on depreciation and amortization as if purchase accounting was applied to property, plant and equipment and purchased intangible assets as of the first day in the period.
(4) Reflects the impact to compensation expense related to replacement of share-based compensation awards.
(5) Reflects the impact on services cost of net revenue as if purchase accounting was applied to extended warranty liability as of the first day in the period. The adjustment reflects amortization related to the fair value adjustment over the estimated useful life of 2.5 years.

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(6) Represents the transaction costs related to the going-private transaction, included in the historical results, as these expenses are non-recurring and are not expected to have a continuing impact.
(7) Reflects interest expense and income resulting from our new capital structure, including acquisition-related debt upon closing the going-private transaction and extinguishment of existing debt.
(8) Reflects the tax effect of the pro forma adjustments. The tax effect pro forma adjustments for the going-private transaction were calculated utilizing blended tax rates. We operate in multiple jurisdictions, and therefore the adjustments were tax-affected based on marginal tax rates of the related jurisdictions, which resulted in a higher tax rate for the pro forma adjustments compared to the historical rate.
(9) Reflects the write-off of deferred cost of net revenue primarily related to the Dell Services business unit.
(10) Reflects the impact of adjusting for the mark to market of post-going-private transaction de-designated cash flow hedges.

Summary of Pro Forma Adjustments for Results of Operations for Fiscal Year ended January 31, 2014

	(in millions)
Net revenue:	
Products	**$ (35)**
(1) Amortization of financing receivables adjustment	(33)
(2) Amortization of deferred revenue adjustment	(2)
Services, including software related	**(763)**
(2) Amortization of deferred revenue adjustment	(763)
Cost of net revenue:	
Products	**25**
(1) Amortization of financing receivables adjustment	28
(3) Amortization of property, plant, and equipment and intangibles adjustments	17
(4) Impact to compensation expense	(14)
(6) Costs related to the going-private transaction	(6)
Services, including software related	**(131)**
(3) Amortization of property, plant, and equipment and intangibles adjustments	(86)
(4) Impact to compensation expense	(3)
(5) Amortization of warranty liability adjustment	(27)
(9) Write-off of deferred cost of net revenue	(15)
Operating expenses:	
Selling, general, and administrative	**822**
(3) Amortization of property, plant, and equipment and intangibles adjustments	1,296
(4) Impact to compensation expense	(105)
(6) Costs related to the going-private transaction	(369)
Research, development, and engineering	**3**
(3) Amortization of property, plant, and equipment and intangibles adjustments	11
(4) Impact to compensation expense	(8)
Interest and other, net	**(470)**
(7) Interest expense and income resulting from new capital structure	(464)

(10) Mark to market adjustment of de-designated cash flow hedges	(6)
Income tax provision / (benefit)	**(368)**
(8) Cumulative tax effect of pro forma adjustments	(368)

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Consolidated Operations

Fiscal 2015 Compared to Pro Forma Fiscal 2014 and Pro Forma Fiscal 2014 Compared to Fiscal 2013

The following management s discussion and analysis of our financial condition and results of operations covers Fiscal 2013 and Fiscal 2015 and the combined results for the 2014 predecessor and successor periods, adjusted for pro forma items directly associated with the going-private transaction to give effect to that transaction as if it had occurred on the first day of pro forma Fiscal 2014. These pro forma Fiscal 2014 results are unaudited. We believe the presentation of a twelve-month period on a pro forma basis for our 2014 fiscal year is meaningful to the reader and more useful for comparative purposes.

Supplementally to pro forma Fiscal 2014, we have presented pro forma Fiscal 2014 on a non-GAAP basis, referred to as non-GAAP pro forma Fiscal 2014, as we believe it enables the reader to evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons.

The following table summarizes our consolidated results of operations for each of the periods presented:

	Fiscal Year Ended							
	Successor January 30, 2015			Pro Forma January 31, 2014			Predecessor February 1, 2013	
	Dollars	**% of Revenue**	**% Change**	**Dollars**	**% of Revenue**	**% Change**	**Dollars**	**% of Revenue**
	(in millions, except percentages)							
Net revenue:								
Product	$ 46,690	80.3%	6%	$ 44,004	79.2%	(2)%	$ 44,744	78.6%
Services, including software related	11,429	19.7%	(1)%	11,575	20.8%	(5)%	12,196	21.4%
Total net revenue	$ 58,119	100.0%	5%	$ 55,579	100.0%	(2)%	$ 56,940	100.0%
Gross margin:								
Product	$ 6,275	13.4%	22%	$ 5,134	11.7%	(36)%	$ 8,061	18.0%
Services, including software related	3,933	34.4%	11%	3,558	30.7%	(14)%	4,125	33.8%
Total gross margin	$ 10,208	17.6%	17%	$ 8,692	15.6%	(29)%	$ 12,186	21.4%
Operating expenses	$ 10,630	18.3%	(7)%	$ 11,489	20.7%	25%	$ 9,174	16.1%
Operating income (loss)	$ (422)	(0.7)%	85%	$ (2,797)	(5.0)%	(193)%	$ 3,012	5.3%
Net income (loss)	$ (1,221)	(2.1)%	63%	$ (3,324)	(6.0)%	(240)%	$ 2,372	4.2%
Earnings (loss) per share diluted	(3.02)	N/A	63%	(8.23)	N/A	(710)%	1.35	N/A
Other Financial Information								
Non-GAAP revenue	$ 59,095	N/A	4%	$ 56,801	N/A	%	$ 56,940	N/A
	$ 11,747	19.9%	5%	$ 11,241	19.8%	(12)%	$ 12,708	22.3%

Non-GAAP gross margin											
Non-GAAP operating expenses	$	8,554	14.5%	(2)%	$	8,748	15.4%	%	$	8,735	15.3%
Non-GAAP operating income	$	3,193	5.4%	28%	$	2,493	4.4%	(37)%	$	3,973	7.0%
Non-GAAP net income	$	1,670	2.8%	57%	$	1,063	1.9%	(65)%	$	3,017	5.3%
EBITDA	$	2,555	4.3%	NM	$	194	0.3%	(95)%	$	4,156	7.3%
Adjusted EBITDA	$	3,766	6.4%	22%	$	3,087	5.4%	(39)%	$	5,040	8.9%
Non-GAAP earnings per share diluted	$	4.13	N/A	57%	$	2.63	N/A	53%	$	1.72	N/A

Non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, EBITDA, adjusted EBITDA, and non-GAAP earnings per share diluted are not measurements of financial performance prepared in accordance with GAAP. Non-GAAP financial measures

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as a percentage of revenue are calculated based on non-GAAP revenue. See *Non-GAAP Financial Measures* for information about these non-GAAP financial measures, including our reasons for including the measures, material limitations with respect to the usefulness of the measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure.

Overview

During Fiscal 2015, our total net revenue on a GAAP basis increased 5% when compared to pro forma Fiscal 2014. Revenue on a GAAP basis for Fiscal 2015 and pro forma Fiscal 2014 includes the impact of $976 million and $1,222 million, respectively, in purchase accounting adjustments related to the going-private transaction. On a non-GAAP basis, our total net revenue increased 4% during Fiscal 2015 when compared to non-GAAP pro forma Fiscal 2014, attributable to revenue growth from all four of our business units. These increases in both GAAP and non-GAAP revenue were primarily attributable to favorable market conditions coupled with improved execution through strategic pricing and the leveraging of our direct sales force as well as our channel partners. Increases in Client Solutions revenue contributed to most of the increase in revenue for Fiscal 2015, although increases in ESG, DSG, and Dell Services also contributed to the revenue increase to a lesser extent. In aggregate, revenue from ESG, DSG, and Dell Services represented 33.0% and 33.5% of total GAAP revenue for Fiscal 2015 and pro forma Fiscal 2014, respectively. This decline in revenue mix from ESG, DSG, and Dell Services occurred as revenue from these business units increased at a slower rate than revenue from Client Solutions during Fiscal 2015. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

During Fiscal 2015, operating income on a GAAP basis increased 85% when compared to pro forma Fiscal 2014 to an operating loss of $422 million. Operating income on a GAAP basis includes the impact of purchase accounting adjustments related to the going-private transaction, amortization of intangible assets, and other corporate expenses. In aggregate, these costs totaled $3.6 billion for Fiscal 2015 compared to $5.3 billion for pro forma Fiscal 2014. On a non-GAAP basis, during Fiscal 2015, operating income increased 28% to $3.2 billion, when compared to non-GAAP pro forma Fiscal 2014 operating income. The increase in non-GAAP operating income was primarily driven by an increase in non-GAAP product gross margin, and a reduction in operating expenses. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Cash flow provided by operating activities totaled $2.6 billion during Fiscal 2015. Our strong cash flow from operations during Fiscal 2015 was attributable to balanced working capital management and overall profitability. See *Liquidity, Capital Commitments, and Contractual Cash Obligations* for further information on our cash flow metrics.

Revenue

Fiscal 2015 compared to Pro Forma Fiscal 2014

Product Revenue Product revenue includes revenue from the sale of hardware products and Dell-owned software licenses. During Fiscal 2015, product revenue increased 6% when compared to pro forma Fiscal 2014. On a non-GAAP basis, product revenue during Fiscal 2015 also increased 6% when compared to non-GAAP pro forma Fiscal 2014. Overall, these increases were primarily attributable to increases in revenue from Client Solutions due to favorable market conditions during Fiscal 2015 and also due to our improved execution through strategic pricing. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Services Revenue, including software related Services revenue, including software related, includes revenue from our services offerings, support and deployment, third-party software, and support services related to Dell-owned software. During Fiscal 2015, revenue on a GAAP basis attributable to these services decreased 1% when compared to pro forma Fiscal 2014. On a non-GAAP basis, revenue during Fiscal 2015 decreased 2% when compared to non-GAAP pro forma Fiscal 2014. The slight decline in services revenue, including software related, for Fiscal 2015 was primarily attributable to

decreases in revenue from third-party software, as we elected not to resell certain third-party software offerings during the period. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

See *Product and Services Business Units* above for further information regarding revenue from our products, services, and software offerings.

From a geographical perspective, revenue across all regions increased during Fiscal 2015 when compared to pro forma Fiscal 2014. Revenue from emerging countries increased 9% during Fiscal 2015, driven primarily by an increase in revenue from India and China.

Pro Forma Fiscal 2014 compared to Fiscal 2013

Product Revenue During pro forma Fiscal 2014, product revenue decreased 2% when compared to Fiscal 2013 revenue on a GAAP basis. Product revenue for pro forma Fiscal 2014 includes $151 million in purchase accounting adjustments related to the going-private transaction. Excluding these costs, non-GAAP pro forma Fiscal 2014 product revenue decreased 1% when compared to Fiscal 2013 non-GAAP product revenue. Overall, this slight decline was attributable to decreases in revenue from Client Solutions, which were partially offset by increases in revenue from DSG, due to our Fiscal 2013 software acquisitions, and to a lesser extent, increases in revenue from ESG. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Services Revenue, including software related During pro forma Fiscal 2014, revenue attributable to these services decreased 5% when compared to Fiscal 2013. Pro forma Fiscal 2014 services revenue, including software related, includes $1.1 billion in purchase accounting adjustments related to the going-private transaction. Excluding these costs, revenue attributable to these services increased 4% for non-GAAP pro forma Fiscal 2014 when compared to Fiscal 2013 non-GAAP services revenue, including software related. Overall, this increase was driven by support services from Dell-owned software offerings, due to our Fiscal 2013 software acquisitions.

From a geographical perspective, revenue decreased across all regions during pro forma Fiscal 2014 when compared to Fiscal 2013. During pro forma Fiscal 2014, revenue from outside the U.S. decreased 2%. Revenue from emerging countries decreased 4% during pro forma Fiscal 2014. In particular, revenue from Brazil, Russia, India, and China, referred to as BRIC, decreased 3% during pro forma Fiscal 2014.

Gross Margin

Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, our total gross margin increased 17% to $10.2 billion on a GAAP basis when compared to pro forma Fiscal 2014. On a non-GAAP basis, our total gross margin during Fiscal 2015 increased 5% to $11.7 billion when compared to non-GAAP pro forma Fiscal 2014. During Fiscal 2015, gross margin percentage on a GAAP basis increased 200 basis points to 17.6% when compared to pro forma Fiscal 2014. On a non-GAAP basis, gross margin percentage increased 10 basis points to 19.9% when compared to non-GAAP pro forma Fiscal 2014. Gross margin on a GAAP basis for Fiscal 2015 includes the effects of $1.0 billion in purchase accounting adjustments related to the going-private transaction. In comparison, our gross margin for pro forma Fiscal 2014 included $2.0 billion in purchase accounting adjustments related to the going-private transaction. See *Dell s Going-Private Transaction* above for

more information about pro forma Fiscal 2014.

Products During Fiscal 2015, product gross margin dollars on a GAAP basis increased 22% when compared to pro forma Fiscal 2014. Product gross margin dollars on a non-GAAP basis for Fiscal 2015 increased 5% when compared to non-GAAP pro forma Fiscal 2014. Product gross margin percentage on a GAAP basis increased 170 basis points to 13.4% when compared to pro forma Fiscal 2014. Product gross margin percentage on a non-GAAP basis remained relatively unchanged when compared

to non-GAAP pro forma Fiscal 2014. The increase in product gross margin dollars was driven by higher gross margin from Client Solutions, resulting from favorable market conditions coupled with pricing discipline and continued focus on our cost structure. Our gross margins include benefits, relating primarily to settlements from certain vendors regarding their past pricing practices. These benefits were $93 million for Fiscal 2015 and immaterial for pro forma Fiscal 2014. Vendor settlements are allocated to our segments based on the relative amount of affected vendor products sold by each segment.

Services, including software related During Fiscal 2015, our gross margin for services, including software related, increased 11% on a GAAP basis when compared to pro forma Fiscal 2014. On a non-GAAP basis, during Fiscal 2015, our gross margin for services, including software related, increased 4% when compared to non-GAAP pro forma Fiscal 2014. On a GAAP basis, services, including software related, gross margin percentage increased 370 basis points to 34.4% when compared to pro forma Fiscal 2014. On a non-GAAP basis, services, including software related, gross margin percentage increased 250 basis points to 39.3% when compared to non-GAAP pro forma Fiscal 2014. The increase in services gross margin in dollars and gross margin percentages on a non-GAAP basis was attributable to higher gross margin from Dell Services as well as higher gross margin for support services related to DSG offerings.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, our total gross margin decreased 29% to $8.7 billion when compared to gross margin on a GAAP basis for Fiscal 2013. Our total gross margin percentage decreased 580 basis points to 15.6% when compared to Fiscal 2013. Pro forma Fiscal 2014 includes amortization of intangible assets and purchase accounting adjustments related to the going-private transaction, as well as other corporate items. In aggregate, these costs increased 388% when compared to Fiscal 2013. Excluding these costs, non-GAAP pro forma Fiscal 2014 gross margin decreased 12% to $11.2 billion when compared to gross margin on a non-GAAP basis for Fiscal 2013. Non-GAAP pro forma Fiscal 2014 gross margin percentage decreased 250 basis points to 19.8% when compared to Fiscal 2013 on a non-GAAP basis. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Products During pro forma Fiscal 2014, product gross margin dollars decreased 36% to $5.1 billion when compared to Fiscal 2013 on a GAAP basis. Non-GAAP pro forma Fiscal 2014 product gross margin dollars decreased 22% to $6.6 billion when compared to Fiscal 2013 on a non-GAAP basis. During pro forma Fiscal 2014, product gross margin percentage decreased 630 basis points to 11.7% when compared to Fiscal 2013 on a GAAP basis. Non-GAAP pro forma Fiscal 2014 gross margin percentage decreased 390 basis points to 14.9% when compared to Fiscal 2013 on a non-GAAP basis. These significant declines in product gross margin were driven by Client Solutions, as we experienced a competitive environment in this business during pro forma Fiscal 2014 and focused on growing our customer base. Our gross margins include benefits, relating primarily to settlements from certain vendors regarding their past pricing practices. These benefits were immaterial for pro forma Fiscal 2014 and $320 million for Fiscal 2013. Vendor settlements are allocated to our segments based on the relative amount of affected vendor products sold by each segment.

Services, including software related During pro forma Fiscal 2014, our gross margin dollars for services, including software related, decreased 14% to $3.6 billion when compared to Fiscal 2013 on a GAAP basis. Non-GAAP pro forma Fiscal 2013 gross margin dollars for services, including software related, increased 9% to $4.7 billion when compared to Fiscal 2013 on a non-GAAP basis. During pro forma Fiscal 2014, our

gross margin percentage for services, including software related, decreased 310 basis points to 30.7% when compared to Fiscal 2013 on a GAAP basis. Non-GAAP pro forma Fiscal 2014 services gross margin percentage increased 160 basis points to 36.8% when compared to Fiscal 2013 on a non-GAAP basis. This increase was driven by higher gross margin percentages from services attributable to DSG, which includes the results of our Fiscal 2013 software acquisitions, largely offset by lower gross margin attributable to Dell Services.

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Vendor Programs and Settlements

The terms and conditions of our vendor rebate programs are largely based on product volumes and are generally negotiated either at the beginning of the annual or quarterly period, depending on the program. The timing and amount of vendor rebates and other discounts we receive under the programs may vary from period to period reflecting changes in the competitive environment. We monitor our component costs and seek to address the effects of any changes to terms that might arise under our vendor rebate programs. Our gross margins for Fiscal 2015 and pro forma Fiscal 2014 were not materially affected by any changes to the terms of our vendor rebate programs, as the amounts we received under these programs were generally stable relative to our total net cost. We are not aware of any significant programmatic changes to vendor pricing or rebate programs that may impact our results in the near term.

Operating Expenses

The following table presents information regarding our operating expenses during each of the past three fiscal years:

	Fiscal Year Ended							
	Successor			Pro Forma			Predecessor	
	January 30, 2015			January 31, 2014			February 1, 2013	
	Dollars	% of Revenue	% Change	Dollars	% of Revenue	% Change	Dollars	% of Revenue
	(in millions, except percentages)							
Operating expenses:								
Selling, general, and administrative	$ 9,428	16.2%	(8)%	$ 10,213	18.4%	26%	$ 8,102	14.2%
Research, development, and engineering	1,202	2.1%	(6)%	1,276	2.3%	19%	1,072	1.9%
Total operating expenses	$ 10,630	18.3%	(7)%	$ 11,489	20.7%	25%	$ 9,174	16.1%
Other Financial Information								
Non-GAAP operating expenses	$ 8,554	14.5%	(2)%	$ 8,748	15.4%	%	$ 8,735	15.3%

Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, total operating expenses on a GAAP basis decreased 7% to $10.6 billion when compared to pro forma Fiscal 2014. During Fiscal 2015 and pro forma Fiscal 2014, we recognized $1.9 billion and $2.0 billion, respectively, in amortization of intangible assets and purchase accounting adjustments related to the going-private transaction. Excluding these costs as well as other corporate expenses, total operating expenses on a non-GAAP basis decreased 2% during Fiscal 2015 when compared to non-GAAP pro forma Fiscal 2014. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Selling, General, and Administrative SG&A expenses declined 8% on a GAAP basis when compared to pro forma Fiscal 2014. The decrease was driven by a reduction in compensation expense, due to personnel-related productivity initiatives enacted primarily in the fourth quarter of pro forma Fiscal 2014.

This decrease was partially offset by an increase in costs associated with our annual incentive plans, which is directly related to our stronger results for Fiscal 2015.

Research, Development, and Engineering On a GAAP basis, RD&E expenses were 2.1% of net revenue for Fiscal 2015. For pro forma Fiscal 2014, RD&E expenses were 2.3% of net revenue.

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Pro Forma Fiscal 2014 compared to Fiscal 2013

Total operating expenses for pro forma Fiscal 2014 increased 25% to $11.5 billion when compared to Fiscal 2013 on a GAAP basis. Pro forma Fiscal 2014 includes amortization of intangible assets and purchase accounting adjustments related to the going-private transaction, as well as other corporate items. In aggregate, these costs increased 524% when compared to Fiscal 2013. Excluding these costs, total operating expenses were effectively unchanged on a non-GAAP basis. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Selling, General, and Administrative During pro forma Fiscal 2014, SG&A expenses increased 26% when compared to Fiscal 2013 on a GAAP basis, driven by an increase in the amortization of intangible assets and purchase accounting related to the going-private transaction, as well as an increase in severance-related expenses. During pro forma Fiscal 2014, we recognized in SG&A approximately $2.0 billion of purchase accounting adjustments and amortization of intangible assets related to the going-private transaction, compared to approximately $0.2 billion of amortization of intangible assets in Fiscal 2013. Furthermore, in connection with the transformation of our business model, we incurred costs related to employee severance, primarily attributable to actions taken in the fourth quarter of pro forma Fiscal 2014.

Research, Development, and Engineering RD&E expenses were 2.3% of net revenue for pro forma Fiscal 2014, compared to 1.9% of net revenue for Fiscal 2013. The increase was driven by investments in our software capabilities.

Operating Income/Loss

Fiscal 2015 compared to Pro Forma Fiscal 2014

On a GAAP basis, during Fiscal 2015, operating loss decreased 85% to an operating loss of $422 million when compared to pro forma Fiscal 2014. Operating income on a GAAP basis for Fiscal 2015 included $3.4 billion in amortization of intangible assets and purchase accounting adjustments associated with the going-private transaction. In comparison, during pro forma Fiscal 2014, we recognized $4.5 billion in amortization of intangibles and purchase accounting adjustments associated with the going-private transaction. Excluding these costs as well as other corporate expenses, during Fiscal 2015, operating income on a non-GAAP basis increased 28% to $3.2 billion when compared to non-GAAP pro forma Fiscal 2014. These increases were primarily attributable to higher gross margin, coupled with a decrease in operating expenses. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, operating income decreased 193% to an operating loss of $2.8 billion, when compared to Fiscal 2013 on a GAAP basis. Operating loss for pro forma Fiscal 2014 basis includes $4.5 billion in amortization of intangible assets and purchase accounting adjustments related to the going-private transaction, as well as $0.8 billion in other corporate items, including severance and acquisition related expenses. Excluding these costs, non-GAAP pro forma Fiscal 2014 operating income decreased 37% to $2.5 billion when compared to Fiscal 2013 non-GAAP operating income. Overall, these declines were driven by a decrease in product gross margin percentage for our Client Solutions offerings. These factors were slightly offset by an increase in gross margin for services, including software related services. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

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Interest and Other, Net

The following table provides a detailed presentation of interest and other, net for each of the periods presented:

	Fiscal Year Ended		
	Successor January 30, 2015	Pro Forma January 31, 2014	Predecessor February 1, 2013
		(in millions)	
Interest and other, net:			
Investment income, primarily interest	$ 47	$ 42	$ 100
Gain (loss) on investments, net	(29)	2	35
Interest expense	(807)	(857)	(270)
Foreign exchange	(96)	(47)	(18)
Other	(39)	(12)	(18)
Interest and other, net	$ (924)	$ (872)	$ (171)

Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, changes in interest and other, net were unfavorable by $52 million, when compared to pro forma Fiscal 2014. This change was primarily attributable to an increase in foreign exchange losses and a loss on investments, partially offset by a decrease in interest expense due to lower debt balances over the period. The increase in foreign exchange losses was due to higher costs associated with our hedging program and revaluations of certain un-hedged foreign currencies.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, interest and other, net increased by $701 million when compared to Fiscal 2013. This change was primarily driven by an increase in interest expense due to the incremental borrowings we incurred to finance the going-private transaction. In addition, we experienced a reduction in investment income, driven by a decrease in the size of our investment portfolio when compared to Fiscal 2013.

Income and Other Taxes

Our effective income tax rate was 9.3% and 9.4% on pre-tax losses of $1,346 million and $3,669 million for Fiscal 2015 and pro forma Fiscal 2014, respectively, and 16.5% on pre-tax income of $2,841 million for Fiscal 2013. The change in our effective income tax rate for Fiscal 2015 as compared to pro forma Fiscal 2014 was primarily attributable to fewer charges related to the going-private transaction which are generally deductible at higher tax rates, offset by a valuation allowance on deferred tax assets recorded in pro forma Fiscal 2014 for one of its foreign jurisdictions, and a change in the mix of geographic income to lower tax jurisdictions. The change in our effective income tax rate for pro forma Fiscal 2014 as compared to Fiscal 2013, was primarily driven by purchase accounting and acquisition-related charges, lower income from lower tax jurisdictions, vendor settlements we received in Fiscal 2013, which are taxed at lower than U.S. tax rates, and an increase in valuation allowances for pro forma Fiscal 2014 as discussed above.

Our effective tax rate can fluctuate depending on the geographic distribution of our world-wide earnings, as our foreign earnings are generally taxed at lower rates than in the U.S. In certain jurisdictions, our tax rate is significantly less than the applicable statutory rate as a result of tax holidays. The majority of our foreign income that is subject to these tax holidays and lower tax rates is attributable to Singapore, China, and Malaysia. Our significant tax holidays expire in whole or in part during fiscal years 2017 through 2023. The differences between our effective tax rate and the U.S. federal statutory rate of 35% principally resulted from the geographical distribution of taxable income discussed above and permanent differences between the book and tax treatment of certain items. We continue to assess our business model and its impact in various taxing jurisdictions.

For further discussion regarding tax matters, including the status of income tax audits, see Note 12 of the Notes to the Audited Consolidated Financial Statements of Denali.

Net Income/Loss

Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, net loss on a GAAP basis decreased 63% to a loss of $1.2 billion when compared to pro forma Fiscal 2014. Net loss for Fiscal 2015, on a GAAP basis, and pro forma Fiscal 2014 includes amortization of intangible assets, purchase accounting adjustments, the costs related to the going-private transaction, and other corporate expenses. In aggregate these costs totaled $3.6 billion and $5.3 billion for Fiscal 2015 and pro forma Fiscal 2014, respectively. Excluding these costs, net income for Fiscal 2015 on a non-GAAP basis increased 57% to $1.7 billion when compared to non-GAAP pro forma Fiscal 2014. The increase in non-GAAP net income for Fiscal 2015 is primarily attributable to an increase in operating income. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, net income on a GAAP basis decreased 240% to a loss of $3.3 billion. In addition to the above-mentioned costs, net income for pro forma Fiscal 2014 includes a $204 million valuation allowance on deferred tax assets. Excluding these costs, net income for non-GAAP pro forma Fiscal 2014 declined 65% to $1.1 billion when compared to Fiscal 2013 on a non-GAAP basis. The decline in net income for both pro forma Fiscal 2014 and non-GAAP pro forma Fiscal 2014 was primarily attributable to decreases in operating income, partially offset by a lower effective tax rate. See *Dell s Going-Private Transaction* above for more information about pro forma Fiscal 2014.

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Product and Services Business Units

Fiscal 2015 Compared to Pro Forma Fiscal 2014 and Pro Forma Fiscal 2014 Compared to Fiscal 2013

Recognition of Dell s Going-Private Transaction for Product and Services Business Units

For analyzing results of operations for Product and Services Business Units, we have presented Fiscal 2015 compared to pro forma Fiscal 2014 and pro forma Fiscal 2014 compared to Fiscal 2013. The impact of purchase accounting and intangibles amortization associated with the going-private transaction are recorded at the corporate level and not recorded within the Business Units. As a result, the comparability of Business Unit results across the fiscal periods being analyzed herein are not impacted by the going-private transaction and related accounting impacts.

	Successor October 29, 2013 through January 31, 2014	Predecessor February 2, 2013 through October 28, 2013	Subtotal Fiscal Year Ended January 31, 2014	Adjustments Going-Private Transaction	Pro Forma Fiscal Year Ended January 31, 2014
Consolidated net revenue:					
Client Solutions	$ 9,839	$ 28,101	$ 37,940	$	$ 37,940
Enterprise Solutions Group	3,500	10,875	$ 14,375		14,375
Dell Software Group	360	951	$ 1,311		1,311
Dell Services	739	2,219	$ 2,958		2,958
Segment net revenue	$ 14,438	$ 42,146	$ 56,584	$	56,584
Corporate (a)	61	156	$ 217		217
Impact of purchase accounting (b)	(424)		$ (424)	(798)	(1,222)
Total	$ 14,075	$ 42,302	$ 56,377	$ (798)	$ 55,579
Consolidated operating income:					
Client Solutions	$ 289	$ 1,070	$ 1,359	$	$ 1,359
Enterprise Solutions Group	270	867	1,137		1,137
Dell Software Group	(52)	(196)	(248)		(248)
Dell Services	2	(44)	(42)		(42)
Segment operating income	509	1,697	2,206		2,206
Impact of purchase accounting (b)	(1,252)		(1,252)	(868)	(2,120)
Amortization of intangible assets	(584)	(594)	(1,178)	(1,155)	(2,333)
Corporate (a)	102		102	185	287
Other (c)	(573)	(585)	(1,158)	321	(837)
Total	$ (1,798)	$ 518	$ (1,280)	$ (1,517)	$ (2,797)

(a) Corporate primarily consists of unallocated transactions and certain security offerings.
(b) Impact of purchase accounting in the successor periods represents the non-cash purchase accounting adjustments related to the going-private transaction.
(c) Other costs include severance, facility, acquisition, and compensation expenses and costs related to the going-private transaction.

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Client Solutions:

The following table presents revenue and operating income attributable to Client Solutions for the respective periods:

	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net Revenue:					
Desktops and thin client	$ 13,457	2%	$ 13,160	2%	$ 12,915
Mobility	15,504	10%	14,085	(7)%	15,226
Client Solutions services	2,718	1%	2,703	1%	2,674
Peripherals and third-party software	7,955	%	7,992	(5)%	8,416
Total Client Solutions revenue	$ 39,634	4%	$ 37,940	(3)%	$ 39,231
Operating Income:					
Client Solutions operating income	$ 2,051	51%	$ 1,359	(52)%	$ 2,824
% of segment revenue	*5.2%*		*3.6%*		*7.2%*

Fiscal 2015 compared to Pro Forma Fiscal 2014

Revenue attributable to Client Solutions for Fiscal 2015 benefited from our strategic decision to pursue a more competitive price position as well as leverage our broad portfolio of client products. During Fiscal 2015, Client Solutions experienced a 4% increase in net revenue when compared to pro forma Fiscal 2014, as we saw growth across most categories of our Client Solutions offerings driven by an increase in units sold. The increase in revenue for Client Solutions was driven by a 10% increase in mobility revenue, as we leveraged our go-to-market sales capabilities, enabled by a broad portfolio of products and solutions. Desktops and thin client and mobility revenue for Fiscal 2015 also benefited from favorable market conditions, driven by the Windows XP refresh cycle, which gradually weakened in the second half of the year. During Fiscal 2015, revenue from desktops and thin client products and Client Solutions services increased 2% and 1%, respectively. Revenue from peripherals and third-party software was effectively unchanged during Fiscal 2015. Throughout Fiscal 2015, we improved our execution through strategic pricing, leveraging our direct sales force as well as our channel partners. We have also been experiencing a consolidation of the industry, which contributed to the improved results for Fiscal 2015. From a geographical perspective, revenue attributable to Client Solutions increased across all regions during Fiscal 2015, led by an increase in revenue from the Americas.

During Fiscal 2015, Client Solutions operating income as a percentage of revenue increased 160 basis points to 5.2%. This increase was attributable to an improvement in our gross margin percentage, driven primarily by desktops and notebooks as we benefited from favorable market conditions. The increase in operating income was also due to a reduction in our operating expense percentage as we continue to optimize our cost structure.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, Client Solutions experienced a 3% decrease in net revenue, which was attributable to a 7% decline in mobility revenue and a 5% decline in revenue from peripherals and third-party software. Slightly mitigating these declines, revenue from desktops and thin client products increased 2% during pro forma Fiscal 2014. Revenue from our mobility offerings was impacted by competition from alternative mobile solutions, a competitive pricing environment, and industry contraction in the sales of desktops and notebooks. Revenue from peripherals and third-party software was impacted during pro forma Fiscal 2014 as we elected not to participate in lower-value software and peripheral offerings. Overall Client Solutions units sold were relatively flat during pro forma Fiscal 2014. At a regional level, Client Solutions revenue declined across all regions during pro forma Fiscal 2014.

During pro forma Fiscal 2014, operating income as a percentage of revenue attributable to Client Solutions decreased 360 basis points to 3.6%. Overall, this decrease was attributable to a decline in our gross margin percentages for our products as we faced a competitive environment and made strategic pricing decisions to improve our competitive position.

Enterprise Solutions Group:

The following table presents revenue and operating income attributable to ESG for the respective periods:

	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net Revenue:					
Servers and networking	$ 9,749	5%	$ 9,276	5%	$ 8,799
Storage	1,437	(5)%	1,518	(10)%	1,694
ESG services	2,445	(4)%	2,553	1%	2,539
ESG peripherals and third-party software	1,083	5%	1,028	5%	977
Total ESG revenue	$ 14,714	2%	$ 14,375	3%	$ 14,009
Operating Income:					
ESG operating income	$ 1,230	8%	$ 1,137	(9)%	$ 1,256
% of segment revenue	*8.4%*		*7.9%*		*9.0%*

Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, ESG experienced a 2% increase in net revenue, which was attributable to a 5% increase in revenue from our servers and networking products, driven by an increase in PowerEdge server units and average selling prices attributable to richer configurations. In addition, revenue from peripherals and third-party software increased 5% during Fiscal 2015. These increases were partially offset by a 5% decline in storage revenue, and a 4% decline in revenue from ESG services. In ESG services, the 4% decrease during Fiscal 2015 was driven by declines in support and deployment and consulting services as we restructured the consulting capabilities to a more focused selection of offerings and geographies. From a geographical perspective, ESG revenue increased during Fiscal 2015 driven by an increase in revenue from EMEA and, to a lesser extent, an increase in revenue from APJ, partially offset by a decline in revenue from the Americas.

During Fiscal 2015, operating income as a percentage of revenue attributable to ESG increased 50 basis points to 8.4%. This increase was primarily driven by a decline in our operating expense percentage as we continue to optimize our cost structure, partially offset by a decline in our gross margin percentage.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, ESG experienced a 3% increase in net revenue driven by a 5% increase in revenue from servers and networking, primarily due to an increase in revenue from our servers, and a 5% increase in peripherals and third-party software. This increase was partially offset by a 10% decline in storage revenue during pro forma Fiscal 2014. From a geographical perspective, we experienced an increase in ESG revenue across all regions during pro forma Fiscal 2014, led by an increase in revenue from APJ.

During pro forma Fiscal 2014, operating income as a percentage of revenue attributable to ESG declined 110 basis points to 7.9%. Overall, this decrease was attributable to a decline in our gross margin percentage, driven by declines in the gross margin percentages of servers and networking, offset partially by a decrease in operating expense percentage.

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Dell Software Group:

The following table presents revenue and operating income attributable to DSG for the respective periods:

	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net Revenue:					
Dell Software Group revenue	$ 1,493	14%	$ 1,311	107%	$ 632
Operating Loss:					
DSG operating loss	$ (30)	88%	$ (248)	(76)%	$ (141)
% of segment revenue	*(2.0)%*		*(18.9)%*		*(22.3)%*

Fiscal 2015 compared to Pro Forma Fiscal 2014

DSG includes systems management, security software solutions, and information management software offerings. During Fiscal 2015, revenue attributable to DSG increased 14% as we experienced growth across our entire portfolio of software solutions.

During Fiscal 2015, DSG operating loss as a percentage of revenue decreased to an operating loss percentage of 2.0%. Overall, the decrease in operating loss percentage was primarily driven by a decrease in our operating expense percentage.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, DSG contributed $1.3 billion in revenue, compared to $632 million for Fiscal 2013. During Fiscal 2013, we completed several software acquisitions, including our acquisitions of Quest Software during the third quarter of Fiscal 2013 and SonicWALL during the second quarter of Fiscal 2013. Substantially all of the results attributable to DSG for pro forma Fiscal 2014 were related to these acquisitions.

During pro forma Fiscal 2014, DSG operating loss as a percentage of revenue decreased 340 basis points to an operating loss percentage of 18.9%. Overall, this decrease was due to an increase in our gross margin percentage, primarily driven by systems management, partially offset by an increase in operating expense percentage.

Dell Services:

The following table presents revenue and operating income attributable to Dell Services for the respective periods:

	Fiscal Year Ended				
	Successor January 30, 2015	% Change	Pro Forma January 31, 2014	% Change	Predecessor February 1, 2013
	(in millions, except percentages)				
Net Revenue:					
Infrastructure and cloud services	$ 1,734	%	$ 1,735	8%	$ 1,603
Applications and business process services	1,248	2%	1,223	(6)%	1,295
Total Dell Services revenue	$ 2,982	1%	$ 2,958	2%	2,898
Operating Income (Loss):					
Dell Services operating income (loss)	$ 124	395%	$ (42)	52%	(87)
% of segment revenue	4.2%		(1.4)%		(3.0)%

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Fiscal 2015 compared to Pro Forma Fiscal 2014

During Fiscal 2015, Dell Services experienced a 1% increase in net revenue. Revenue from applications and business process services increased 2% during Fiscal 2015, due to an increase in revenue from applications services. Revenue from infrastructure and cloud services was effectively unchanged during that period. Services backlog decreased 4% to $8.0 billion as of January 30, 2015, compared to $8.3 billion as of January 31, 2014. Our focus continues to be on signing new contracts and improving our cost structure to enable our growth in the market. At a regional level, Dell Services revenue is comprised primarily of the U.S. market, and U.S. revenue remained largely unchanged during Fiscal 2015.

During Fiscal 2015, operating income percentage increased 560 basis points to 4.2%. Overall, this increase was attributable to an increase in our gross margin percentage, driven by infrastructure and cloud services, coupled with a decline in our operating expense percentage.

Estimated services backlog is primarily related to our outsourcing services business. The majority of services backlog represents signed contracts that are initially $2 million or more in total expected revenue with an initial contract term of at least 18 months. We provide information regarding services backlog because we believe it provides useful trend information regarding changes in the size of our services business over time. The terms of the signed services contracts included in our calculation of services backlog are subject to change and are affected by terminations, changes in the scope of services, and changes to other factors that could impact the value of the contract. For these and other reasons, it is not reasonably practicable to estimate the portions of these backlog amounts that will ultimately be recognized as revenue when performance on the contracts is completed.

Pro Forma Fiscal 2014 compared to Fiscal 2013

During pro forma Fiscal 2014, Dell Services experienced a 2% increase in net revenue. This increase was attributable to an 8% increase in revenue from infrastructure and cloud offerings, as we benefited from new infrastructure contract signing over the prior fiscal year. These increases were partially offset by a 6% decrease in revenue from applications and business process services, primarily due to a Fiscal 2013 divestiture, as we continued to focus on positioning Dell Services toward higher-value opportunities. At a regional level, Dell services revenue from APJ and EMEA increased during pro forma Fiscal 2014. These increases were partially offset by a decline in revenue from the Americas, due to a decrease in revenue from the U.S.

During pro forma Fiscal 2014, operating loss percentage decrease 160 basis points to an a operating loss percentage of 1.4%. Overall, this decrease was attributable to a decline in our operating expense percentage.

Accounts Receivable

We sell products and services directly to customers and through a variety of sales channels, including retail distribution. As of October 30, 2015, our accounts receivable, net, was $5.9 billion, compared to $6.1 billion as of January 30, 2015. This decrease was driven by a decline in revenue in the third quarter of Fiscal 2016, compared to the fourth quarter of Fiscal 2015. Our accounts receivable, net, as of January 30, 2015 represented a 3% decrease from our balance as of January 31, 2014. This decrease in accounts receivable, net was primarily due to the impact of foreign exchange rates on our accounts receivable denominated in foreign currency. We maintain an allowance for doubtful accounts to cover receivables that may be deemed uncollectible. The allowance for losses is based on a provision for accounts that are collectively evaluated based on historical bad debt experience as well as specific identifiable customer accounts that are deemed at risk. As of October 30, 2015, January 30, 2015, and January 31, 2014, the allowance for doubtful accounts was $50 million, $60 million, and $17 million, respectively. The lower

balance in the allowance for doubtful accounts as of January 31, 2014 was due to purchase accounting adjustments related to the going-private transaction. Based on our assessment, we believe we are adequately reserved for expected credit losses. We monitor the aging of our accounts receivable and continue to take actions to reduce our exposure to credit losses.

Dell Financial Services and Financing Receivables

Dell Financial Services, referred to as DFS, offers a wide range of financial services, including originating, collecting, and servicing customer receivables primarily related to the purchase of Dell products. In some cases, we originate financing activities for our commercial customers related to the purchase of third-party technology products that complement our portfolio of products and services. New financing originations, which represent the amounts of financing provided by DFS to customers for equipment and related software and services, including third-party originations, were $0.9 billion for the third quarter of both Fiscal 2016 and Fiscal 2015, and $2.8 billion and $2.7 billion for the first nine months of Fiscal 2016 and Fiscal 2015, respectively. For Fiscal 2015, pro forma Fiscal 2014, and Fiscal 2013, new financing originations, including third-party originations, were $3.7 billion, $3.3 billion, and $3.5 billion, respectively. As of October 30, 2015, our financing receivables, net were $5.2 billion. As of both January 30, 2015 and January 31, 2014, our financing receivables, net were $5.0 billion.

During pro forma Fiscal 2014, prior to the going-private transaction, we completed our acquisition of CIT Vendor Finance s Dell-related financing assets portfolio and sales and servicing functions in Europe which will enable global expansion of the Company s direct finance model. In connection with this transaction we obtained a bank license from The Central Bank of Ireland to facilitate the Company s ongoing offerings of financial services in Europe.

We have securitization programs to fund revolving loans and fixed-term leases and loans through consolidated special purpose entities, referred to as SPEs, which we account for as secured borrowings. We transfer certain U.S. customer financing receivables to these SPEs, whose purpose is to facilitate the funding of customer receivables through financing arrangements with multi-seller conduits that issue asset-backed debt securities in the capital markets and private investors. During the third quarters of Fiscal 2016 and Fiscal 2015, we transferred $711 million and $596 million, respectively, to these SPEs and during the first nine months of Fiscal 2016 and Fiscal 2015, we transferred $2.5 billion and $2.0 billion, respectively. During Fiscal 2015, pro forma Fiscal 2014, and Fiscal 2013, we transferred $2.7 billion, $5.4 billion, and $2.0 billion to these SPEs respectively. The significant amount of receivables securitized through SPEs during pro forma Fiscal 2014 reflect our entry into new securitization programs as a result of the going-private transaction. Our risk of loss related to these securitized receivables is limited to the amount of our over-collateralization in the transferred pool of receivables. The structured financing debt related to all of our securitization programs included as secured borrowing was $2.9 billion, $2.3 billion, and $2.3 billion as of October 30, 2015, January 30, 2015 and January 31, 2014, respectively. In addition, the carrying amount of the corresponding financing receivables was $3.4 billion, $3.0 billion, and $3.3 billion as of October 30, 2015, January 30, 2015, and January 31, 2014, respectively.

We maintain an allowance to cover expected financing receivable credit losses and evaluate credit loss expectations based on our total portfolio. For the third quarters of Fiscal 2016 and Fiscal 2015, the principal charge-off rate for our total portfolio was 2.0% and 2.6%, respectively. For the first nine months of Fiscal 2016 and Fiscal 2015, the principal charge-off rate for our total portfolio was 2.5% and 2.9%, respectively. For Fiscal 2015, pro forma Fiscal 2014, and Fiscal 2013, the principal charge-off rate for our total portfolio was 2.9%, 3.7%, and 4.1%, respectively. The credit quality mix of our financing receivables has improved in recent years due to our underwriting actions and as the mix of high quality commercial accounts in our portfolio has increased. The allowance for losses is determined based on various factors, including historical and anticipated experience, past due receivables, receivable type, and customer risk profile. At October 30, 2015, January 30, 2015, and January 31, 2014, the allowance for financing receivable losses was $172 million, $194 million, and $215 million, respectively. In general, the loss rates on our financing receivables have improved over the periods presented. We expect the loss rates in future periods to stabilize, with movements in these rates being primarily driven by seasonality and a continued shift in portfolio composition to lower risk commercial assets. We continue to monitor broader economic indicators and their potential impact on future loss performance. We have an extensive process to manage our exposure to customer credit risk, including active

management of credit lines and our collection activities. We also sell selected fixed-term financing receivables to unrelated third parties on a periodic basis, primarily to manage certain concentrations of customer credit exposure. Based on our assessment of the customer financing receivables, we believe that we are adequately reserved.

See Note 5 of the Notes to the Audited Consolidated Financial Statements of Denali and Note 3 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for additional information about our financing receivables and the associated allowance.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements.

LIQUIDITY, CAPITAL COMMITMENTS, AND CONTRACTUAL CASH OBLIGATIONS

Market Conditions

We regularly monitor economic conditions and associated impacts on the financial markets and our business. We consistently evaluate the financial health of our supplier base, carefully manage customer credit, diversify counterparty risk, and monitor the concentration risk of our cash and cash equivalents balances globally. We routinely monitor our financial exposure to borrowers and counterparties.

We monitor credit risk associated with our financial counterparties using various market credit risk indicators such as credit ratings issued by nationally recognized rating agencies and changes in market credit default swap levels. We perform periodic evaluations of our positions with these counterparties and may limit exposure to any one counterparty in accordance with our policies. We monitor and manage these activities depending on current and expected market developments.

We use derivative instruments to hedge certain foreign currency exposures. We use forward contracts and purchased options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted transactions denominated in currencies other than the U.S. dollar. In addition, we primarily use forward contracts and may use purchased options to hedge monetary assets and liabilities denominated in a foreign currency. See Note 7 of the Notes to the Audited Consolidated Financial Statements of Denali and Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for more information about our use of derivative instruments.

See *Risk Factors* for further discussion of risks associated with our use of counterparties. The impact on our Consolidated Financial Statements and Condensed Consolidated Financial Statements of any credit adjustments related to these counterparties has been immaterial.

Liquidity

To support our ongoing business operations, we rely on operating cash flows as our primary source of liquidity. We monitor the efficiency of our balance sheet to ensure that we have adequate liquidity to support our strategic initiatives. In addition to internally generated cash, we have access to other capital sources, including the ABL Credit Facility, to finance our strategic initiatives and fund growth in our financing operations. As of October 30, 2015 we had $6.0 billion of total cash and cash equivalents, substantially all of which was held outside of the U.S. Our strategy is to deploy capital from any potential source, whether internally generated cash or debt, depending on the adequacy and availability of that source of capital and whether it can be accessed in a cost effective manner.

A significant portion of our income is earned in non-U.S. jurisdictions. Under current law, earnings available to be repatriated to the U.S. would be subject to U.S. federal income tax, less applicable foreign tax credits. We have provided for the U.S. federal tax liability on these amounts for financial statement purposes, except for foreign

earnings that are considered permanently reinvested outside of the U.S. We utilize a variety of tax planning and financing strategies with the objective of having our worldwide cash available in the locations where it is needed.

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The following table summarizes our cash and cash equivalents as well as our available borrowings as of October 30, 2015, January 30, 2015, and January 31, 2014:

	October 30, 2015	Successor January 30, 2015	January 31, 2014
		(in millions)	
Cash and cash equivalents, and available borrowings:			
Cash and cash equivalents	$ 5,982	$ 5,398	$ 6,449
Remaining available borrowings under the asset-backed credit line (ABL Credit Facility)	1,810	1,716	976
Total cash, cash equivalents, and available borrowings	$ 7,792	$ 7,114	$ 7,425

The maximum aggregate borrowings under the ABL Credit Facility are approximately $2.0 billion. Borrowings under the ABL Credit Facility are subject to a borrowing base, which consists of certain receivables and inventory. Available borrowings under the ABL Credit Facility are reduced by draws on the facility as well as outstanding letters of credit. As of October 30, 2015, there were no draws on the facility and, after taking into account outstanding letters of credit, our available capacity totaled $1.8 billion.

To finance the going-private transaction, we issued $13.9 billion in debt, which included borrowings under the Term Loan Facilities and the ABL Credit Facility, proceeds from the sale of Senior First Lien Notes and the Microsoft Note, and borrowings under structured financing debt programs. See Note 1 and Note 6 of the Notes to the Audited Consolidated Financial Statements of Denali and Note 4 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for more information on the going-private transaction and our outstanding borrowings.

The following table summarizes our outstanding debt as of October 30, 2015, January 30, 2015, and January 31, 2014:

	October 30, 2015	Successor January 30, 2015	January 31, 2014
		(in millions)	
Outstanding Debt:			
Term loan facilities and Senior First Lien Notes	$ 7,736	$ 8,071	$ 8,465
Unsecured notes and debentures	2,853	3,553	3,900
Structured financing debt	3,463	2,690	2,504
Borrowings under the ABL credit facility			750
Microsoft Note	26	26	2,018
Other	79	47	44
Total debt, principal amount	14,157	14,387	17,681
Carrying value adjustments	(227)	(232)	(266)
Total debt, carrying value	$ 13,930	$ 14,155	$ 17,415

During the first nine months of Fiscal 2016, we repaid $0.7 billion in maturing Unsecured Notes and Debentures and $0.3 billion, net, in Term Loan Facilities, and issued approximately $0.8 billion, net, in additional structured financing debt. During Fiscal 2015, we repaid $3.3 billion of debt, which primarily consisted of $2.0 billion principal amount of the Microsoft Note, $0.8 billion of borrowings outstanding under the ABL Credit Facility, $0.3 billion in maturing senior notes, and $0.2 billion in Term Loan Facilities. In addition, during Fiscal 2015, we issued $0.2 billion, net, in additional structured financing debt.

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Our requirements for cash to pay principal and interest have increased significantly due to the incremental borrowings we incurred to finance the going-private transaction. We may, from time to time, at our sole discretion, purchase, redeem, prepay, refinance, or otherwise retire our outstanding indebtedness under the terms of such indebtedness, in open market or negotiated transactions with the holders of such indebtedness, or otherwise. On June 10, 2015, we refinanced and amended the Term Loan facilities to reduce interest rate floors and margins and to modify certain covenant requirements. The refinancing increased the outstanding Term Loan Euro Facility from 0.6 billion to 0.8 billion, offset by a decrease in the Term Loan B Facility from $4.6 billion to $4.4 billion. The interest rate for both the Term Loan B Facility and Euro Facility was reduced to 4%.

We balance the use of our securitization programs with working capital and other sources of liquidity to fund growth in our global financial services business. Of the $14.2 billion in outstanding principal debt as of October 30, 2015, $4.5 billion, which includes $3.5 billion in structured financing debt, is used to fund this business. Of the $14.4 billion in outstanding principal debt as of January 30, 2015, $4.4 billion, which includes $2.7 billion in structured financing debt, is used to fund this business.

We believe that our current cash and cash equivalents, along with cash that will be provided by future operations, and borrowings expected to be available under the ABL Credit Facility, will be sufficient to fund our operations, capital expenditures, debt service requirements, shares subject to the appraisal proceedings, and any tax audit settlements described in Note 11 and Note 12 of the Notes to the Audited Consolidated Financial Statements of Denali, respectively, and Note 8 and Note 9 to the Unaudited Condensed Consolidated Financial Statements of Denali, respectively, over at least the next twelve months.

The following table contains a summary of our Condensed Consolidated Statements of Cash Flows for the first nine months of Fiscal 2016 and Fiscal 2015:

	Successor Nine Months Ended	
	October 30, 2015	**October 31 2014**
	(in millions)	
Net change in cash from:		
Operating activities	$ 1,191	$ 1,749
Investing activities	(198)	(289)
Financing activities	(321)	(2,550)
Effect of exchange rate changes on cash and cash equivalents	(88)	(31)
Change in cash and cash equivalents	$ 584	$ (1,121)

Operating Activities Cash provided by operating activities was $1.2 billion for the first nine months of Fiscal 2016. In comparison, cash provided by operating activities was $1.8 billion for the first nine months of Fiscal 2015. The decrease was primarily attributable to a decrease in GAAP net income coupled with a decline in the cash generated from working capital changes.

Investing Activities Investing activities primarily consist of capital expenditures for property, plant, and equipment, collections on purchased financing receivables, and proceeds from sale of facilities, land and other assets. Cash used in investing activities was $198 million and $289 million during the first nine months of Fiscal 2016 and Fiscal 2015,

respectively. In the first nine months of Fiscal 2015, investing activities also included $73 million used to fund acquisitions.

Financing Activities Financing activities primarily consist of the proceeds and repayments of debt. During the first nine months of Fiscal 2016, cash used in financing activities was $0.3 billion, as we issued approximately $0.8 billion, net, in additional structured financing debt, repaid $0.7 billion in maturing unsecured

notes and debentures and repaid $0.4 billion, net, in Term Loan Facilities and related foreign currency derivative settlements. In comparison, cash used in financing activities was $2.6 billion during the first nine months of Fiscal 2015, as we repaid approximately $2.9 billion of debt, and issued approximately $0.4 billion, net, in additional structured financing debt. See Note 3 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for more information about our securitization programs, and Note 4 of the Notes to the Unaudited Condensed Consolidated Financial Statements of Denali for more information about our debt.

The following table contains a summary of our Consolidated Statements of Cash Flows for the respective periods:

	Successor (a)		Predecessor	
	Fiscal Year Ended January 30, 2015	**October 29, 2013 through January 31, 2014**	**February 2, 2013 through October 28, 2013**	**Fiscal Year Ended February 1, 2013**
		(in millions)		
Net change in cash from:				
Operating activities	$ 2,551	$ 1,082	$ 1,604	3,283
Investing activities	(355)	(8,553)	1,564	(3,316)
Financing activities	(3,094)	13,960	(4,630)	(1,210)
Effect of exchange rate changes on cash and cash equivalents	(153)	(40)	(67)	(40)
Change in cash and cash equivalents	$ (1,051)	$ 6,449	$ (1,529)	$ (1,283)
Cash and cash equivalents at beginning of period	$ 6,449	$	$ 12,569	$ 13,852
Cash and cash equivalents at end of the period	$ 5,398	$ 6,449	$ 11,040	$ 12,569

(a) In accordance with authoritative guidance for business combinations, we have reflected the acquisition of Dell by Denali Holding as a cash outflow, net of cash acquired, in cash used in investing activities in the successor period ending January 31, 2014. See Note 1 of the Notes to the Audited Consolidated Financial Statements of Denali for more information on the going-private transaction.

Operating Activities Cash provided by operating activities was $2.6 billion for Fiscal 2015, $1.1 billion for the successor period ending January 31, 2014, and $1.6 billion for the predecessor period ending October 28, 2013. Our strong operating cash flows over these periods was due to balanced working capital management and sustained profitability.

Cash provided by operating activities was $1.1 billion for the successor period ending January 31, 2014, $1.6 billion for the predecessor period ending October 28, 2013, and $3.3 billion for Fiscal 2013. The decrease in the successor period ending January 31, 2014, and the predecessor period ending October 28, 2013 was attributable to a decrease in net income, the effect of which was largely offset by favorable changes in working capital. The favorable changes in working capital were primarily driven by changes in supplier payment terms as well as an increase in accrued liabilities for personnel-related charges.

Investing Activities Investing activities primarily consist of capital expenditures for property, plant, and equipment, cash used to fund acquisitions, collections on purchased financing receivables, and for the predecessor period ending October 28, 2013, the maturity and sale of investments, net of purchases. Cash used in investing activities was $355 million during Fiscal 2015. For the successor period ending January 31, 2014, cash used in investing activities is primarily comprised of the net cash used to fund the acquisition of Dell by Denali Holding. The cash consideration at the close of the going-private transaction was $19.7 billion, which is

presented net of $11.0 billion in acquired cash in the Consolidated Statements of Cash Flow. See Note 1 and Note 3 of the Notes to the Audited Consolidated Financial Statements of Denali for more information on the going-private transaction.

Cash provided by investing activities was $1.6 billion for the predecessor period ending October 28, 2013, compared to cash used in investing activities of $3.3 billion for Fiscal 2013. The increase was driven by net cash provided from the sale and maturity of investments, as we liquidated a substantial amount of our investment portfolio in connection with the going-private transaction.

Financing Activities Financing activities primarily consist of the proceeds and repayments of debt and the return of capital, or dividends, to our shareholders. Cash used in financing activities during Fiscal 2015 was $3.1 billion, compared to cash provided by financing activities of $14.0 billion for the successor period ending January 31, 2014. During Fiscal 2015, cash used in financing activities was attributable to repayment of debt in the period, primarily comprised of repayments of $2.0 billion principal amount of the Microsoft Note and $0.8 billion in borrowings outstanding under the ABL Credit Facility. See Note 6 of the Notes to the Audited Consolidated Financial Statements of Denali for more information on our borrowings.

For the successor period ending January 31, 2014, in connection with the acquisition of Dell Inc. by Denali Holding Inc., we retired $1.3 billion in structured financing debt and paid $0.9 billion into escrow in order to retire our near term maturity notes. To finance the transaction, we issued $13.9 billion in new debt and received cash equity proceeds of $4.1 billion. Issuance costs for these borrowings totaled $0.3 billion.

The increase in cash used by financing activities of $4.6 billion for the period ended October 28, 2013, compared to $1.2 billion for Fiscal 2013 was attributable to increase an debt repayments.

Key Performance Metrics

The following table presents the components of our cash conversion cycle for the periods presented:

	Fiscal Quarter Ended			
	Successor			Predecessor
	October 30, 2015	January 30, 2015	January 31, 2014	February 1, 2013
Days of sales outstanding (a)	44	43	43	46
Days of supply in inventory (b)	12	13	14	11
Days in accounts payable (c)	(107)	(103)	(96)	(94)
Cash conversion cycle (d)	(51)	(47)	(39)	(37)

(a) Days of sales outstanding, referred to as DSO, calculates the average collection period of our receivables. DSO is based on the ending net trade receivables and the most recent quarterly non-GAAP net revenue for each period. DSO also includes the effect of product costs related to customer shipments not yet recognized as revenue that are classified in other current assets. DSO is calculated by adding accounts receivable, net of allowance for doubtful accounts, and customer shipments in transit and dividing that sum by average non-GAAP net revenue

per day for the current quarter (90 days for all fiscal quarters presented herein). At October 30, 2015, DSO and days of customer shipments not yet recognized were 39 and 5 days. At January 30, 2015, January 31, 2014, and February 1, 2013, DSO and days of customer shipments not yet recognized were 38 and 5 days, 39 and 4 days, and 42 and 4 days, respectively.

(b) Days of supply in inventory, referred to as DSI, measures the average number of days from procurement to sale of our products. DSI is based on ending inventory and most recent quarterly non-GAAP cost of goods sold for each period. DSI is calculated by dividing ending inventory by average non-GAAP cost of goods sold per day for the current quarter (90 days for all fiscal quarters presented herein).

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(c) Days in accounts payable, referred to as DPO, calculates the average number of days our payables remain outstanding before payment. DPO is based on ending accounts payable and most recent quarterly non-GAAP cost of goods sold for each period. DPO is calculated by dividing accounts payable by average non-GAAP cost of goods sold per day for the current quarter (90 days for all fiscal quarters presented herein).

(d) We calculate our cash conversion cycle using non-GAAP net revenue and non-GAAP cost of goods sold because we believe that excluding certain items from the GAAP results, including the large non-cash purchase accounting adjustments following the going-private transaction, facilitates management s understanding of this key performance metric. The table below provides a reconciliation of GAAP net revenue and GAAP cost of goods sold to non-GAAP net revenue and non-GAAP cost of goods sold used in calculating the DSO, DSI and DPO metrics:

	Fiscal Quarter Ended			
	Successor			Predecessor
	October 30, 2015	January 30, 2015	January 31, 2014	February 1, 2013
	(in millions)			
GAAP net revenue	$ 13,667	$ 14,261	$ 14,075	$ 14,314
Non-GAAP adjustments:				
Impact of purchase accounting	118	192	424	
Non-GAAP net revenue	$ 13,785	$ 14,453	$ 14,499	$ 14,314
GAAP cost of goods sold	$ 11,160	$ 11,905	$ 12,475	$ 11,205
Non-GAAP adjustments:				
Impact of purchase accounting	(5)	(4)	(535)	
Amortization of intangibles	(121)	(121)	(114)	(138)
Other corporate expenses	(3)	(5)	(70)	(11)
Non-GAAP cost of goods sold	$ 11,031	$ 11,775	$ 11,756	$ 11,056

Our cash conversion cycle for the fiscal quarter ended October 30, 2015 improved four days when compared to the fiscal quarter January 30, 2015, driven by a four day improvement in DPO. The increase in DPO was primarily driven by favorable changes in our payment terms for certain suppliers. For the fiscal quarter ended October 30, 2015, DSO and DSI were effectively unchanged when compared to the fiscal quarter ended January 30, 2015. We believe our business model allows us to maintain an efficient cash conversion cycle, which compares favorably with that of others in our industry.

Our cash conversion cycle for the fiscal quarter ended January 30, 2015 improved eight days when compared to the fiscal quarter ended January 31, 2014, driven by a seven day improvement in DPO. The improvement in DPO was primarily driven by favorable changes in our payment terms for certain suppliers. For the fiscal quarter ended January 30, 2015, DSO and DSI were effectively unchanged when compared to the fiscal quarter ended January 31, 2014.

Our cash conversion cycle improved two days for the fiscal quarter ended January 31, 2014 from the fiscal quarter ended February 1, 2013, driven by a three day improvement in DSO and a two day improvement in DPO. These improvements were partially offset by a three day increase in DSI. The three day improvement in DSO was driven by overall improvement in collections. The two day improvement in DPO was attributable to favorable changes in

payment terms for certain suppliers. The increase in DSI from February 1, 2013 was primarily driven by strategic purchases of inventory.

Capital Commitments

Capital Expenditures During the third quarter of Fiscal 2016 and Fiscal 2015, we spent $110 million and $148 million, respectively, and during the first nine months of Fiscal 2016 and Fiscal 2015, we spent $340 million and $374 million, respectively, on property, plant, and equipment. These expenditures were primarily in connection with our global expansion efforts and infrastructure investments made to support future

growth. Aggregate capital expenditures for Fiscal 2016, which will be primarily related to infrastructure investments and strategic initiatives, are currently expected to total approximately $0.5 billion.

Expenditures on property, plant and equipment were $478 million during Fiscal 2015, $431 million during the successor period ended January 31, 2014, and $101 million during the predecessor period ending October 28, 2014. These expenditures were primarily in connection with our global expansion efforts and infrastructure investments made to support future growth. Product demand, product mix, and the increased use of contract manufacturers, as well as ongoing investments in operating and information technology infrastructure, influence the level and prioritization of our capital expenditures.

Contractual Cash Obligations

The following table summarizes our contractual cash obligations as of January 30, 2015:

			Payments Due by Period		
	Total	Fiscal 2016	Fiscal 2017-2018	Fiscal 2019-2020	Thereafter
			(in millions)		
Contractual cash obligations:					
Principal payments on borrowings	$ 14,387	$ 2,921	$ 2,124	$ 1,541	$ 7,801
Operating leases	459	126	187	96	50
Purchase obligations	2,342	2,199	142	1	
Interest	3,549	569	997	861	1,122
Uncertain tax positions (a)					
Contractual cash obligations	$ 20,737	$ 5,815	$ 3,450	$ 2,499	$ 8,973

(a) We have approximately $3.0 billion in additional liabilities associated with uncertain tax positions as of January 30, 2015 where the timing and amounts of any expected payments are uncertain. See Note 12 of the Notes to the Audited Consolidated Financial Statements of Denali for further discussion regarding tax matters, including the status of income tax audits.

Principal Payments on Borrowings Our expected principal cash payments on borrowings are exclusive of discounts and premiums. We have outstanding long-term notes with varying maturities. The future principal payments related to structured financing debt were $1.8 billion in Fiscal 2016 and $0.9 billion in Fiscal 2017-2018 as of January 30, 2015. For additional information, see Note 6 of the Notes to the Audited Consolidated Financial Statements of Denali.

Operating Leases We lease property and equipment, manufacturing facilities, and office space under non-cancelable leases. Certain of these leases obligate us to pay taxes, maintenance, and repair costs.

Purchase Obligations Purchase obligations are defined as contractual obligations to purchase goods or services that are enforceable and legally binding on us. These obligations specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations do not include contracts that may be canceled without penalty.

We utilize several suppliers to manufacture sub-assemblies for our products. Our efficient supply chain management allows us to enter into flexible and mutually beneficial purchase arrangements with our suppliers in order to minimize inventory risk. Consistent with industry practice, we acquire raw materials or other goods and services, including product components, by issuing to suppliers authorizations to purchase based on our projected demand and manufacturing needs. These purchase orders are typically fulfilled within 30 days and are entered into during the ordinary course of business in order to establish best pricing and continuity of supply for our production. Purchase orders are not included in the table above as they typically represent our authorization to purchase rather than binding purchase obligations.

Interest See Note 6 of the Notes to the Audited Consolidated Financial Statements of Denali for further discussion of our debt and related interest expense.

CRITICAL ACCOUNTING POLICIES

We prepare our financial statements in conformity with GAAP. The preparation of financial statements in accordance with GAAP requires certain estimates, assumptions, and judgments to be made that may affect our Consolidated Statements of Financial Position and Consolidated Statements of Income. Accounting policies that have a significant impact on our Consolidated Financial Statements are described in Note 1 of the Notes to the Audited Consolidated Financial Statements of Denali. The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical. We consider an accounting policy to be critical if the nature of the estimate or assumption is subject to a material level of judgment and if changes in those estimates or assumptions are reasonably likely to materially impact our Consolidated Financial Statements. We have discussed the development, selection, and disclosure of our critical accounting policies with the Audit Committee of our Board of Directors.

Revenue Recognition and Related Allowances We enter into contracts to sell our products and services, and frequently enter into sales arrangements with customers that contain multiple elements or deliverables, such as hardware, services, software, and peripherals. We use general revenue recognition accounting guidance for hardware, software bundled with hardware that is essential to the functionality of the hardware, peripherals, and certain services. We recognize revenue for these products when it is realized or realizable and earned. Revenue is considered realized and earned when persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; our fee is fixed and determinable; and collection of the resulting receivable is reasonably assured. Judgments and estimates are necessary to ensure compliance with GAAP. These judgments include the allocation of the proceeds received from an arrangement to the multiple elements, and the appropriate timing of revenue recognition.

Revenue from sales of third-party software and extended warranties for third-party products, for which we do not meet the criteria for gross revenue recognition, is recognized on a net basis. All other revenue is recognized on a gross basis.

Services revenue and cost of services revenue captions in our Consolidated Statements of Income include services revenue, third-party software revenue, and support services related to Dell-owned software offerings.

Most of our products and services qualify as separate units of accounting. We allocate revenue to all deliverables based on their relative selling prices. GAAP requires the following hierarchy to be used to determine the selling price for allocating revenue to deliverables; (1) vendor-specific objective evidence, referred to as VSOE; (2) third-party evidence of selling price, referred to as TPE; or (3) best estimate of the selling price, referred to as ESP. In instances where we cannot establish VSOE, we establish TPE by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers.

We record reductions to revenue for estimated customer sales returns, rebates, and certain other customer incentive programs. These reductions to revenue are made based upon reasonable and reliable estimates that are determined by historical experience, contractual terms, and current conditions. The primary factors affecting our accrual for estimated customer returns include estimated return rates as well as the number of units shipped that have a right of return that has not expired as of the balance sheet date. If returns cannot be reliably estimated, revenue is not recognized until a reliable estimate can be made or the return right lapses. Each quarter, we reevaluate our estimates to assess the adequacy of our recorded accruals and allowance for doubtful accounts, and adjust the amounts as necessary.

We sell our products directly to customers as well as through other distribution channels, including retailers, distributors, and resellers. Sales through our distribution channels are primarily made under agreements allowing

for limited rights of return, price protection, rebates, and marketing development funds. We have generally limited return rights through contractual caps or we have an established selling history for these arrangements. Therefore, there is sufficient data to establish reasonable and reliable estimates of returns for the majority of these sales. To the extent price protection or return rights are not limited and a reliable estimate cannot be made, all of the revenue and related cost are deferred until the product has been sold to the end-user or the rights expire. We record estimated reductions to revenue or an expense for distribution channel programs at the later of the offer or the time revenue is recognized.

We recognize revenue in accordance with industry-specific software accounting guidance for all software and post-contract support, referred to as PCS, that are not essential to the functionality of the hardware. Accounting for software that is essential to the functionality of the hardware is accounted for as specified above. We have not established VSOE for third-party software offerings. For the majority of Dell-owned software offerings, we have established VSOE to support a separation of the software license and PCS elements. VSOE of the PCS element is determined by reference to the prices customers pay for support when it is sold separately. In instances where VSOE is established, we recognize revenue from the sale of software licenses at the time of initial sale, assuming all of the above criteria have been met, and revenue from the PCS element over the maintenance period. When we have not established VSOE to support a separation of the software license and PCS elements, the revenue and related costs are generally recognized over the term of the agreement.

We offer extended warranty and service contracts to customers that extend and/or enhance the technical support, parts, and labor coverage offered as part of the base warranty included with the product. Revenue from extended warranty and service contracts, for which we are obligated to perform, is recorded as deferred revenue and subsequently recognized on a straight-line basis over the term of the contract or ratably as services are completed.

Business Combinations and Intangible Assets Including Goodwill We account for business combinations using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their fair values at the date of acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. Any changes in the estimated fair values of the net assets recorded for acquisitions prior to the finalization of more detailed analysis, but not to exceed one year from the date of acquisition, will change the amount of the purchase price allocable to goodwill. Any subsequent changes to any purchase price allocations that are material to our consolidated financial results will be adjusted retroactively. All acquisition costs are expensed as incurred and in-process research and development costs are recorded at fair value as an indefinite-lived intangible asset and assessed for impairment thereafter until completion, at which point the asset is amortized over its expected useful life. Separately recognized transactions associated with business combinations are generally expensed subsequent to the acquisition date. The application of business combination and impairment accounting requires the use of significant estimates and assumptions.

The results of operations of acquired businesses are included in our Consolidated Financial Statements from the acquisition date.

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the third fiscal quarter and whenever events or circumstances may indicate that an impairment has occurred. To determine whether goodwill is impaired, we first assess certain qualitative factors. Based on this assessment, if it is determined more likely than not that the fair value of a reporting unit is less than its carrying amount, we perform the quantitative analysis of the goodwill impairment test. We determine the fair values of each of our reportable business units using a discounted cash flow methodology and then compare the fair values to the carrying values of each reportable business unit.

Standard Warranty Liabilities We record warranty liabilities at the time of sale for the estimated costs that may be incurred under the terms of the limited warranty. The liability for standard warranties is included in accrued and other current and other non-current liabilities on the Consolidated Statements of Financial Position.

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The specific warranty terms and conditions vary depending upon the product sold and the country in which we do business, but generally include technical support, parts, and labor over a period ranging from one to three years. Factors that affect our warranty liability include the number of installed units currently under warranty, historical and anticipated rates of warranty claims on those units, and cost per claim to satisfy our warranty obligation. The anticipated rate of warranty claims is the primary factor impacting our estimated warranty obligation. The other factors are less significant due to the fact that the average remaining aggregate warranty period of the covered installed base is approximately 16 months, repair parts are generally already in stock or available at pre-determined prices, and labor rates are generally arranged at pre-established amounts with service providers. Warranty claims are reasonably predictable based on historical experience of failure rates. If actual results differ from our estimates, we revise our estimated warranty liability to reflect such changes. Each quarter, we reevaluate our estimates to assess the adequacy of the recorded warranty liabilities and adjust the amounts as necessary.

Income Taxes We are subject to income tax in the U.S. and numerous foreign jurisdictions. Significant judgments are required in determining the consolidated provision for income taxes. We calculate a provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized by identifying the temporary differences arising from the different treatment of items for tax and accounting purposes. We provide related valuation allowances for deferred tax assets, where appropriate. Significant judgment is required in determining any valuation allowance against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence for each jurisdiction, including past operating results, estimates of future taxable income, and the feasibility of ongoing tax planning strategies. In the event we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made.

Significant judgment is also required in evaluating our uncertain tax positions. While we believe our tax return positions are sustainable, we recognize tax benefits from uncertain tax positions in the financial statements only when it is more likely than not that the positions will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits and a consideration of the relevant taxing authority s administrative practices and precedents. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties. We believe we have provided adequate reserves for all uncertain tax positions.

Loss Contingencies We are subject to the possibility of various losses arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required. Third parties have in the past asserted, and may in the future assert, claims or initiate litigation related to exclusive patent, copyright, and other intellectual property rights to technologies and related standards that are relevant to us. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected.

Inventories We state our inventory at the lower of cost or market. We record a write-down for inventories of components and products, including third-party products held for resale, which have become obsolete or are in excess of anticipated demand or net realizable value. We perform a detailed review of inventory each fiscal quarter that

considers multiple factors, including demand forecasts, product life cycle status, product development plans, current sales levels, and component cost trends. The industries in which we compete are subject to demand changes. If future demand or market conditions for our products are less favorable than

forecasted or if unforeseen technological changes negatively impact the utility of component inventory, we may be required to record additional write-downs, which would adversely affect our gross margin.

New Accounting Pronouncements

Revenue from Contracts with Customers In May 2014, the Financial Accounting Standards Board, referred to as FASB, issued amended guidance on the recognition of revenue from contracts with customers. The objective of the new standard is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The new standard requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In July 2015, the FASB approved a one-year deferral of the effective date of this standard. Public entities are required to adopt the new standard for reporting periods beginning after December 15, 2017. Non-public entities must adopt the new standard for annual reporting periods beginning after December 15, 2018, with an option of applying the standard as early as the original effective date for public entities, reporting periods beginning after December 15, 2016. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Dell is currently evaluating the impact of the new guidance, the effective date and the method of adoption.

UNAUDITED QUARTERLY RESULTS

The following table presents selected unaudited consolidated statements of income (loss) for the first three quarters of Fiscal 2016:

	Fiscal Year 2016 Successor		
	First Quarter	Second Quarter	Third Quarter
	(in millions, except per share data)		
Net revenue	$ 13,538	$ 13,999	$ 13,667
Gross margin	$ 2,237	$ 2,468	$ 2,507
Net income (loss)	$ (504)	$ (265)	$ (180)
Earnings (loss) per share:			
Basic	$ (1.24)	$ (0.65)	$ (0.44)
Diluted	$ (1.24)	$ (0.65)	$ (0.44)
Weighted-average shares outstanding:			
Basic	405	405	405
Diluted	405	405	405

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The following tables present selected unaudited consolidated statements of income (loss) for each quarter of Fiscal 2015 and Fiscal 2014:

	Fiscal Year 2015 Successor			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in millions, except per share data)			
Net revenue	$ 14,669	$ 14,825	$ 14,364	$ 14,261
Gross margin	$ 2,557	$ 2,763	$ 2,532	$ 2,356
Net income (loss)	$ (436)	$ (178)	$ (261)	$ (346)
Earnings (loss) per share:				
Basic	$ (1.08)	$ (0.44)	$ (0.64)	$ (0.85)
Diluted	$ (1.08)	$ (0.44)	$ (0.64)	$ (0.85)
Weighted-average shares outstanding:				
Basic	404	405	405	405
Diluted	404	405	405	405

	Fiscal Year 2014			
	Predecessor			Successor
	First Quarter	Second Quarter	August 3, 2013 through October 28, 2013	October 29, 2013 through January 31, 2014
	(in millions, except per share data)			
Net revenue	$ 14,074	$ 14,514	$ 13,714	$ 14,075
Gross margin	$ 2,747	$ 2,689	$ 2,555	$ 1,393
Net income (loss)	$ 130	$ 204	$ (427)	$ (1,612)
Earnings (loss) per share:				
Basic	$ 0.07	$ 0.12	$ (0.24)	$ (4.06)
Diluted	$ 0.07	$ 0.12	$ (0.24)	$ (4.06)
Cash dividends declared per common share	$ 0.08	$ 0.08	$ 0.21	$
Weighted-average shares outstanding:				
Basic	1,748	1,757	1,760	397
Diluted	1,761	1,764	1,760	397

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Denali is exposed to a variety of risks, including foreign currency exchange rate fluctuations and changes in the market value of investments. In the normal course of business, Denali employs established policies and procedures to manage these risks.

Foreign Currency Risk

During Fiscal 2015, the principal foreign currencies in which Denali transacted business were the Euro, Chinese Renminbi, Japanese Yen, British Pound, Canadian Dollar and Australian Dollar. Denali s objective in managing its exposures to foreign currency exchange rate fluctuations is to reduce the impact of adverse fluctuations associated with foreign currency exchange rate changes on earnings and cash flows. Accordingly, Denali utilizes foreign currency option contracts and forward contracts to hedge its exposure on forecasted transactions and firm commitments for certain currencies. Denali monitors its foreign currency exchange exposures to ensure the overall effectiveness of its foreign currency hedge positions. However, there can be no assurance that Denali s foreign currency hedging activities will continue to substantially offset the impact of fluctuations in currency exchange rates on the results of operations and financial position in the future.

Based on Denali s foreign currency hedge instruments outstanding, which include designated and non-designated instruments, as of October 30, 2015, there was a maximum potential one-day loss at a 95% confidence level in fair value of approximately $20 million using a Value-at-Risk, referred to as VAR, model. By using market implied rates and incorporating volatility and correlation among the currencies of a portfolio, the VAR model simulates 10,000 randomly generated market prices and calculates the difference between the fifth percentile and the average as the Value-at-Risk. The VAR model is a risk estimation tool and is not intended to represent actual losses in fair value that will be incurred. Additionally, as Denali utilizes foreign currency instruments for hedging forecasted and firmly committed transactions, a loss in fair value for those instruments is generally offset by increases in the value of the underlying exposure.

Interest Rate Risk

Denali is exposed to interest rate risk related to its debt and investment portfolios and financing receivables. Denali mitigates the risk related to its structured financing debt through the use of interest rate swaps to hedge the variability in cash flows related to the interest rate payments on such debt. Based on Denali s variable rate debt portfolio outstanding as of October 30, 2015, a 100 basis point increase in interest rates would result in an increase of approximately $34 million in annual interest expense.

Denali mitigates the risks related to its investment portfolio by investing primarily in high quality credit securities, limiting the amount that can be invested in any single issuer and investing in short-to-intermediate-term investments. Due to the nature of Denali s investment portfolio as of October 30, 2015, a 100 basis point increase or decrease in interest rates would not have a material impact on the fair value of this portfolio.

MANAGEMENT OF DENALI AFTER THE MERGER

Board of Directors

Denali s business and affairs will be managed under the direction of the Denali board of directors. Pursuant to the Denali certificate, as described under *Comparison of Rights of Denali Stockholders and EMC Shareholders Board of Directors Number, Election and Removal of Directors and Filling Vacancies*, and the Denali stockholders agreement, as described under *Certain Relationships and Related Transactions Denali Stockholders Agreement*, the Denali board of directors will consist of three classes, the Group I directors, referred to as the Group I Directors, the Group II directors, referred to as the Group II Directors, and the Group III directors, referred to as the Group III Directors. Following completion of the merger, Denali s stockholders will be entitled to elect, remove and fill vacancies in respect of members of the Denali board of directors as follows:

Group I Directors. The Group I Directors will initially number three. The holders of Denali common stock (other than the holders of Class D Common Stock) voting together as a single class, will be entitled to elect, vote to remove or fill any vacancy in respect of any Group I Director. The number of Group I Directors can be increased (to no more than seven) or decreased (to no less than three) by action of the Denali board of directors that includes the affirmative vote of (1) a majority of the Denali board of directors, (2) a majority of the Group II Directors and (3) a majority of the Group III Directors. Any newly created directorship on the Denali board of directors with respect to the Group I Directors that results from an increase in the number of Group I Directors may be filled by the affirmative vote of a majority of the Denali board of directors then in office; provided that a quorum is present, and any other vacancy occurring on the Denali board of directors with respect to the Group I Directors may be filled by the affirmative vote of a majority of the Denali board of directors then in office, even if less than a quorum, or by a sole remaining director. A majority of the Denali common stock (other than the Class D Common Stock), voting together as a single class, will be entitled remove any Group I Director with or without cause at any time. In the event that the Denali board of directors consists of a number of directors entitled to an aggregate amount of votes that is less than seven, the number of Group I Directors will automatically be increased to such number as is necessary to ensure that the voting power of the Denali board of directors is equal to an aggregate of seven votes (assuming, for each such calculation, full attendance by each director). The number of votes the Group I Directors, the Group II Directors and the Group III Directors are respectively entitled to is described below.

Group II Directors. The Group II Directors will initially number one. Until a Designation Rights Trigger Event (as defined under *Comparison of Rights of Denali Stockholders and EMC Shareholders Definitions*) has occurred with respect to the Class A Common Stock, the holders of Class A Common Stock will have the right, voting separately as a class, to elect up to three Group II Directors, and, voting separately as a class, will solely be entitled to elect, vote to remove without cause or fill any vacancy in respect of any Group II Director. Upon the occurrence of a Designation Rights Trigger Event with respect to the Class A Common Stock, the rights of the Class A Common Stock described in this paragraph will immediately terminate and no right to elect Group II Directors will thereafter attach to the Class A Common Stock. The number of Group II Directors may be increased (to no more than three) by action of the Group II Directors or vote of the holders of Class A Common Stock, voting separately as a class, or decreased (to no less than one) by vote of the holders of Class A Common Stock, voting separately as a class. In the case of any vacancy or newly created directorship occurring with respect to the Group II Directors, such vacancy will only be filled by the vote of the holders of the outstanding Class A Common Stock, voting separately as a

class. The holders of Class A Common Stock, voting separately as a class, will be entitled to remove any Group II Director with or without cause at any time.

Group III Directors. The Group III Directors will initially number two. Until a Designation Rights Trigger Event (as defined under *Comparison of Rights of Denali Stockholders and EMC*

Shareholders Definitions) has occurred with respect to the Class B Common Stock, the holders of Class B Common Stock will have the right, voting separately as a class, to elect up to three Group III Directors, and, voting separately as a class, will solely be entitled to elect, vote to remove without cause or fill any vacancy in respect of any Group III Director. Upon the occurrence of a Designation Rights Trigger Event with respect to the Class B Common Stock, the rights of the Class B Common Stock described in this paragraph will immediately terminate and no right to elect Group III Directors will thereafter attach to the Class B Common Stock. The number of Group III Directors may be increased (to no more than three) by action of the Group III Directors or vote of the holders of Class B Common Stock, voting separately as a class, or decreased (to no less than one) by vote of the holders of Class B Common Stock, voting separately as a class. In the case of any vacancy or newly created directorship occurring with respect to the Group III Directors, such vacancy or newly created directorship will only be filled by the vote of the holders of the outstanding Class B Common Stock, voting separately as a class. The holders of Class B Common Stock, voting separately as a class, will be entitled to remove any Group III Director with or without cause at any time.

Elections of the members of the Denali board of directors will be held annually at the annual meeting of Denali stockholders and each director will be elected for a term commencing on the date of that director s election and ending on the earlier of (1) the date that director s successor is elected and qualified, (2) the date of that director s death, resignation, disqualification or removal, (3) solely in the case of the Group II Directors, the occurrence of a Designation Rights Trigger Event (as defined under *Comparison of Rights of Denali Stockholders and EMC Shareholders Definitions*) with respect to the Class A Common Stock and (4) solely in the case of the Group III Directors, the occurrence of a Designation Rights Trigger Event with respect to the Class B Common Stock.

In addition, pursuant to the Denali certificate and the Denali stockholders agreement, the Group I Directors, the Group II Directors and the Group III Directors will be entitled to the following number of votes while serving on the Denali board of directors:

each Group I Director will be entitled to cast one vote;

each Group II Director will be entitled to cast that number of votes (or a fraction thereof) equal to the quotient obtained by dividing (1) the Aggregate Group II Director Votes (as defined under *Comparison of Rights of Denali Stockholders and EMC Shareholders Definitions*), which will initially equal seven (7), by (2) the number of Group II Directors then in office; and

each Group III Director will be entitled to cast that number of votes (or a fraction thereof) equal to the quotient obtained by dividing (1) the Aggregate Group III Director Votes (as defined under *Comparison of Rights of Denali Stockholders and EMC Shareholders Definitions*), which will initially equal three (3), by (2) the number of Group III Directors then in office.

Michael S. Dell will be the sole Group II Director immediately following completion of the merger and Mr. Dell will therefore possess enough votes as a director to pass any matter submitted to a vote of the Denali board of directors other than those matters that also require the approval of the Capital Stock Committee or the audit committee. Egon Durban and Simon Patterson are expected to be the sole Group III Directors following the completion of the merger.

Pursuant to the Denali stockholders agreement, the MD stockholders and the SLP stockholders will agree to vote their shares in favor of the Group I Directors nominees they jointly designate.

The composition of the Denali board of directors will be governed pursuant to the terms of the Denali certificate and the Denali stockholders agreement, pursuant to which the board of directors immediately following completion of the merger is expected to consist of Messrs. [ ], [ ] and [ ] as the initial Group I Directors, Mr. Dell as the sole initial Group II Director and Messrs. Durban and Patterson as the initial Group III Directors. Each of the Group I Directors is expected to qualify as independent under the current listing standards of the NYSE and SEC rules and regulations.

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The following table summarizes certain features relating to the election, number and voting power of members of the Denali board of directors:

Denali Director Group	Stockholders Entitled to Vote in Election of Such Director Group Series	% of Total Votes Expected to Be Cast in Director Election	Initial Number of Directors Constituting Such Director Group	Total Number of Votes Initially Entitled to be Cast by Director Group	Initial Percentage of Board Votes by Director Group
Group I	Class A	73%	Three	Three (one per Group I director)	23%
	Class B	23%			
	Class C	*			
	Class V	4%			
Group II	Class A	100%	One (Mr. Dell)	Seven (regardless of the number of Group II directors)	54%
Group III	Class B	100%	Two (Messrs. Durban and Patterson)	Three (regardless of the number of Group III directors)	23%

* Less than 1%.

Director Independence

Because Denali will be a controlled company under the rules of the NYSE, Denali is not required to have a majority of the Denali board of directors consist of independent directors, as defined under the rules of the NYSE, nor is the Denali board of directors required to include a compensation committee or a nominating and corporate governance committee. Denali does not expect that a majority of its directors following completion of the merger will be independent directors. If such rules change in the future or Denali no longer satisfies the requirements necessary to be a controlled company under applicable NYSE rules, Denali will change the composition of its board of directors and its committees accordingly in order to comply with such rules.

Committees of the Board of Directors

Upon completion of the merger, the Denali board of directors will establish an executive committee, an audit committee and a capital stock committee composed of the directors set forth below. Pursuant to the Denali stockholders agreement, until a Designation Rights Trigger Event (as defined under *Comparison of Rights of Denali Stockholders and EMC Shareholders Definitions*) has occurred with respect to the Class A Common Stock, each committee of the Denali board of directors other than the audit committee and the capital stock committee will include

at least one Group II Director and, until a Designation Rights Trigger Event has occurred with respect to the Class B Common Stock, each committee of the Denali board of directors other than the audit committee and the capital stock committee will include at least one Group III Director. Each committee of the Denali board of directors will further include such additional members as determined by the Denali board of directors.

The composition and responsibilities of each of the committees of the Denali board of directors is further described below. Members will serve on these committees until their resignation or, subject to the membership requirements described above, until otherwise determined by the Denali board of directors.

Audit Committee

The audit committee of the Denali board of directors is expected to initially consist of Messrs. [ ], [ ] and [ ] (each of whom is expected to be a Group I Director), with Mr. [ ] expected to serve as chairman. Under the rules of the NYSE, the membership of the audit

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committee will be required to consist entirely of independent directors, subject to applicable phase-in periods. Pursuant to the shareholders agreements, the membership of the audit committee will be required to consist entirely of the Group I Directors, each of whom are required to be independent under the current listing standards of the NYSE and SEC rules and regulations (as determined by the Denali board of directors). Each member of the audit committee of the Denali board of directors will meet the financial literacy requirements of the listing standard of the NYSE and Mr. [ ] will be a financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act. The audit committee of the Denali board of directors will, among other things:

- elect a qualified firm to serve as the independent registered public accounting firm to audit Denali s financial statements;
- help to ensure the independence and performance of the independent registered public accounting firm;
- discuss the scope and results of the audit with the independent registered public accounting firm, and review, with management and the independent registered public accounting firm, Denali s interim and year-end operating results;
- develop procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- review Denali s policies on risk assessment and risk management;
- review related party transactions;
- obtain and review a report by the independent registered public accounting firm at least annually, that describes Denali s internal control procedures, any material issues with such procedures, and any steps taken to deal with such issues; and
- approve (or, as permitted, pre-approve) all audit and all permissible non-audit services, other than *de minimis* non-audit services, to be performed by the independent registered public accounting firm.

The audit committee will operate under a written charter, to be effective prior to the completion of the merger, that satisfies the applicable rules of the SEC and the listing standards of the NYSE.

Capital Stock Committee

Pursuant to the Denali certificate and the Denali bylaws, the capital stock committee will consist of a majority of independent directors under the listing standards of the NYSE and SEC rules and regulations (as determined by the Denali board of directors). The capital stock committee of the Denali board of directors is expected to consist of [ ], [ ] and [ ]. Each director serving on the capital stock committee will have one

vote on all matters presented to such committee.

The capital stock committee will have such powers, authority and responsibilities as may be granted by the Denali board of directors in connection with the adoption of general policies governing the relationship between business groups or otherwise, including such powers, authority and responsibilities granted by the Denali board of directors with respect to, among other things: (1) the business and financial relationships between the DHI Group (or any business or subsidiary allocated to it) and the Class V Group (or any business or subsidiary allocated to it) and (2) any matters arising in connection therewith.

In addition, the Denali board of directors may not approve any (1) investment made by or attributed to the Class V Group, including any investment of any dividends received on the VMware common stock attributed to the Class V Group, other than (i) investments made by VMware or (ii) any reallocation related to the Retained Interest Dividend Amount or Retained Interest Redemption Amount, (2) allocation of any acquired assets, businesses or liabilities to the Class V Group, (3) allocation or reallocation of any assets, businesses or liabilities from one group to the other (other than a pledge of any assets of one group to secure obligations of the other, or any foreclosure on the assets subject to such a pledge), or (4) resolution, or the submission to the Denali

shareholders of any resolution, setting forth an amendment to the Denali certificate to increase the number of authorized shares of Class V Common Stock or any series thereof at any time the common stock of VMware is publicly traded and VMware is required to file reports under Sections 13 and 15(d) of Exchange, in each case, without the approval of the capital stock committee. Any determination by the Denali board to amend, modify or rescind such general policies may only become effective with the approval of the capital stock committee.

Finally, for so long as any shares of Class V Common Stock remain outstanding, the provisions of the Denali bylaws creating the capital stock committee may not be amended or repealed (1) by the Denali stockholders unless such action has received the affirmative vote of the holders of record (other than shares held by Denali s affiliates), as of the record date for the meeting at which such vote is taken, of (i) Class V Common Stock representing a majority of the aggregate voting power (other than shares held by the Denali s affiliates) of Class V Common Stock present at such meeting and entitled to vote thereon voting together as a separate class and (ii) Denali common stock representing a majority of the aggregate voting power of the Denali common stock present, in person or by proxy, at such meeting and entitled to vote thereon or (2) by any action of the Denali board. See *Description of Denali Tracking Stock Policy*.

Executive Committee

Pursuant to the Denali stockholders agreement, the executive committee will consist entirely of at least one Group II Director and one Group III Director. Following completion of the merger, the executive committee of the Denali board of directors is expected to initially consist of Messrs. Dell and Durban. The voting power of the Group II Directors and Group III Directors on the executive committee will be proportionate to their respective voting power on the Denali board of directors. The executive committee of the Denali board of directors will, among other things,

- provide our executive officers with advice and input regarding the operations and management of our business; and

- consider and make recommendations to the Denali board of directors regarding Denali s business strategy.

The executive committee of the Denali board of directors will be delegated the power and authority of the Denali board of directors over the following matters to the fullest extent permitted under Delaware law:

- review and approval of acquisitions and dispositions by Denali and its subsidiaries, to the extent requiring approval of the Denali board of directors and excluding dispositions of shares of VMware common stock;

- review and approval of the annual budget and business plan of Denali and its subsidiaries;

- the incurrence of indebtedness by Denali and its subsidiaries, to the extent that such incurrence requires approval of the Denali board of directors;

- the entering into of material commercial agreements, joint ventures and strategic alliances by Denali and its subsidiaries;

the appointment, removal and compensation of senior executives of Denali and its subsidiaries, other than equity compensation and grants (which will be made either by the full Denali board of directors or an equity compensation committee of the Denali board of directors);

the adoption of employee benefit plans by Denali and its subsidiaries, to the extent that such action requires approval of the Denali board of directors;

the redemption or repurchase by Denali of DHI Group common stock;

the commencement and settlement by Denali and its subsidiaries of material litigation; and

such other matters as may be delegated by the Denali board of directors to the executive committee.

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Executive Officers

Mr. Dell will serve as chief executive officer of Denali after the completion of the merger. Mr. Dell will designate the individuals who will serve as the additional executive officers of Denali before the closing of the merger.

Management Information

The following table sets forth information as of December 1, 2015 regarding each person who presently is expected to serve as a director or executive officer of Denali after the merger.

Name	Age	Position
Michael S. Dell	50	Chief Executive Officer, Chairman of the Board and Group II Director
Egon Durban	42	Group III Director
Simon Patterson	42	Group III Director

Additional information about the individuals who will serve as executive officers or directors after the completion of the merger is set forth below. Also described below is the experience, qualifications, attributes and skills of each individual who will serve as a director after the merger that our board of directors considered in determining that such individual should serve on the board.

Michael S. Dell serves as Chairman of the Board and Chief Executive Officer of Dell and, since the closing of Dell s going-private transaction in October 2013, Denali. Mr. Dell has held the title of Chairman of the Board of Dell since he founded the company in 1984. Mr. Dell also served as Chief Executive Officer of Dell Inc. from 1984 until July 2004 and resumed that role in January 2007. In 1998, Mr. Dell formed MSD Capital for the purpose of managing his and his family s investments, and, in 1999, he and his wife established the Michael & Susan Dell Foundation to provide philanthropic support to a variety of global causes. He is an honorary member of the Foundation Board of the World Economic Forum and is an executive committee member of the International Business Council. He serves as a member of the Technology CEO Council and is a member of the U.S. Business Council and the Business Roundtable. He also serves on the governing board of the Indian School of Business in Hyderabad, India, and is a board member of Catalyst, Inc., a non-profit organization that promotes inclusive workplaces for women. In June 2014, Mr. Dell was named the United Nations foundation s first Global Advocate for Entrepreneurship. See *Settlement of SEC Proceeding with Mr. Dell* below for information about legal proceedings to which Mr. Dell has been a party. The board selected Mr. Dell to serve as a director because of his leadership experience as founder, chairman and Chief Executive Officer of Dell and his deep technology industry experience.

Egon Durban has been a member of the boards of directors of Dell and Denali since the closing of Dell s going-private transaction in October 2013. Mr. Durban is a Managing Partner and Managing Director of Silver Lake, a global private equity firm. Mr. Durban joined Silver Lake in 1999 as a founding principal and is based in the firm s Menlo Park office. He has previously worked in the firm s New York office, as well as the London office, which he launched and managed from 2005 to 2010. Mr. Durban serves on the board of directors of Intelsat S.A., a communications satellite services provider, and is chairman of the board of directors of William Morris Endeavor Entertainment, an entertainment and media company. Previously, he served on the board of directors of Skype Global S.à r.l., a communications services provider, was the chairman of its operating committee, served on the supervisory board and operating committee of NXP B.V., a manufacturer of semiconductor chips, and served on the board of directors of MultiPlan Inc., a provider of healthcare cost management solutions. Mr. Durban currently serves on the board of directors of Tipping Point, a poverty-fighting organization that identifies and funds leading non-profit programs in the Bay Area to assist individuals and families in need. Prior to Silver Lake, Mr. Durban worked in Morgan Stanley s

investment banking division. While at Morgan Stanley, Mr. Durban organized and led a joint initiative between the Corporate Finance Technology Group and the Mergers and Acquisitions Financial Sponsors Group to analyze and present

investment opportunities in the technology industry. Previously, Mr. Durban worked in Morgan Stanley s Corporate Finance Technology and Equity Capital Markets groups. The board selected Mr. Durban to serve as a director because of his strong experience in technology and finance, and his extensive knowledge of and years of experience in global strategic leadership and management of multiple companies.

Simon Patterson has been a member of the boards of directors of Dell and Denali since the closing of Dell s going-private transaction in October 2013. Mr. Patterson is a Managing Director of Silver Lake, which he joined in 2005. Mr. Patterson previously worked at Global Freight Exchange Limited, an electronic information and reservation systems for the air freight industry that was acquired by Descartes Systems Group, the Financial Times Group, a provider of business information, news and services, and McKinsey & Company, a management consulting firm. Mr. Patterson also serves on the board of directors of Intelsat S.A. and N Brown Group plc, a digital fashion retailer, and on the board of trustees of the U.K. Natural History Museum. Previously, he served on the board of directors of Skype Global S.à r.l., Gerson Lehrman Group, Inc., an online platform for professional learning, and MultiPlan, Inc. The board selected Mr. Patterson to serve as a director because of his extensive knowledge of and years of experience in finance, technology and global operations.

Settlement of SEC Proceeding with Mr. Dell

On October 13, 2010, a federal district court approved settlements by Dell and Mr. Dell with the SEC resolving an SEC investigation into Dell s disclosures and alleged omissions before fiscal year 2008 regarding certain aspects of its commercial relationship with Intel Corporation and into separate accounting and financial reporting matters. Dell and Mr. Dell entered into the settlements without admitting or denying the allegations in the SEC s complaint, as is consistent with common SEC practice. The SEC s allegations with respect to Mr. Dell and his settlement were limited to the alleged failure to provide adequate disclosures with respect to Dell s commercial relationship with Intel Corporation prior to fiscal year 2008. Mr. Dell s settlement did not involve any of the separate accounting fraud charges settled by Dell and others. Moreover, Mr. Dell s settlement was limited to claims in which only negligence, and not fraudulent intent, is required to establish liability, as well as secondary liability claims for other non-fraud charges. Under his settlement, Mr. Dell consented to a permanent injunction against future violations of these negligence-based provisions and other non-fraud based provisions related to periodic reporting. Specifically, Mr. Dell consented to be enjoined from violating Sections 17(a)(2) and (3) of the Securities Act and Rule 13a-14 under the Exchange Act, and from aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 under the Exchange Act. In addition, Mr. Dell agreed to pay a civil monetary penalty of $4 million, which has been paid in full. The settlement did not include any restrictions on Mr. Dell s continued service as an officer or director of Dell.

Director Independence

Subject to an exemption available to a controlled company, the rules of the NYSE require that a majority of a listed company s board of directors be composed of independent directors, as defined in those rules, and that such independent directors exercise oversight responsibilities with respect to director nominations and executive compensation. Such rules define a controlled company as a company of which more than 50% of the voting power is held by an individual, a group or another company. After the completion of the merger, Mr. Dell, Silver Lake and their respective affiliates constitute a group that will beneficially own shares of Denali s Class A Common Stock representing more than 50% of voting power of Denali s shares eligible to vote in the election of Denali s directors. Denali will therefore qualify as a controlled company and will be able to rely on the controlled company exemption from these provisions.

In reliance on the controlled company exemption, Denali expects that after the merger it will not have a board consisting of a majority of independent directors and that it will not establish fully independent compensation and nominating committees. Accordingly, you may not have the same protections afforded to stockholders of companies such as EMC that are subject to all of these corporate governance requirements. In the event that Denali ceases to be a controlled company and the Class V Common Stock continues to be listed on the NYSE, Denali

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will be required to comply with these provisions within the applicable transition periods. Even though Denali will be a controlled company for purposes of the rules of the NYSE, it will be required to comply with the rules of the SEC and the NYSE relating to the membership, qualifications and operations of the audit committee of the board of directors, including the requirement that, after an initial phase-in period, the audit committee be composed of at least three directors who meet the independence requirements under the rules for membership on that committee. Denali expects that each individual initially appointed to serve as Group I Directors after the merger will serve on Denali s audit committee, will qualify as an independent director and will satisfy the other requirements for audit committee membership under such rules.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis of Denali

Introduction

The following discussion is intended to provide stockholders with an understanding of Denali s compensation philosophy, its core principles and the compensation in effect during the fiscal year ending January 29, 2016 for the executive officers of Denali who are expected to be Denali s named executive officers, referred to as NEOs, following the merger. As of the date of this proxy statement/prospectus, the individuals listed below have been selected to serve as executive officers of Denali. The remainder of Denali s executive team will be identified before the closing of the merger.

Name	Position
Michael S. Dell	Chairman of the Board, Chief Executive Officer

Executive Compensation Philosophy and Core Objectives

The compensation committees of the board of directors of Denali and of the board of directors of Dell, referred to collectively as the Compensation Committee, is responsible for reviewing, approving and administering compensation programs for executive officers that ensure an appropriate link between pay and performance, while appropriately balancing risk. The Compensation Committee seeks to increase stockholder value by rewarding performance with cost-effective compensation and ensuring that Dell can attract and retain the best executive talent through adherence to the following core compensation objectives:

- aligning the interests of executive officers with those of Denali s owners by emphasizing long-term, performance-dependent compensation;
- providing appropriate cash incentives for achieving Denali s financial goals and strategic objectives;
- creating a culture of meritocracy by linking awards to individual and company performance; and
- providing compensation opportunities that are competitive with companies with which Denali competes for talent.

Executive Officer Compensation

Elements of Total Compensation Package The primary components of Denali s compensation program for executive officers consist of base salary, annual incentive bonuses, long-term equity and cash incentives, benefits and limited

perquisites, as discussed below. Denali does not target a fixed mix of pay for executive officers, but instead evaluates each executive officer individually, and may consider factors such as individual responsibility, market practices, and internal equity considerations. Because executive officers are in a position to directly influence Denali s performance, a significant portion of their compensation is delivered in the form of short-term and long-term incentives.

Compensation Consultants The Compensation Committee does not currently engage independent compensation consultants to advise on executive officer compensation matters.

Process for Evaluating Executive Officer Compensation Each year, Denali s management, including Mr. Dell, conducts a subjective evaluation of each executive officer s performance and then makes a recommendation to the Compensation Committee regarding compensation payable to such officer for the current year. The Compensation Committee, of which Mr. Dell currently is a member, then determines the individual compensation elements and amount of each element for Mr. Dell and each of Denali s other executive officers.

As a privately-held company, Denali has not been subject to requirements to ensure that executive compensation decisions are overseen by a board committee consisting solely of independent directors. When making individual compensation decisions for executive officers, the Compensation Committee may take a variety of factors into account, including the performance of the company and the executive officer s business unit, if applicable; the executive officer s performance, experience and ability to contribute to Denali s long-term strategic goals; the executive officer s historical compensation; comparisons to other executive officers; and any retention concerns.

Consideration of Say-On-Pay Results The compensation of Denali s executive officers has not been subject to a shareholder advisory vote on executive compensation, commonly referred to as a say on pay vote. Denali s major stockholders currently serve on the Compensation Committee to ensure that compensation decisions are aligned to stockholder interests.

Individual Compensation Components

Base Salary

Denali s philosophy is that base salaries should meet the objectives of attracting and retaining the executive officers needed to manage the business. Base salaries vary based on the Compensation Committee s judgment with respect to each executive officer s responsibility, performance, experience, retention concerns, historical compensation and internal equity considerations.

Mr. Dell s base salary was not changed during fiscal 2016.

Annual Incentive Bonus Plan

Executive officers participate in the Annual Incentive Bonus Plan, referred to as the IBP. The IBP is designed to align executive officer pay with short-term financial and strategic results, while also serving to attract and retain executive officers. The Compensation Committee establishes a target incentive opportunity for each executive officer expressed as a percentage of annual base salary.

For Fiscal 2016, Mr. Dell s target incentive was 200% of base salary.

IBP Formula

To arrive at an IBP payout amount for executive officers, the target amount, a percentage of eligible earnings for each executive officer, is multiplied by a formula based on corporate performance, business unit performance (if applicable) and individual performance. The payout amount for Mr. Dell is based on overall corporate performance. In determining the amount of the actual bonus payout, the Compensation Committee may consider the potential payout number produced by the formula and any other factors it deems appropriate.

IBP Corporate Bonus Formula

For the fiscal 2016 corporate performance modifier, the Compensation Committee selected performance objectives aimed at driving profitable growth and achieving strategic objectives, utilizing measures of non-GAAP revenue and operating income. The revenue and operating income targets for the IBP are intended to be stretch goals that cannot be easily achieved. Accordingly, threshold amounts for the fiscal 2016 IBP were based on plan (target) corporate revenue and operating income amounts from the previous fiscal year. For fiscal 2016, corporate IBP design was as follows:

	Threshold	Plan (target)	130% of Plan
Revenue	$ 57 billion	$ 61.4 billion	$ 79.82 billion
Operating Income	$ 3 billion	$ 3.5 billion	$ 4.55 billion
Modifier	50%	100%	200%

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Revenue and operating income modifier percentages are interpolated linearly from threshold to plan, and from plan to 130% of plan and beyond. There is no maximum modifier for fiscal 2016. These revenue and operating income modifiers are averaged to determine the corporate modifier. The threshold must be achieved for both revenue and operating income, and the Compensation Committee further determined to require as a threshold condition for fiscal 2016 that Denali achieve at least 100 basis point growth in PC sales over fiscal 2015. The Compensation Committee retains subjective discretion to adjust IBP modifiers as it determines appropriate.

Individual Performance Modifier

In view of the executive officers potential to influence company performance, the Compensation Committee takes into account personal performance in determining executive officers bonus amounts, assigning each executive officer an individual modifier from zero to 150 percent based on a holistic and subjective assessment of each individual executive officer s performance.

Special Incentive Bonus Plan

The Special Incentive Bonus Plan, referred to as the SIB, is an annual discretionary bonus plan targeting executives who for that fiscal year are the most critical to driving business unit goals and delivering key, business critical objectives. The maximum SIB opportunity for each executive officer selected to participate is approved by the Compensation Committee. The CEO determines individual payout in his subjective discretion following the end of the fiscal year based on a holistic and subjective assessment of the executive s performance during the year. Mr. Dell does not participate in the SIB program.

Long-Term Incentives

Long-term incentive opportunities are the most significant component of total executive officer compensation. These incentives are designed to motivate executive officers to make decisions in support of long-term company financial interests and align them with the interests of Denali s owners, while also serving as a significant tool for attraction and retention.

Long-Term Equity Incentives

Denali executive officers long-term incentive compensation is primarily in the form of stock option awards designed to align their interests with those of Denali stockholders by providing a return only if Denali s stock price appreciates. Stock option awards are approved by the Compensation Committee and are granted with an exercise price based on the fair market value of Denali common stock on the date of grant as determined by the Denali board of directors.

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The equity program in which executive officers other than Mr. Dell participate is referred to as the Management Equity Program or MEP. MEP stock option awards consist of two types of award. The first type of award is a time-based stock option to purchase non-voting shares of Series C Common Stock of Denali, which vests ratably over five years. The second type of award, which we refer to as a performance-based award, is a stock option to purchase Series C Common Stock of Denali that becomes exercisable only based upon the level of return achieved on the initial Denali equity investment of Mr. Dell and Silver Lake in connection with the going-private transaction, which we refer to as return on equity. The vesting criteria for performance-based MEP awards is as follows:

Return on equity for performance-based MEP awards is measured on specified measurement dates or upon the occurrence of specified events related to Denali, and the number of performance-based MEP option shares eligible to test for vesting varies depending upon the measurement date or event. The Compensation Committee believes the vesting design of performance-based MEP awards further aligns executive officers with the interests of Denali s owners by compensating executive officers only if a minimum level of return on equity is achieved.
The allocation of MEP stock options awards between time-based and performance-based awards for each executive officer may vary. In general, executive officers participating in the MEP who are responsible for a specific business unit and more able to directly influence business performance, have MEP stock option awards more heavily weighted toward performance-based awards.

After the going-private transaction, Mr. Dell was granted an option award to purchase shares of voting Series A Common Stock of Denali, which vests ratably over five years from the grant date. The Compensation Committee believes this stock option award provides appropriate long-term incentive compensation for Mr. Dell at this time, and accordingly Mr. Dell does not currently participate in any other long-term incentive compensation programs.

Other Compensation Components

Benefits and Perquisites

Denali executive officers are provided limited benefits and perquisites. While not a significant part of Denali s executive officer compensation, the Compensation Committee believes that limited benefits and perquisites are important to delivering a competitive package to attract and retain executive officers. Specific benefits and perquisites are described below.

Annual Physical The company pays for a comprehensive annual physical for each executive officer and the executive officer s spouse or domestic partner and reimburses the executive officer s travel and lodging costs, subject to an annual maximum payment of $5,000 per person.

Technical Support The company provides executive officers with computer technical support and, in some cases, certain home network equipment. The incremental cost of providing these services

is limited to the cost of hardware provided and is insignificant.

Security The company provides executive officers with security services, including alarm installation and monitoring and, in some cases, certain home security upgrades pursuant to the recommendations of an independent security study. Mr. Dell reimburses the company for costs related to his family s personal security protection.

Financial Counseling and Tax Preparation Services Under the terms of his employment agreement, Mr. Dell is entitled to reimbursement for financial counseling services up to $12,500 annually (including tax preparation).

Spousal Travel Expenses Denali pays for reasonable spousal travel expenses if the spousal travel is at the request of Dell to attend Dell sponsored events.

Other The executive officers participate in Denali s other benefit plans on the same terms as other employees. These plans include medical, dental, and life insurance benefits, and the company s 401(k) retirement savings plan. For additional information, see *Other Benefit Plans* below.

Stock Ownership Guidelines

The Denali board of directors does not currently apply stock ownership guidelines for directors and Denali s executive officers. The Denali board of directors believes that at this time the design of Denali s equity compensation strategy for executive officers links the interests of executive officers closely with those of other Denali stockholders. Denali expects to adopt stock ownership guidelines for its directors following the merger.

Employment Agreements; Severance and Change-in-Control Arrangements

Severance and Change-in-Control Arrangements

Each NEO other than Mr. Dell has entered into a severance agreement with the company pursuant to which, if the executive s employment is terminated without cause, or if the executive resigns for good reason, the executive will receive a severance payment equal to 300% of base salary. Two-thirds of this severance amount is payable following termination of employment, and the remainder is payable on the one year anniversary of such termination. The agreements also obligate each executive officer to comply with certain non-competition and non-solicitation obligations for a period of 12 months following termination of employment. Mr. Dell s employment agreement does not provide for severance benefits. Denali believes that the severance benefits it provides to its NEOs other than Mr. Dell are appropriate in light of the severance protections available to similarly-situated executive officers at companies that compete with us for executive talent. Denali believes the severance benefits help to attract and retain key executives who may be presented with alternative employment opportunities that may appear to be more attractive absent these protections.

In the event an NEO other than Mr. Dell is terminated without cause, or resigns for good reason, during the period beginning three months prior to and ending eighteen months after a change in control of Denali, referred to as the change in control period, the outstanding, unvested portion of such NEO s time-based vesting MEP stock options vests upon the NEO s termination of employment or, if later, the occurrence of the change in control. In the event an NEO other than Mr. Dell is terminated without cause or resigns for good reason during the change in control period or such NEO dies or becomes disabled at any time, the outstanding, unvested portion of the NEO s performance-based vesting MEP stock option award is not forfeited, but remains outstanding (subject to the expiration of the option term) and eligible to vest based on Denali s achievement of return on equity, as described above, except that if a termination without cause or a resignation for good reason occurs during the three month period prior to a change in control, such options will remain outstanding for the three month period to determine whether the change in control occurs. If no such change in control occurs on or prior to the expiration of that period, the options will be forfeited. Denali believes that providing for double trigger acceleration of vesting of the time-based stock options held by our NEOs other than Mr. Dell is appropriate because it will help to prevent the loss of key personnel in the event of a change in control and is consistent with the practices of many companies with whom we compete for executive talent.

In the event an NEO other than Mr. Dell is terminated without cause or resigns for good reason, other than during a change in control period, a portion of the NEO s outstanding, unvested time-based MEP stock option will become vested, equal to the number of shar