

“... Michael Dell, the founder of the world’s third-largest PC-maker, announced that he planned to take his company private. ... Why does Mr. Dell, who took Dell public in a stock market in 1988, want to buy his company back again? ... Mr Dell’s optimism is not shared by investors. Dell’s share price fell from around \$30 in late 2007 to less than \$10 five years later ... Mr. Dell’s calculation is that the shares are now undervalued. He is deciding to buy them back and take Dell private. ... ”

The Economist, February 6, 2013

In the context of theory of financial intermediation, explain two possible benefits Mr. Dell would get by buying shares back and taking Dell private.