ELLIE MAE INC
Form 4
December 16, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DOLAN A BARR

(Last) (First) (Middle)

C/O ELLIE MAE, INC., 4420 ROSEWOOD DRIVE, SUITE 500

(Street)

PLEASANTON, CA 94588

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ELLIE MAE INC [ELLI]

3. Date of Earliest Transaction (Month/Day/Year)
12/15/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/15/2016(1)		X		5,000	A	$ 8.85	9,368	D	
Common Stock	12/15/2016(1)		S		5,000	D	$ 80.65	4,368	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securitie (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Shares
Non-Qualified Stock Option (right to buy)	$ 8.85 (2)	12/15/2016(1)		X			5,000	(3)	08/26/2020	Common Stock	5,00

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DOLAN A BARR C/O ELLIE MAE, INC. 4420 ROSEWOOD DRIVE, SUITE 500 PLEASANTON, CA 94588	X			

Signatures

/s/ A. Barr Dolan	12/16/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The exercise of these stock options was completed pursuant to the reporting person's Rule 10b5-1 trading plan.

(2) Reflects a 1-for-3 reverse stock split of the Issuer's outstanding securities effected immediately prior to the effectiveness of the Issuer's S-1 Registration Statement (Commission File No. 333-166438).

(3) Option vests with respect to 1/36th of the shares monthly commencing on August 26, 2010, such that the option will be fully vested and exercisable on August 26, 2013.

(4) The reported transaction is a grant of a derivative security, in which we have left column 8 blank, and have reported the exercise or conversion price of the derivative security in column 2.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ZE="1" COLOR="#FFFFFF">$3.0

FY12 FY13

% mgn: 8.4% 5.2%

Source: Company filings

ą Excludes one-time $250mm gain in Q4 FY13 and $70mm gain in Q2 FY12 and Q2 FY13 from vendor settlements

2 Based on $0.2bn net interest expense, 21% tax rate and 1,740mm weighted average shares outstanding

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Explanation of Responses:

Forecasting has been poor in a challenging environment

Quarterly revenue and EPS performance

FY12 FY13 FY14 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 (Apr) (Jul) (Oct) (Jan) (Apr) (Jul) (Oct) (Jan) (Apr)

Results vs.

Revenue Revenue

Board plan

Results vs. 1 1 1 EPS EPS

Board plan

Revenue: Dell has missed 7 out of the last 9 quarters vs. Board plan

EPS: Dell has missed 4 of the last 5 quarters vs. Board plan

Source: Company filings; Dell management plan

1 Excludes one-time $250mm gain in Q4 FY13 and $70mm gain in Q2 FY12 and Q2 FY13 from vendor settlements

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Internal forecasts have been steadily revised downwards

3 weeks after approving plan, Dell significantly missed Q2 and revised EPS guidance down 25%

FY13 FY14

Revenue Op. Inc. Revenue Op. Inc. Time Scenario ($bn) ($bn) EPS ($bn) ($bn) EPS frame

July Plan $63.0 $5.2 $2.27 $66.0 $5.6 $2.50

57.5 4.0 1.70 59.9 4.2 1.84

9/21 Case ~2 mo.

(9%) (23%) (25%) (9%) (25%) (26%)

FY13 Actual[1]

Preliminary FY14 Board Case 56.9 3.7 1.58 56.0 3.7 1.59

(1/18/13) ~4 mo.

(1%) (9%) (7%) (7%) (12%) (14%)

Final FY14 Board Case 56.5 3.0 1.25[2]

(3/13/13) ~2 mo.

1% (19%) (21%)

Cumulative change since July 2012: (10%) (30%) (31%) (14%) (46%) (50%) ~8 mo.

Source: Company filings; Dell management for plan

Excludes one-time $250mm gain in Q4 FY13 and $70mm gain in Q2 FY13 from vendor settlements

Based on $0.2bn net interest expense, 21% tax rate and 1,740mm weighted average shares outstanding

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BCG retained to evaluate business and options

During the fall of 2012, the Special Committee sought input from BCG to independently assess risks and opportunities

Full access to Dell senior management team and Company information

Scope of BCG work included:

Future of the PC business

Prospects for Dell s transformation

Strategy of each business segment

Financial cases to model various sensitivities around management s aspirational cost savings target of $3.3bn1

Two cost savings realization cases evaluated that translated to 25% and 75% of the aspirational $3.3bn

Categories of costs have been identified for 25% case but not 75% case

Savings assumed phased in over 3 years

Source: BCG

1 Based on Dell management s estimated cost savings by FY16 for its fully implemented productivity cost takeout

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BCG validated business performance challenges

Market shift to value segments / tablets, where Dell has limited presence

Slow enterprise transformation with acquisitions performing below expectations

BCG created a base case forecast for Dell, grounded in external market dynamics

?Combined market revenue of PCs and tablets growing at 4% per year

Tablets growing rapidly and market shifting from premium to value PCs

Other Dell business segments growing organically in line with the market

Lower revenue and operating income relative to management forecast

BCG identified opportunities for 25% Case

Organizational de-layering

Simplification and labor and transport savings from building-to-stock

Market performance tracking BCG s expectations, but no net cost reduction opportunities have been realized

Source: BCG

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BCG 75% Case is based on an aspirational cost savings target, not concrete initiatives

Forecasted operating income ($ in billions) Commentary

BCG evaluated the impact if $6.0 management achieved 75% of the

BCG Base Case

$5.7 aspirational cost savings of $3.3bn

BCG 25% Case

BCG 75% Case $5.5

Wall Street Consensus Many of the categories of cost Final FY14 Board Case savings were not specifically

Implies an unrealistic $5.0 LQA Q1 FY141 identified consolidated $4.5 operating margin of

10% vs. 4% today2 Significant portion (~$1.5bn of $3.3bn) is already embedded in Final $4.0 FY14 Board Case

$4.0 $3.9 $3.8 $3.6 $3.7

Significant portion of any cost $3.4 savings will need to be reinvested in $3.3 the business / would not drop to the

$3.4 $3.2

$3.0 bottom line

$3.0 $3.0 $2.9

$2.5 BCG 75% Case FY15 forecast is ~50% higher than current Street consensus

$2.4

$2.0

FY13E FY14E FY15E FY16E FY17E

Given aggressive margin expansion assumptions, the BCG 75% Case was deemed by the Special Committee to be aspirational at best

Source: Dell management estimates, BCG estimates, Wall Street estimates as of 7/3/13

1 Q1 FY14 operating income of $590mm annualized 27
2 Based on Dell s Q1 FY14 consolidated operating margin
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Margin pressure trend continues in Q1 FY14

Non-GAAP Q1 FY14 results ($ in billions, except per share data) Key observations

% Revenue above Street

% Variance Variance consensus Q1 FY14 Consensus (to cons.) Q1 FY13 (YoY)

Revenue $14.1 $13.5 43% . $14.4 (2.4%)

ESG revenue up 10% YoY

% growth (YoY) (2.4%) (6.4%) (4.0%)

BRIC and China revenue

Gross profit 29. 30. (2.8%) 32. (8.5%)

down 17% and 24% YoY,

% margin 20.6% 22.1% 22.0%

respectively

Operating income 0.6 0.8 (28.2%) 1.0 (41.6%)

Gross margin percentage at % margin 4.2% 6.1% 7.0% lowest point since Q3 FY11

Diluted EPS $0.21 $0.35 (39.1%) $0.43 (50.9%) Trailing 12 months free cash

flow down 35% YoY

Free cash flow1 ($0.3) ($0.4) NM

Source: Dell management, FactSet Note: Dell fiscal year ended January

1 Free cash flow defined as cash flow from operations less capital expenditures less change in financing receivables
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Agenda

Transaction process 3

Perspectives on Dell today 12

Evolution of financial forecasts 22

Evaluation of strategic alternatives 30

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Explanation of Responses:

Full range of strategic alternatives considered

Benefits Challenges

Levered Significantly elevates risk given business

+ Delivers upfront cash to recap outlook (special shareholders dividend or Weak public equity story and limited strategic buyback) + Provides opportunity to share upside capital flexibility d ution distrib Regular + Utilize cash flow to increase Constrained recurring domestic cash flow

Enhance dividend dividend increase Diminishing marginal returns with yield

+ Dividend payers rewarded by market increases

+ Remove revenue and margin Significant dis-synergies, especially with volatility Support and Deployment, and disruption to EUC + Improve financial stability remaining segments

+ Eliminate long-term secular pressure Limited cash flow to finance New Dell growth paration from PC industry Significant time required and high complexity Se + Potentially unlocks leverage

- Potential competitive disadvantage to capacity for remaining businesses DFS domestic OEM s

+ Ability to focus on core business

- Significant time required and high complexity vs. financing

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Full range of strategic alternatives considered (cont d)

Benefits Challenges

+Grow Enterprise, Software, and Limited number of targets of Services businesses in targeted scale at reasonable valuations

Transform- areas ative

acquisitions High interloper risk for key

+Opportunity to improve growth -and margin profile assets

- Transaction size likely a

+Immediate value creation deterrent

Sale to

- Views validated by fact that no

strategic

+De-risks standalone plan strategic buyer put forth a proposal

We thoroughly evaluated all strategic alternatives and determined the $13.65 transaction is the most attractive alternative

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Summary of Icahn June 18th /July1 st letter

Overview of Icahn June 18th / July 1st letter Key unanswered questions

Icahn asks that Dell commence a self-tender for Counterparty and commitment letter for proposed $14.00 per share, prorated for capped available cash receivables proceeds

Implies ~$10.00 in cash per share (~72%) if all shares tender except Icahn and Southeastern1

Icahn and Southeastern will not tender their shares Arrangements to provide necessary working capital and liquidity post closing

Icahn purchased ~72mm shares from

Southeastern (~50% of shares owned) at $13.52 per share

Together, they still own ~13%1 of total shares

Management team and operating plan

Total net funding of $15.6bn

$7.5bn Dell cash

$2.9bn net financing receivables proceeds Draft agreement not to tender shares (uncommitted)

$5.2bn secured term loan

To elect a slate of directors at the next annual Icahn / Southeastern shareholder agreement meeting to implement proposed tender offer2

1 Southeastern sold 0.6mm additional shares since it sold ~72mm shares to Icahn on 6/18/13, which would now result in ~71% of all shares tendered, except Icahn and Southeastern; Icahn and Southeastern would now have a combined ownership of ~12%

2 Icahn s nominations include Jonathan Christodoro, Harry Debes, Carl Icahn, Gary Meyers, Daniel Ninivaggi and Rajendra Singh; Southeastern s nominations include Matthew Jones, Bernard Lanigan, Jr.,

Rahul Merchant, Peter van Oppen, Howard Silver and David Willmott 32

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Leveraged recap considerations

Elevated risks due to leverage Poor public-market equity story

Elevates Dell s risk profile Highly levered

FY14E operating income has declined 46% since the July

Plan Deteriorating cash flow metrics

Potential adverse employee, vendor and customer perception

Few precedents particularly in

Significantly weaker financial technology profile than key enterprise peers

Weak financial position to Reduced float complete transformation

Dell will remain largely a PC company (~2/3 of revenues) Value uncertainty

Dramatically elevated risk profile and uncertainty for existing Dell shareholders

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Highly leveraged recap with weak stub does not create value

June 18th / July 1st Icahn letter

Total cash available for tender ($bn) $15.6 Leverage may impair competitive position

vs. strongly capitalized peers: HP, EMC,

Cash available per share, assuming Icahn and IBM, Cisco

1 $9.94 Southeastern do not tender shares
No public large-cap technology

Stub equity value per share required to break-even2 $12.79 companies attempt to operate at these

leverage levels

Break-even EV / EBITDA multiples for $13.65 aggregate value Poor public-market equity story unlikely to

Final FY14 Board case3 4.5x support $13.65 blended value

Few precedents

LQA Q1 FY144 5.7x

None in tech sector for a reason Memo: Consensus Dell unaffected 5 3.3x Clear Channel has declined over (70%)

Pro forma leverage Gross debt primary metric due to high 6 required minimum cash

Gross debt / Final FY14 Board Case EBITDA 3.0x

Gross leverage will be nearly identical to

Gross debt / LQA Q1 FY14 EBITDA 6 3.9x Dell s EBITDA trading multiple prior to

transaction

Unrealistic multiple expansion required to achieve $13.65 future value parity

1 Cash available per share calculated assuming 1,566mm shares elect to receive cash tender
2 Break-even value per share calculated to provide $13.65 value to shareholders, including partial cash tender distribution and residual equity value

3 Final FY14 Board Case EBITDA of $3,254mm, pro forma for loss of DFS income of $323mm
4 LQA Q1 FY14 EBITDA of $2,569mm, pro forma for loss of DFS income of $323mm
5 Unaffected multiples shown at stock price of $10.88 as of 1/11/13 before transaction rumors 34
6 Final FY14 Board Case EBITDA and LQA Q1 FY14 EBITDA exclude $373mm and $284mm of stock based compensation, respectively

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Icahn and Southeastern concepts lack credibility

Icahn has been inconsistent about per share cash to shareholders and aggregate cash proceeds

March 22nd letter: $15.00 per share cash election merger ($15.65bn cap / ~58% of shares)

May 9th letter: $12.00 per share cash election distribution ($17.3bn assumed limit / 80% of shares)

June 18th letter: $14.00 per share self-tender offer ($15.6bn cap / ~62% of shares)

To match $13.65 in cash, each of these alternatives depends on a public stub trading at an unrealistic expanded valuation multiple, in the face of declining performance and heightened leverage / risk

Icahn has failed to provide most of the key provisions and mechanics of the May 9th or June 18th letter, as requested by the Special Committee

Southeastern has openly opposed a transaction for $13.65, but then sold 72mm shares (~50% of shares owned) to Icahn for $13.52 per share

On February 8th, Southeastern publicized an analysis claiming that Dell is worth almost $24.00 per share

How can their rhetoric and actions be reconciled?

The Special Committee stands ready to negotiate any proposal that is actionable and potentially superior, but Icahn and Southeastern positions have been inconsistent and their alternative concepts incomplete

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Clear Channel highlights risks of levered stub equity

Highfields, holder of a 5% stake in Clear Channel, opposed initial offers of $37.60/share and $39.00/share from Bain Capital and Thomas H. Lee Partners, which had no equity stub component

In response to dissident shareholders, Clear Channel offered a public equity stub as part of the transaction (~5%)

Transaction completed at $36.00 (PF leverage of ~9x) and stock has declined ~75% since then

Stock price performance of outstanding stub ($) $45

Clear Channel Communications / CC Media Holdings S&P 500

14%

7/30/08: The acquisition of Clear Offer price: Channel closes ($35.98) $36.00 $30

1/29/07: Clear Channel discloses the proposed acquisition by Bain Capital $15 and T.H. Lee Partners for $37.60

(75%)

$0

1/1/07 4/20/08 8/8/09 11/26/10 3/15/12 7/3/13

Similarities to Dell transaction

Founder / sponsor deal

Declining growth and negative industry trends

Leverage levels significantly above peers following transaction

Small float and lower liquidity for the stub

Source: Company filings, FactSet, SharkRepellent; Note: CC Media Holdings share price adjusted to Clear Channel basis 36

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Dramatic underperformance for voted down transactions

Target stock price performance for voted down transactions (2005 2012)

Price performance following date voted

Announce Voted down vs. unaffected

Target Acquirer Declining shareholders date down date LBO 1-year 2-year ISS rec.

TGC Industries Dawson Geophysical TGC Industries 03/21/11 10/28/11 10.7% NA For

Dynegy Blackstone Dynegy 08/13/10 11/23/10 3 (13.7%) (90.0%) For

VaxGen OXiGENE VaxGen 10/15/09 02/12/10 (42.9%) (58.6%) NA

Cablevision Systems Charles and James Dolan Cablevision Systems 05/02/07 10/24/07 3 (54.7%) (28.1%) Against

Randolph Bank & Trust Bank of the Carolinas Randolph Bank & Trust 04/12/07 11/14/07 (13.3%) (61.3%) For

Lear American Real Estate Partners Lear 02/05/07 07/16/07 3 (60.3%) (99.0%) Against

Eddie Bauer Holdings Sun Capital and Golden Gate Capital Eddie Bauer Holdings 11/13/06 02/09/07 3 (27.2%) (92.1%) For

Cornell Companies Veritas Capital Cornell Companies 10/09/06 01/23/07 3 21.5% (21.8%) Against

Corning Natural Gas C&T Enterprises Corning Natural Gas 05/11/06 10/17/06 22.9% 18.0% For

Mean (17.4%) (54.1%)

Median (13.7%) (59.9%)

Average 1-year and 2-year declines of 17% and 54%, respectively

Source: FactSet, ISS

Note: Includes transactions 2005 2012, U.S. target only

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Substantial downside risk to Dell shareholders if transaction rejected

$13.65 represents substantial premium to implied Dell share prices using current HP P/E multiples

Assuming HP s CY13E P/E1

$13.65 57% premium 96% premium 132% premium

$8.72

$6.95

$5.88

Silver Lake / Final FY14 Wall Street LQA Michael Dell Board Case Consensus Q1 FY14

EPS: $1.25 $1.00 $0.84

Source: Company filings, FactSet; Market data as of 7/3/13

1 Assumes HP s CY13E P/E multiple of 7.0x 38
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Conclusion: transaction delivers highest value for shareholders

All cash offer at a significant, certain premium

Comprehensive range of alternatives evaluated

Shareholder friendly process and terms to ensure value was maximized

Highest price available following exhaustive process

Shifts all business and transaction risks to buyer group

Avoids high risk of a levered recap and delivers superior value and certainty

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Forward-looking statements

Any statements in these materials about prospective performance and plans for the Company, the expected timing of the completion of the proposed merger and the ability to complete the proposed merger, and other statements containing the words estimates, believes, anticipates, plans, expects, will, and similar expressions, other than historical facts, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Factors or risks that could cause our actual results to differ materially from the results we anticipate include, but are not limited to: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (2) the inability to complete the proposed merger due to the failure to obtain stockholder approval for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; (3) the failure to obtain the necessary financing arrangements set forth in the debt and equity commitment letters delivered pursuant to the merger agreement; (4) risks related to disruption of management s attention from the Company s ongoing business operations due to the transaction; and (5) the effect of the announcement of the proposed merger on the Company s relationships with its customers, operating results and business generally.

Actual results may differ materially from those indicated by such forward-looking statements. In addition, the forward-looking statements included in these materials represent our views as of the date hereof. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date hereof. Additional factors that may cause results to differ materially from those described in the forward-looking statements are set forth in the Company s Annual Report on Form 10-K for the fiscal year ended February 1, 2013, which was filed with the SEC on March 12, 2013, under the heading Item 1A Risk Factors, and in subsequent reports on Forms

10-Q and 8-K filed with the SEC by the Company.

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Additional information and where to find It

In connection with the proposed merger transaction, the Company filed with the SEC a definitive proxy statement and other relevant documents, including a form of proxy card, on May 31, 2013. The definitive proxy statement and a form of proxy have been mailed to the Company s stockholders. Stockholders are urged to read the proxy statement and any other documents filed with the SEC in connection with the proposed merger or incorporated by reference in the proxy statement because they contain important information about the proposed merger.

Investors will be able to obtain a free copy of documents filed with the SEC at the SEC s website at http://www.sec.gov. In addition, investors may obtain a free copy of the Company s filings with the SEC from the Company s website at http://content.dell.com/us/en/corp/investor-financial-reporting.aspx or by directing a request to: Dell Inc. One Dell Way, Round Rock, Texas 78682, Attn: Investor Relations, (512) 728-7800, investor_relations@dell.com.

The Company and its directors, executive officers and certain other members of management and employees of the Company may be deemed participants in the solicitation of proxies from stockholders of the Company in favor of the proposed merger. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the stockholders of the Company in connection with the proposed merger, and their direct or indirect interests, by security holdings or otherwise, which may be different from those of the Company s stockholders generally, is set forth in the definitive proxy statement and the other relevant documents filed with the SEC. You can find information about the Company s executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended February 1, 2013 (as amended with the filing of a Form 10-K/A on June 3, 2013 containing Part III information) and in its definitive proxy statement filed with the SEC on Schedule 14A on May 24, 2012.

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