

PEROT SYSTEMS CORP  
Form SC TO-C  
September 21, 2009

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

**FORM 8-K  
CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): September 20, 2009**

**Dell Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**0-17017**

(Commission File Number)

**74-2487834**

(IRS Employer

Identification No.)

**One Dell Way, Round Rock, Texas 78682**

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: **(512) 338-4400**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

*Merger Agreement*

On September 20, 2009, Dell Inc., a Delaware corporation ( *Dell* ), entered into an Agreement and Plan of Merger (the *Merger Agreement* ) by and among Dell, DII - Holdings Inc., a Delaware corporation and an indirect wholly owned subsidiary of Dell ( *Purchaser* ), and Perot Systems Corporation, a Delaware corporation ( *Perot Systems* ), pursuant to which Dell will acquire Perot Systems, a worldwide provider of information technology services and business solutions to a broad range of customers.

Pursuant to the Merger Agreement, subject to the terms and conditions thereof, Purchaser will commence a tender offer (the *Offer* ) to purchase all of the outstanding shares of Class A common stock, par value \$0.01 per share, of Perot Systems (the *Shares* ) at a purchase price of \$30.00 per share in cash, without interest thereon (the *Offer Price* ). Upon successful completion of the Offer, and subject to the terms and conditions of the Merger Agreement, Purchaser will be merged with and into Perot Systems (the *Merger* ) and Perot Systems will survive the Merger as an indirect wholly owned subsidiary of Dell.

Purchaser has agreed to commence the Offer by no later than October 2, 2009, and the Offer shall remain open for at least 20 business days. Consummation of the Offer and the Merger is subject to the satisfaction or waiver of a number of customary closing conditions set forth in the Merger Agreement, including, among others, that (i) there is validly tendered (and not withdrawn) at least 66 <sup>2</sup>/<sub>3</sub>% of the Shares determined on a fully-diluted basis, (ii) certain regulatory clearances have been obtained by the parties, including the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and clearances under antitrust laws of other countries, (iii) a material adverse effect to Perot Systems shall not have occurred and (iv) the other conditions set forth in the Merger Agreement have been satisfied or waived.

At the effective time of the Merger (the *Effective Time* ), each outstanding Share, other than Shares owned by Dell or its subsidiaries immediately prior to the Effective Time, will automatically be converted into the right to receive the Offer Price on the terms and subject to the conditions set forth in the Merger Agreement. The Merger Agreement provides that options to purchase Shares and stock appreciation rights settleable in Shares (collectively, *Company Stock Option Awards* ) granted under any of Perot Systems' equity based compensation plans (the *Stock Plans* ) shall vest in full immediately after Purchaser acquires 80% of the outstanding common stock of Perot Systems (the

*Conversion Time* ), and immediately after will be cancelled and converted into the right to receive an amount (subject to any applicable withholding tax) in cash equal to the product of (x) the excess, if any, of the Offer Price over the exercise or base price, as applicable, per share of each such Company Stock Option Award, multiplied by (y) the total number of Shares subject to such Company Stock Option Award. The Merger Agreement further provides that each restricted stock unit award and restricted stock award ( a *Restricted Stock Award* ) that is outstanding under any Stock Plan, whether or not then vested or earned, shall be, immediately after the Conversion Time, cancelled and converted into the right to receive an amount (subject to any applicable withholding tax) in cash equal to the product of (x) the Offer Price multiplied by (y) the total number of Shares subject to such Restricted Stock Award. Certain executive officers of Perot Systems may elect to convert a percentage of the consideration otherwise payable in the Merger with respect to their Company Stock Option Awards or Restricted Stock Awards into restricted stock unit awards of Dell.

Pursuant to the Merger Agreement, Perot Systems granted Dell and Purchaser, subject to certain conditions and limitations, an irrevocable option to purchase, following completion of the Offer and at the Offer Price, a number of Shares that, when added to the number of Shares owned by Dell or Purchaser at the time of exercise of the option, constitutes one share more than 90% of the fully-diluted Shares (the "Top-Up Option"). The Top-Up Option is intended to expedite the timing of the completion of the Merger by effecting the Merger pursuant to Delaware's short form merger statute. Following the Offer and, if necessary, the exercise of the Top-Up Option, if Purchaser does not own at least 90% of the outstanding Shares, a vote of the stockholders of Perot Systems is required to consummate the Merger. In such case, the approval of the Merger at a meeting of the stockholders of Perot Systems would be assured because of Purchaser's ownership of at least  $66\frac{2}{3}\%$  of the Shares following completion of the Offer.

The Merger Agreement further provides that, upon payment for the Shares pursuant to the Offer, Dell shall be entitled to designate a number of directors to the Board of Directors of Perot Systems (the "Board") in proportion with the percentage of the Shares it owns following the Offer. Between such time and the Effective Time, the Board will have at least three directors who are directors of Perot Systems on the date of the Merger Agreement and who are neither officers of Perot Systems nor designees or affiliates of Dell.

Dell, Purchaser and Perot Systems have made customary representations and warranties in the Merger Agreement and agreed to certain customary covenants, including covenants regarding operation of the business of Perot Systems and its subsidiaries prior to the closing and covenants prohibiting Perot Systems from soliciting, or providing information or entering into discussions concerning, or proposals relating to alternative business combination transactions, except in limited circumstances relating to unsolicited proposals that are, or could reasonably be expected to result in, a proposal superior to the transactions contemplated by the Merger Agreement. In the case of such a proposal, Perot Systems may not terminate the Merger Agreement if Dell makes a proposal to adjust the terms and conditions of the Merger Agreement to be at least as favorable as such proposal.

Dell has also agreed to guaranty the full performance and payment by Purchaser of each of the covenants, obligations and undertakings required to be performed by Purchaser under the Merger Agreement, the Offer, the Merger and the transactions contemplated thereby.

The foregoing description of the Merger Agreement is only a summary, does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as Exhibit 2.1 to this Form 8-K and incorporated herein by reference.

#### *Additional Agreements*

As inducement to Dell to enter into the Merger Agreement, certain officers, directors and principal stockholders of Perot Systems (as listed below in the description to Exhibit 2.2 and Exhibit 2.3 of Item 9.01) (the "Tendering Stockholders") have agreed to tender their Shares in connection with the Offer and to vote in favor of the Merger pursuant to Tender and Voting Agreements, dated September 20, 2009, entered into with Dell, Purchaser and Perot Systems (the "Tender Agreements"). In addition, such Tendering Stockholders have agreed, subject to certain exceptions, to refrain from disposing of their Shares and soliciting alternative acquisition proposals to the Merger.

The foregoing description of the Tender Agreements is only a summary, does not purport to be complete and is qualified in its entirety by reference to the Tender Agreements, forms of which are filed as Exhibit 2.2 and Exhibit 2.3 to this Form 8-K and incorporated herein by reference.

Additionally, in connection with the execution of the Merger Agreement, H. Ross Perot and Ross Perot, Jr. have signed noncompetition and nonsolicitation agreements with Dell and Perot Systems that limit their ability to compete with Perot Systems or solicit its employees or customers for a period ending December 31, 2014. If the Merger Agreement is terminated prior to the closing of the Offer, such agreements will not become effective and will have no force or effect.

#### *Cautionary Note Regarding the Merger Agreement*

The Merger Agreement has been included to provide investors with information regarding its terms. It is not intended to provide any other factual information about Perot Systems, Dell or Purchaser. In particular, the representations and warranties contained in the Merger Agreement were made only for the purposes of the Merger Agreement as of the specific dates therein, and were solely for the benefit of the parties to the Merger Agreement.



The representations and warranties contained in the Merger Agreement may be subject to limitations agreed upon by the parties to the Merger Agreement and are qualified by information in confidential disclosure schedules provided by Perot Systems in connection with the signing of the Merger Agreement. These confidential disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. Moreover, certain representations and warranties in the Merger Agreement may be subject to a standard of materiality provided for in the Merger Agreement and have been used for the purpose of allocating risk among Perot Systems, Dell and Purchaser, rather than establishing matters of fact. Information concerning the subject matter of the representations and warranties may also change after the date of the Merger Agreement, which subsequent information may not be fully disclosed in the parties' public disclosures. Accordingly, the representations and warranties in the Merger Agreement may not constitute the actual state of facts about Perot Systems, Dell or Purchaser. Investors are not third party beneficiaries under the Merger Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or conditions of Perot Systems, Dell or Purchaser, or any of their respective subsidiaries or affiliates.

*Additional Information*

The tender offer described in this Current Report on Form 8-K and the exhibits attached hereto has not yet commenced. The description contained herein is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities. The solicitation and the offer to buy shares of Perot Systems' Class A common stock will be made only pursuant to a tender offer statement on Schedule TO, including an offer to purchase and other related materials, Purchaser intends to file with the Securities and Exchange Commission. In addition, Perot Systems intends to file with the Securities and Exchange Commission a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the tender offer. Once filed, investors and Perot Systems stockholders will be able to obtain free copies of these documents and other documents filed by Perot Systems, Dell and Purchaser with the Securities and Exchange Commission at the website of the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). In addition, the tender offer statement on Schedule TO and related offering materials may be obtained for free (when they become available) from Dell. **Perot Systems stockholders are advised to read these documents, any amendments to these documents and any other documents relating to the tender offer that are filed with the Securities and Exchange Commission carefully and in their entirety prior to making any decisions with respect to the tender offer because they contain important information, including the terms and conditions of the tender offer.**

*Forward-looking Statements*

Statements in this Current Report on Form 8-K and the exhibits attached hereto that relate to future results and events are forward-looking statements based on Dell's current expectations. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the transaction; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that the transaction may not be timely completed, if at all; that, prior to the completion of the transaction, Perot Systems' business may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; and other risks that are described in Dell's and Perot Systems' Securities and Exchange Commission reports, including but not limited to the risks described in Dell's Annual Report on Form 10-K for its fiscal year ended January 30, 2009 and Perot Systems' Annual Report on

Form 10-K for the fiscal year ended December 31, 2008. Dell and Perot Systems assume no obligation and do not intend to update these forward-looking statements.

**Item 7.01 Regulation FD Disclosure.**

On September 21, 2009, Dell and Perot Systems issued a joint press release, a copy of which is furnished as Exhibit 99.1 hereto, announcing the execution of the Merger Agreement.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
2.1	Agreement and Plan of Merger, dated September 20, 2009, by and among Dell Inc., DII Holdings Inc. and Perot Systems Corporation. (Pursuant to the rules of the U.S. Securities and Exchange Commission, the schedules and similar attachments to the agreement have not been filed herewith. The registrant agrees to furnish supplementally a copy of any omitted schedule or attachment to the Commission upon request.)
2.2	Form of Tender and Voting Agreement, dated September 20, 2009, among Dell Inc., DII Holdings Inc., Perot Systems Corporation and each of the following executive officers and directors of Perot Systems Corporation: Peter A. Altabef, Steven Blasnik, John S.T. Gallagher, Carl Hahn, DeSoto Jordan, Caroline S. Matthews, Thomas Meurer, Cecil H. Moore, Jr., Anthony J. Principi, Anuroop Singh, John Lyon, Russell Freeman, Thomas D. Williams, Scott Barnes, Eugene L. Carrick, Steve Curts, John E. Harper, Anurag Jain, Chuck Lyles and Jeff Renzi.
2.3	Form of Tender and Voting Agreement, dated September 20, 2009, among Dell Inc., DII Holdings Inc., Perot Systems Corporation and each of the following stockholders of Perot Systems Corporation: H. Ross Perot, HWGA, Ltd., The Perot Foundation, Petrus Financial Services Ltd., Perot Family Trust, Perot Investment Trust I, Perot Investment Trust II, Perot Investment Trust III, Perot Investment Trust IV, Perot Investment Trust V.
99.1	Press release issued by Dell Inc., dated September 21, 2009.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELL INC.

Date: September 21, 2009

By: /s/ Janet B. Wright  
Janet B. Wright  
Assistant Secretary

**Exhibit Index**

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Total current assets  
2,425 3,051

Property, plant and equipment, at cost

Pipelines  
19,237 18,042

Natural gas and oil properties, at full cost  
20,537 20,009

Other  
357 342

40,131 38,393

Less accumulated depreciation, depletion and amortization



22,931 20,535

Total property, plant and equipment, net

17,200 17,858

Other assets

Investments in unconsolidated affiliates

1,705 1,703

Assets from price risk management activities

109 201

Other

718 855

2,532 2,759

Total assets

\$22,157 \$23,668

See accompanying notes.

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**EL PASO CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except share amounts)  
(Unaudited)

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable		
Trade	\$ 300	\$ 372
Affiliates	7	6
Other	492	618
Short-term financing obligations, including current maturities	339	1,090
Liabilities from price risk management activities	224	250
Accrued interest	241	192
Other	852	715
Total current liabilities	2,455	3,243
Long-term financing obligations, less current maturities	13,633	12,818
Other		
Liabilities from price risk management activities	523	767
Deferred income taxes	265	565
Other	1,557	1,679
	2,345	3,011
Commitments and contingencies (Note 9)		
Equity		
El Paso Corporation stockholders' equity:		
Preferred stock, par value \$0.01 per share; authorized 50,000,000 shares; issued 750,000 shares of 4.99% convertible perpetual stock; stated at liquidation value	750	750
Common stock, par value \$3 per share; authorized 1,500,000,000 shares; issued 715,877,755 shares in 2009 and 712,628,781 shares in 2008	2,148	2,138
Additional paid-in capital	4,505	4,612
Accumulated deficit	(3,466)	(2,653)
Accumulated other comprehensive loss	(709)	(532)
Treasury stock (at cost); 14,612,967 shares in 2009 and 14,061,474 shares in 2008	(282)	(280)
Total El Paso Corporation stockholders' equity	2,946	4,035
Noncontrolling interests	778	561

Total equity		3,724		4,596
Total liabilities and equity		\$ 22,157	\$	23,668

See accompanying notes.

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**EL PASO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>
Cash flows from operating activities		
Net income (loss)	\$ (775)	\$ 878
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation, depletion and amortization	653	903
Ceiling test charges	2,085	8
Deferred income tax expense (benefit)	(448)	470
Earnings from unconsolidated affiliates, adjusted for cash distributions	17	(12)
Other non-cash income items	53	16
Asset and liability changes	196	(212)
Net cash provided by operating activities	1,781	2,051
Cash flows from investing activities		
Capital expenditures	(2,081)	(1,905)
Cash paid for acquisitions, net of cash acquired	(39)	(362)
Net proceeds from the sale of assets and investments	303	671
Net change in restricted cash	41	35
Other	(26)	44
Net cash used in investing activities	(1,802)	(1,517)
Cash flows from financing activities		
Net proceeds from issuance of long-term debt	1,369	4,083
Payments to retire long-term debt and other financing obligations	(1,290)	(3,556)
Dividends paid	(133)	(113)
Net proceeds from issuance of noncontrolling interests	212	15
Distributions to noncontrolling interest holders	(33)	(20)
Repurchase of common shares		(77)
Other	(7)	9
Net cash provided by financing activities	118	341
Change in cash and cash equivalents	97	875
Cash and cash equivalents		
Beginning of period	1,024	285
End of period	\$ 1,121	\$ 1,160

See accompanying notes.

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**EL PASO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(In millions)  
(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
El Paso Corporation stockholders' equity:		
Preferred stock:		
Balance at beginning and end of period	\$ 750	\$ 750
Common stock:		
Balance at beginning of period	2,138	2,128
Other, net	10	8
Balance at end of period	2,148	2,136
Additional paid-in capital:		
Balance at beginning of period	4,612	4,699
Dividends	(133)	(119)
Other, including stock-based compensation	26	69
Balance at end of period	4,505	4,649
Accumulated deficit:		
Balance at beginning of period	(2,653)	(1,834)
Net income (loss) attributable to El Paso Corporation	(813)	855
Cumulative effect of adopting new pension plan accounting standards, net of income tax of \$2		4
Balance at end of period	(3,466)	(975)
Accumulated other comprehensive loss:		
Balance at beginning of period	(532)	(272)
Other comprehensive income (loss)	(177)	102
Cumulative effect of adopting new pension plan accounting standards, net of income tax of \$2		3
Balance at end of period	(709)	(167)
Treasury stock, at cost:		
Balance at beginning of period	(280)	(191)
Share repurchases		(77)
Stock-based and other compensation	(2)	(10)
Balance at end of period	(282)	(278)
Total El Paso Corporation stockholders' equity at end of period	2,946	6,115

Noncontrolling interests:		
Balance at beginning of period	561	565
Distributions paid to noncontrolling interests	(33)	(20)
Issuance of noncontrolling interests	212	15
Net income attributable to noncontrolling interests	38	23
Other		(24)
Balance at end of period	778	559
Total equity at end of period	\$ 3,724	\$ 6,674

See accompanying notes.

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**EL PASO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)  
(Unaudited)

	<b>Quarters Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net income (loss)	\$ 82	\$ 452	\$ (775)	\$ 878
Pension and postretirement obligations:				
Unrealized actuarial losses arising during period (net of income taxes of \$1 in 2008)				(2)
Reclassification of actuarial losses during period (net of income taxes of \$3 and \$11 in 2009 and \$2 and \$7 in 2008)	7	3	21	13
Cash flow hedging activities:				
Unrealized mark-to-market gains (losses) arising during period (net of income taxes of \$5 and \$3 in 2009 and \$227 and \$5 in 2008)	(5)	405	5	10
Reclassification adjustments for changes in initial value to the settlement date (net of income taxes of \$34 and \$114 in 2009 and \$24 and \$46 in 2008)	(61)	42	(203)	81
Other comprehensive income (loss)	(59)	450	(177)	102
Comprehensive income (loss)	23	902	(952)	980
Comprehensive income attributable to noncontrolling interests	(15)	(7)	(38)	(23)
Comprehensive income (loss) attributable to El Paso Corporation	\$ 8	\$ 895	\$ (990)	\$ 957

See accompanying notes.

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**EL PASO CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Basis of Presentation and Significant Accounting Policies**

*Basis of Presentation*

We prepared this Quarterly Report on Form 10-Q under the rules and regulations of the United States Securities and Exchange Commission (SEC). Because this is an interim period filing presented using a condensed format, it does not include all of the disclosures required by U.S. generally accepted accounting principles (GAAP). You should read this Quarterly Report on Form 10-Q along with our 2008 Annual Report on Form 10-K, which contains a summary of our significant accounting policies and other disclosures. The financial statements as of September 30, 2009, and for the quarters and nine months ended September 30, 2009 and 2008, are unaudited. We derived the condensed consolidated balance sheet as of December 31, 2008, from the audited balance sheet filed in our 2008 Annual Report on Form 10-K. As discussed below, certain amounts related to noncontrolling interests have been retrospectively adjusted within these consolidated financial statements to reflect the January 1, 2009 adoption of new presentation and disclosure requirements for noncontrolling interests. Our financial statements for prior periods also include certain reclassifications that were made to conform to the current period presentation, none of which impacted our reported net income (loss) or stockholders' equity. In our opinion, we have made adjustments, all of which are of a normal, recurring nature to fairly present our interim period results. We have evaluated subsequent events through the time of filing on November 6, 2009, the date of issuance of our financial statements. Due to the seasonal nature of our businesses, information for interim periods may not be indicative of our operating results for the entire year.

*Significant Accounting Policies*

The information below provides an update of our significant accounting policies and accounting pronouncements issued but not yet adopted as discussed in our 2008 Annual Report on Form 10-K.

*Fair Value Measurements.* On January 1, 2009, we adopted new accounting and reporting standards related to our non-financial assets and liabilities that are measured at fair value on a non-recurring basis, as further described in Note 6. The adoption did not have a material impact on our financial statements.

On January 1, 2009, we also adopted accounting standard updates regarding how companies should consider their own credit in determining the fair value of their liabilities that have third party credit enhancements related to them. Substantially all of the derivative liabilities in our Marketing segment are supported by letters of credit. Under these accounting standard updates, non-cash credit enhancements, such as letters of credit, should not be considered in determining the fair value of these liabilities, including derivative liabilities. Accordingly, we recorded a \$34 million gain (net of \$18 million of taxes), or \$0.05 per share, in the first quarter of 2009 as a result of adopting these new accounting updates.

*Business Combinations.* On January 1, 2009, we adopted accounting standard updates related to business acquisitions. These updates apply to acquisitions that are effective after December 31, 2008 and require that all acquired assets, liabilities, noncontrolling interests and certain contingencies be measured at fair value, and certain other acquisition-related costs be expensed rather than capitalized.

*Noncontrolling Interests.* Effective January 1, 2009, we adopted accounting standard updates on accounting and reporting for noncontrolling interests in the financial statements which require us to present our noncontrolling interests that have the characteristics of permanent equity (primarily related to El Paso Pipeline Partners, L.P., our consolidated subsidiary) as a separate component of equity rather than as a mezzanine item between liabilities and equity on our balance sheets. Additionally, we are also required to present our noncontrolling interests as a separate caption in our income statements. Our financial statements for all periods presented have been adjusted to retrospectively apply these changes to the presentation and disclosure requirements related to noncontrolling interests. These accounting standard updates also require that all transactions with noncontrolling interest holders after adoption, including the issuance and repurchase of noncontrolling interests, be accounted for as equity transactions unless a change in control of the subsidiary occurs.

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*New Accounting Pronouncements Issued But Not Yet Adopted*

As of September 30, 2009, the following accounting standards have not yet been adopted by us:

*Oil and Gas Reserves Reporting.* In December 2008, the SEC issued a final rule adopting revisions to its oil and gas reporting requirements. The revisions will impact the determination and disclosures of oil and gas reserves information. Among other items, the new rules will revise the definition of proved reserves and will require full cost companies to use a twelve month average commodity price in determining future net revenues, rather than a period-end price as is currently required. These changes, along with other proposed changes, will impact the manner in which we perform our full cost ceiling test calculation and determine any related ceiling test charge. The provisions of this final rule are effective on December 31, 2009, and cannot be applied earlier than that date. We are currently assessing the impact that this final rule may have on our determination and disclosures of oil and gas reserves information.

*Transfers of Financial Assets.* In June 2009, the Financial Accounting Standards Board (FASB) issued updates to the existing accounting standards on financial asset transfers. Among other items, these accounting standard updates eliminate the concept of a qualifying special-purpose entity (QSPE) for purposes of evaluating whether an entity should be consolidated as a variable interest entity and are effective for existing QSPEs as of January 1, 2010 and for transactions entered into on or after January 1, 2010. We are currently assessing the impact that these accounting standard updates may have on our financial statements, including any impacts it may have on accounting for our accounts receivable sales program and the related senior beneficial interests (see Note 13).

*Variable Interest Entities.* In June 2009, the FASB issued updates to existing accounting standards for variable interest entities which revise how companies determine their primary beneficiaries, among other changes. These updates require companies to use a qualitative approach based on their responsibilities and controlling power over the variable interest entities' operations rather than a quantitative approach in determining the primary beneficiary as previously required. We are currently assessing the impact that these accounting standard updates, effective January 1, 2010, may have on our financial statements.