



REACHING FAR AND WIDE



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To view this report online, see www.dell.com/sustainabilityreport.

For more information about our sustainability programs, see www.dell.com/commitment.

You may contact team members who prepared this report through e-mail at: Dell_Sustainability@dell.com.

Reporting Year

- Financial data are for Dell's fiscal year 2006 (ending February 3, 2006).
- Environmental data and associated goals are for Dell's fiscal year 2006.
- Other data, except where stated, are for calendar year 2005.

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Contents

From the Chairman and the CEO	4
About Dell	5
Values in Action	5
Geographic Areas of Operations	6
Regional Headquarters	6
Manufacturing Centers	6
Goals and Results	7
Fiscal Year 2006 Goals Update	7
Fiscal Year 2007 Goals and Targets	9
Challenges and Opportunities	11
Significant Environmental Aspects	12
Corporate Accountability	16
Corporate Governance	16
Dell Global Citizenship Principles	17
The Soul of Dell	18
Global Business Ethics and Compliance	19
Global Diversity	20
Leadership and Accountability	20
Privacy: Protecting Personal Information	24
Stakeholder Engagement	24
Supply-Chain Management	26
Environmental Responsibility	32
Continuous Improvements in Environmental Performance	32
Dell's Environmental Policy	33
Targeting Improvements Throughout the Product Life Cycle	34
Stage 1: Product Concept and Design	35
Stage 2: Manufacturing and Operations	44
Stage 3: Customer Experience	53
Stage 4: Equipment End-of-Life Strategies	58
Community Engagement	68
Dell's Community Support	68
Stronger Communities	69
Community Wellness	71
Community Growth and Learning	75
Acronyms and Abbreviations	80

*GRI Index

1.2, 2.11, 2.12, 4.1

2.1, 2.2, 2.3, 2.4, 2.5, 2.8, 3.16, 3.17, 3.19, 3.20, EN1, EN2, EN8, EN11, EN14, EN15, EN16, EN18, LA2P

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* Dell has produced this report covering fiscal year 2006 based on a number of external references including, but not limited to, certain elements of the Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines*. The GRI Index on this Contents page cross-references portions of this report to the GRI *Sustainability Reporting Guidelines*. A "P" suffix in the number listed in the GRI Index indicates that only portions of the referenced section are covered in this report.

From the Chairman and the CEO



Michael S. Dell, Chairman of the Board (on left), and Kevin B. Rollins, President and Chief Executive Officer

Welcome to Dell's sustainability report for fiscal year 2006, an annual summary that both highlights our efforts to create sustainable business practices and reflects our challenges in doing so. This report contains a sampling of the work going on at Dell as we progress towards our goal of being an environmentally and socially responsible market leader.

To meet our business goals, we follow a core set of values that defines the kind of company we are and aspire to become. Our mission is to fully integrate sustainable development and management practices into our business of providing quality products, best-in-class services, and the best customer experience at the best value. We find there is a great challenge, and potentially great rewards, in finding solutions that not only meet our business goals, but also improve our environmental and societal impact around the globe.

This report is divided into three categories: Corporate Accountability, Environmental Responsibility and Community Engagement. As in previous years, this report uses the Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* (available on the Internet at: www.globalreporting.org) and is an expansion of Dell's Year in Review report (available online at www.dell.com/annualreports).

Highlights in several key areas for fiscal year 2006 include:

Product Recovery and Recycling Dell remains committed to making product retirement as easy for customers as product purchase, and we met our goal to increase product recovery in fiscal year 2006, recovering more than 18 million kilograms of used equipment for reuse or recycling. We recognize the challenges of recycling practices in a number of geographies and remain focused on expanding product recovery services to new markets.

Chemical Use Dell introduced our new chemical use policy, which outlines our approach to selecting substances to use in and eliminate from our product design. This policy also confirms our commitment to prohibit the use of all brominated flame retardants in our products by 2015.

Design for the Environment Dell will meet the requirements of the European Union's Restriction on Hazardous Substances Directive (RoHS), which becomes effective in July of 2006. Dell remains focused on implementing these design requirements on our global product lines. We were also pleased that our Product Group's environmental management system achieved ISO 14001 certification last year.

Workplace Health and Safety Dell was honored last year to increase the number of our U.S. facilities that have achieved STAR certification from the Occupational Safety and Health Administration (OSHA), recognizing our efforts to provide safe workplaces for all our employees. Our efforts to promote employee wellness also continue around the globe.

Supplier Principles Dell continued our efforts to ensure good working conditions for employees across our supply chains, and we remain an active member of the Implementation Group of the Electronic Industry Code of Conduct (EICC), which is helping to drive industry-wide standards for good labor practices. We recognize the complexity and challenges in this area and will remain focused on measured improvements in the coming year.

Community Engagement Dell is committed to being a good neighbor in the communities that we call home. Our company and employees have undertaken many efforts worldwide to help build those communities, especially as Dell grows and opens facilities in new markets around the globe.

Dell continues to be guided by direct engagement with employees, customers, suppliers and other stakeholders. Dell relies on regular dialogue with associations ranging from global nongovernmental organizations and community groups to socially responsible investment groups. We depend on this dialogue to help guide our work in building a sustainable business.

We are thankful for the efforts of the entire Dell team to meet these commitments and put our values into action around the globe. We recognize that even with this progress, our work in this arena is still in the beginning stages. Dell remains focused on continued progress both as a business leader and as an environmentally and socially responsible company.

Michael S. Dell
Chairman of the Board

Kevin B. Rollins
President and Chief Executive Officer

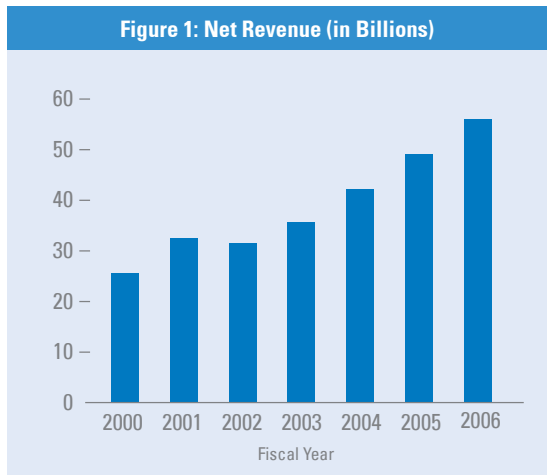
About Dell

Dell Inc. is a premier provider of products and services worldwide that enable customers to build their information technology and Internet infrastructures. Dell offers a broad range of product categories, including desktop computer systems, mobility products, software and peripherals, servers and networking products, enhanced services, and storage products. During 2005, Dell was the number one supplier of personal computer systems worldwide, as well as in the United States. Dell's global market leadership is the result of a persistent focus on delivering the best possible customer experience by selling products and services directly to customers.

Consolidated net revenue increased 14 percent to \$55.9 billion during fiscal year 2006, compared to \$49.2 billion in fiscal year 2005, with unit shipments up 19 percent year over year. As of February 3, 2006, excluding Dell Financial Services (DFS), Dell had approximately 65,200 regular employees, compared to approximately 55,200 as of the end of fiscal year 2005. Approximately 25,300 of these employees were located in the United States, and approximately 39,900 were located in other countries. While Dell's workforce located both inside and outside the United States increased during fiscal 2006, the proportion of Dell's workforce located outside the United States increased due to a number of factors, including Dell's rapid international growth.

Dell, a Delaware corporation, was founded in 1984 by Michael Dell on a simple concept: by selling computer systems directly to customers, Dell could best understand their needs and efficiently provide the most effective computing solutions to meet those needs. This direct business model eliminates wholesale and retail dealers that add unnecessary time and cost, or diminish our understanding of customer expectations. The inherent efficiencies of this direct model help dramatically reduce Dell's overall environmental impact. Dell is based in Round Rock, Texas, and conducts operations worldwide through our subsidiaries. For more information on Dell and Dell products, see www.dell.com.

Figure 1: Net Revenue (in Billions)



Values in Action

Dell's efforts are guided by a corporate philosophy that we call the Soul of Dell, which defines the kind of company we are and aspire to become. A tenet of the Soul of Dell is global citizenship. Dell is committed to operating in a responsible manner around the globe.

The goal of our corporate accountability, environmental responsibility and community engagement programs is to ensure that we operate in a manner that is consistent with our core values as we grow our business globally. We choose to define sustainability at Dell as "creating long-term stakeholder value by integrating economic, social and environmental responsibility into everything we do."

Values in Action describes the many ways that the company and our team members act on these commitments. These activities range from our diversity and employee volunteerism programs to our environmental responsibility efforts. Figure 2 illustrates the direct relationship between our core values, our corporate accountability, environmental responsibility and community engagement efforts, and the Values in Action concept.



Dell Values In Action

Figure 2: Values In Action



Geographic Areas of Operations

Regional Headquarters

Americas

Dell Inc.
One Dell Way
Round Rock, Texas 78682
512-338-4400
800-289-3355
Fax: 512-283-6161

Asia-Pacific

Dell Asia Pte. Ltd.
180 Clemenceau Avenue
#06-01 Haw Par Center
Singapore 239922
65-6335-3388
Fax: 65-6335-3380

Europe, Middle East and Africa

Dell Europe
Milbanke House
Western Road
Bracknell, Berkshire
United Kingdom RG12 1RD
44-1344-860-456
Fax: 44-1344-372-767

Japan

Dell Japan Inc.
Solid Square East Tower 20F
580 Horikawa-cho, Saiwai-ku
Kawasaki, Kanagawa
212-8589
Japan
81-44-556-4300
Fax: 81-44-556-3205



Corporate headquarters in Round Rock, Texas

Manufacturing Centers

Dell manufactures computer systems in seven geographic locations:

Austin, Texas, United States

Parmer North 1
301 West Howard Lane
Austin, Texas 78753

Parmer North 2 / TMC
201 West Howard Lane
Austin, Texas 78753

Braker K
11550 Stonehollow Drive
Austin, Texas 78758-3294

Lebanon, Tennessee, United States

Eastgate 1
6850 Eastgate Blvd.
Lebanon, Tennessee 37090

Winston-Salem, North Carolina, United States

Dell Inc.
3200 Temple School Road
Winston-Salem, NC 27107

Eldorado do Sul, Brazil

Dell Computadores do Brasil Ltda
Avenida Industrial Belgraf, 400
92990-000 - Eldorado do Sul - RS
Brasil

Limerick, Ireland

Dell Computers EMF
Raheen Business Park Co.
Limerick, Ireland

Penang, Malaysia

Dell Asia Pacific Sdn.
Plot 76, Mukim 11
Bukit Tengah Industrial Park
14000 Bukit Mertajam
Penang, Malaysia

Xiamen, China

Dell (China) Co. Ltd.
No. 2388 Jinshang Road
Xiamen Fujian, China, 361011



Manufacturing center in Winston-Salem, North Carolina, which opened in October 2005

Goals and Results

Fiscal Year 2006 Goals Update

Dell believes we can most effectively manage what we measure. Table 1 reflects our progress against committed goals from Dell's fiscal year 2006.

Table 1: Update on Fiscal Year 2006 Goals (part 1 of 2)

Area	Goal / Objective	Fiscal Year 2006 Target	Status of Fiscal Year 2006 Goals
Supplier Citizenship	Partner with suppliers to improve their Environmental and Health and Safety (EHS) programs.	<ol style="list-style-type: none"> 100 percent of Target¹ suppliers certified to International Organization for Standardization (ISO) 14001. 100 percent of Target¹ suppliers certified to Occupational Health and Safety Assessment Series (OHSAS) 18001 or similar standard. 50 percent of Target¹ suppliers to submit acceptable plans for labor practices. <p>¹ Target: Top 80 percent spend with focus in China</p>	<ol style="list-style-type: none"> 98 percent of target suppliers achieved or maintained their ISO 14001 certification. 95 percent of target suppliers achieved or maintained their OHSAS 18001 certification. 90 percent of target suppliers completed Dell's Self Assessment Questionnaire.
Product Design for the Environment	<p>Design products with the environment in mind, which includes these goals:</p> <ul style="list-style-type: none"> Reduce hazardous materials content (lead, for example) to meet RoHS requirements. Improve product energy efficiency. Improve dematerialization and recyclability. 	<ol style="list-style-type: none"> Eliminate lead in external cable insulation in May 2004. Eliminate all other RoHS substances in 2006. Reduce the amount of lead shipped per display by 20 percent over 2003 through 2006 (based on 2002 levels). Launch first high-volume RoHS-compliant/lead-free desktop motherboards. Ramp up production to 3 million RoHS-compliant/lead-free desktop motherboards per quarter by fourth quarter of 2005. By 2006, reduce the amount of bromine shipped in Dell displays by 30 percent (compared with 2004 levels). Avoid 52,000 tons of lead and 33,000 tons of brominated flame retardants (BFRs) between fiscal year 2004 and fiscal year 2008 by shipping RoHS-compliant products globally and shifting our display product mix from CRTs to LCDs. Enable the avoidance of 10 million tons of equivalent carbon dioxide (CO₂) emissions between fiscal year 2004 and fiscal year 2008 by designing and configuring more energy-efficient products. Avoid 43,000 tons of product packaging and shipping materials between fiscal year 2004 and fiscal year 2008. 	<ol style="list-style-type: none"> Lead in external cable insulation material has been eliminated in controlled applications. RoHS-specified restrictions will be met globally in 2006. Exceeded goal. Achieved 73 percent reduction as a result of customer preference for flat-panel displays versus traditional cathode-ray-tube (CRT) monitors. Exceeded goal. Achieved 183 percent of our goal. Exceeded goal. Achieved a 45 percent reduction in the amount of bromine shipped in Dell displays. Met 81 percent of this goal through fiscal year 2006. Met 81 percent of this goal through fiscal year 2006. Met 91 percent of this goal through fiscal year 2006.

Table 1: Update on Fiscal Year 2006 Goals (part 2 of 2)

Area	Goal / Objective	Fiscal Year 2006 Target	Status of Fiscal Year 2006 Goals
Environmental Management	Incorporate sustainable practices into Dell's activities, products and services.	Maintain global ISO 14001 certifications for activities, products and services. Achieve ISO 14001 certification for product development.	Goal met. For more information, see "Targeting Improvements Throughout the Product Life Cycle" on page 34 and "Environmental, Health and Safety Management System" on page 44.
Workplace Health and Safety	Continue to improve workplace health and safety programs at Dell facilities.	Continue to reduce recordable injury and safety lost-workday case rates as compared to the previous year.	Goal met. For detailed results, see Figure 20 and Figure 21 on page 48.
Regulatory Compliance	Operate in full compliance with all EHS laws and regulations.	Zero fines related to EHS regulations.	Goal met. Dell had zero fines related to EHS regulations.
Pollution Prevention	Maintain high waste recycle and reuse rates at Dell manufacturing facilities.	Continue to recycle or reuse greater than 80 percent of all manufacturing wastes.	Goal met. For detailed results, see Figure 13 and Figure 14 on page 45.
Greenhouse Gas (GHG) Emissions	Reduce Dell's contribution to GHG emissions from Dell operations and products.	Reduce GHG emissions through energy conservation, purchase of "green" energy, improved energy efficiency of our products, and optimizing transportation.	Goal met. For more information on programs aimed at reducing GHG emissions in operations, product design and logistics, see "Climate Change" on page 49.
Product End-of-Life	Provide product end-of-life management solutions that reduce environmental impact.	Increase units recovered in fiscal year 2006 by 50 percent. (The baseline is units recovered in fiscal year 2005.)	Goal met. Dell recovered 72 percent more product in fiscal year 2006. For more details, see "Product Recovery Metrics" on page 64.

Fiscal Year 2007 Goals and Targets

Embedded in Dell's culture is the drive for continuous improvement. Our fiscal year 2007 goals and targets illustrated in Table 2 reflect Dell's commitment to continually improving our sustainable business practices.

Table 2: Summary of Goals for Fiscal Year 2007 and Beyond (part 1 of 2)

Area	Goal / Objective	Fiscal Year 2007 Target
Supplier Citizenship	Implement the Electronic Industry Code of Conduct (EICC) standards-based approach to monitor social and environmental performance at Dell's supplier base.	<p>Continue to collaborate with industry partners to develop, launch and pilot the standardized tools needed to effectively implement the EICC. During 2006, we will use the Risk Assessment Questionnaire and Common Audit Methodology with our target supplier base. (Target suppliers are defined by level of risk, based on location, manufacturing processes, and business relationship.)</p> <p>Achieve ISO 14001 and OHSAS 18001 supplier certification for 100 percent of target suppliers.</p> <p>Identify key performance indicators for reporting methodology in 2007.</p>
Product Design for the Environment	<p>Strategic multiple-year goals:</p> <ol style="list-style-type: none"> 1. Enable the avoidance of 10 million tons of equivalent CO₂ emissions between fiscal year 2004 and fiscal year 2008 by designing and configuring more energy-efficient products. 2. Avoid 52,000 tons of lead and 33,000 tons of brominated flame retardants (BFRs) between fiscal year 2004 and fiscal year 2008 by shipping RoHS-compliant products globally and shifting our display product mix from CRTs to LCDs. 3. Avoid 43,000 tons of product packaging and shipping materials between fiscal year 2004 and fiscal year 2008. <p>Tactical restricted materials goals:</p> <ol style="list-style-type: none"> 1. By 2006, reduce the amount of bromine shipped in Dell displays by 30 percent (compared with 2004 levels). 2. Eliminated lead cable insulation. Eliminate all other RoHS substances in 2006. 3. Reduce the amount of lead shipped per display by 20 percent over 2003 through 2006 (based on 2002 levels). 	<p>Over the next year, introduce PowerEdge and PowerEdge SC server systems based on processors that consume less power, helping to reduce the overall server power consumption.</p> <p>Continue to enable power-management features on many of our desktop and notebook products.</p> <p>Continue the transition of monitors from CRTs to flat-panel displays.</p> <p>Achieve package dematerialization of 5,000 tons.</p> <p>Continue to implement the slipsheet program on more incoming projects.</p>

Table 2: Summary of Goals for Fiscal Year 2007 and Beyond (part 2 of 2)

Area	Goal / Objective	Fiscal Year 2007 Target
Environmental Management	Incorporate sustainable practices into Dell's activities, products and services.	Expand sustainability and EHS management system programs into marketing and services.
Workplace Health and Safety	Continue to improve workplace health and safety programs at Dell facilities.	Continue to reduce recordable injury and safety lost-workday case rates as compared to the previous year.
Regulatory Compliance	Operate in full compliance with all EHS laws and regulations.	Achieve zero fines related to EHS regulations.
Pollution Prevention	Maintain high waste recycle and reuse rates at Dell manufacturing facilities.	<p>Improve the efficiency of water and energy usage at Dell facilities.</p> <p>Continue to recycle or reuse greater than 80 percent of all manufacturing waste.</p>
Greenhouse Gas (GHG) Emissions	Reduce Dell's contribution to GHG emissions from Dell operations and products.	Reduce GHG emissions through energy conservation, purchase of "green" energy, improved energy efficiency of our products, and optimizing transportation.
Product End-of-Life	<p>Provide product end-of-life management solutions that reduce environmental impact.</p> <p>Expand Asset Recovery Services (ARS) offering into new locations.</p>	<p>Recover 125 million cumulative kilograms of product by the end of fiscal year 2010.</p> <p>Provide ARS services in Latin America and China in 2006.</p>
Customer Experience	Increase environmental and societal awareness dialogue with our customers.	<p>Continue to integrate environmental and societal requirements in our dialogue with customers in various forums, including technical councils, customer presentations, consumer education programs, and executive expert panels.</p> <p>Continue to focus on educational processes and awareness and building a wider customer audience.</p> <p>Explore possibilities for working with customers on specific projects.</p>

Challenges and Opportunities

Dell is often reminded of the challenges and opportunities we are facing today. Although Dell has progressed as described throughout this report, we recognize the need to do more. Table 3 provides highlights of a few areas in which we recognize this need.

Table 3: Challenges and Opportunities for the Future

Area	Challenges/Opportunities
Reporting	<ol style="list-style-type: none"> 1. Further improve our reporting "in accordance" with Global Reporting Initiative (GRI) guidelines. 2. Integrate and support third-party verification. 3. Continue to expand multiple-year goals throughout all relevant business impact areas. 4. Improve methods to capture and measure internal data.
Sustainability	<ol style="list-style-type: none"> 5. Further expand multiple-year goals associated with social and community issues. 6. Expand our stakeholder engagement globally.
Product	<ol style="list-style-type: none"> 7. Broaden our reporting associated with product environmental impacts. 8. Develop guidelines for responsible product use and measurement of the impact of communicating these guidelines to our customers. 9. Develop an exit strategy for eliminating all brominated flame retardants by 2015.
Climate Change	<ol style="list-style-type: none"> 10. Further integrate multiple-year goals associated with climate change into our sustainability initiatives.
Supply Chain	<ol style="list-style-type: none"> 11. Develop and adopt industry-standard reporting criteria and tools to communicate results associated with assessments. 12. Develop and set multiple-year goals associated with improvement measures.
Diversity	<ol style="list-style-type: none"> 13. Increase stakeholder engagement and transparency in reporting.
Asset Recovery	<ol style="list-style-type: none"> 14. Develop an industry standard for measuring company progress regarding product recovery and recycling efforts. 15. Manage worldwide recycling supplier conformance according to Dell's high standards.
Employee Awareness	<ol style="list-style-type: none"> 16. Implement a communications plan that measures employee engagement and awareness of sustainability programs.

Significant Environmental Aspects

Dell operates a number of different types of facilities in the Americas, Europe, Middle East, and Africa (EMEA), and Asia-Pacific/Japan (APJ) regions. Operations in each of these facilities have been evaluated for environmental impacts, and programs have been created or enhanced to manage and reduce these impacts. The significant environmental aspects of Dell's operations are shown in Table 4.

Table 4: Significant Environmental Aspects (part 1 of 2)

Stage	Significant Aspect	Applicability in Dell Operations	Significant Environmental Impacts*	How Managed
Product Concept and Design [Stage 1]	Resource Use: Metals, Plastics, Forest Products	Materials are used to provide form and function to products. Packaging is provided to protect parts shipped from suppliers and products shipped to the customer.	1, 2	Reduce the amount of materials used in products and packaging. Partner with suppliers to provide packaging materials that are recycled and/or highly recyclable.
	Resource Use: Energy	Energy (electricity) is consumed during product use.	2	Provide energy-efficient product designs.
	Air Emissions	Greenhouse gas (GHG) and other air emissions are produced indirectly as a result of electricity use when operating Dell's products.	3, 4	Provide energy-efficient product designs.
	Suppliers' Environmental Aspects	Dell's suppliers operate manufacturing and research and development (R&D) facilities (multiple resulting aspects).	1, 2, 3, 4, 5	Establish and verify performance standards for suppliers.
Manufacturing and Operations [Stage 2]	Resource Use: Energy	Energy is consumed at Dell facilities for heating, air conditioning, and lighting, and for operating manufacturing and office equipment.	2	Improve energy use through efficient designs and modifications at existing and new facilities. Promote energy conservation in Dell office areas. Purchase "green" power.
	Resource Use: Water	Water is used in Dell cafeterias, break rooms, and bathrooms, for housekeeping, and in landscaping. Some facilities use evaporative cooling. (Note that no water is used in Dell manufacturing processes.)	2	Use inspection and preventive maintenance programs for equipment that uses water. Promote water conservation in Dell facilities. Optimize the equipment and systems that use water.
	Resource Use: Forest Products	Paper is used in Dell administrative activities (office areas, manufacturing documentation, and so forth).	1, 2	Provide high-recycled content paper in office areas. Promote paper use reduction in Dell facilities.

* Environmental Impacts Key: 1. Degradation of land, or impact on flora and/or fauna, 2. Resource depletion, 3. Local or regional air quality degradation, 4. Climate change, 5. Soil and/or water contamination

Table 4: Significant Environmental Aspects (part 2 of 2)

Stage	Significant Aspect	Applicability in Dell Operations	Significant Environmental Impacts*	How Managed
Manufacturing and Operations [Stage 2]	Non-hazardous Waste	<p>Waste packaging materials from incoming parts and supplies (dunnage) are generated in manufacturing and distribution.</p> <p>Waste paper is generated in office areas, manufacturing and distribution.</p> <p>Other wastes are generated during onsite food preparation, housekeeping, and other support operations.</p> <p>Disposal may be by incineration or land filling.</p>	1, 3, 5	<p>Partner with suppliers to provide packaging materials that are recycled and/or highly recyclable.</p> <p>Collect and recycle waste materials.</p> <p>Provide training and procedures to minimize and properly segregate and dispose of wastes.</p>
	Hazardous, Regulated and e-Waste	<p>Waste oils and cleaning solvents are generated during maintenance activities and in labs.</p> <p>Electronic waste (e-waste) is generated as office and other equipment becomes obsolete.</p>	5	<p>Provide training and procedures to minimize the generation of and properly collect and dispose of wastes.</p> <p>Recycle or reuse Dell-generated e-waste.</p>
	Air Emissions	<p>Greenhouse gas (GHG) and other air emissions are generated during product and supply movement by Dell's transportation suppliers, and by employee commuting.</p> <p>GHG and other air emissions are generated by on-site fuel combustion (diesel, natural gas).</p> <p>Air-conditioning units at Dell facilities may leak hydrochlorofluorocarbons (HCFCs).</p> <p>Indirect GHG emissions may result from electricity use.</p>	3, 4	<p>Partner with transportation suppliers to reduce emissions.</p> <p>Provide opportunities to employees to reduce commuting.</p> <p>Minimize testing of emergency generators.</p> <p>Use preventive maintenance programs for emergency generators, hot water heaters and air conditioning units.</p> <p>Practice energy conservation (see "Resource Use: Energy" in this table).</p>
	Hazardous Material Releases	<p>Hydraulic fluid and other oils may leak from mechanical support equipment.</p> <p>Diesel fuel may leak from outdoor emergency generator fuel tanks or trucks entering and leaving Dell property.</p>	5	<p>Use inspection and preventive maintenance programs for mechanical equipment.</p> <p>Implement spill prevention and control programs.</p>
Customer Experience [Stage 3]	Resource Use: Forest Products	Paper is used in Dell marketing materials and catalogs.	1, 2	Increase the amount of post-consumer recycled content in publications.
	Non-Hazardous Waste	Packaging and shipping material becomes waste when received by the customer (disposal may be by land filling or incineration).	1, 3, 5	Provide reduced-packaging or returnable solutions to customers.
Equipment End of Life Strategies [Stage 4]	e-Waste	Products are dispositioned by the customer at end-of-life.	5	Provide methods for customers to reuse and responsibly recycle.

Corporate Accountability



Corporate Accountability

Dell's success is based on maintaining direct relationships built on trust. To sustain this trust with our employees, customers, suppliers and investors, we must hold ourselves to the highest standards as we do business throughout the world.

Dell defines our commitment to the areas of responsible business practices and company engagement as Corporate Accountability. Dell's statement of Corporate Accountability was developed and adopted in 2003, and reads as follows:

"Through its direct relationships with customers, employees, and stakeholders, Dell makes technology more affordable and accessible for more people. Dell builds these relationships and sustains our business and social benefits by seeking input from and keeping our commitments to employees, customers, and shareholders; holding ourselves to a higher ethical standard; respecting the individual rights and dignity of others; and increasing our value to customers by improving our performance and productivity and reducing the cost and environmental impact of our products and operations."

Corporate Governance

Dell's corporate governance structure specifies the distribution of rights and responsibilities among different participants in the company (including shareholders) and establishes the procedures for making decisions about the company's business.

Board of Directors

The Board of Directors believes that adherence to sound corporate governance policies and practices is important in ensuring that Dell is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of our stockholders. The Board has adopted Principles of Corporate Governance, which provide an effective corporate governance framework for Dell, intending to reflect a set of core values that provide the foundation for Dell's governance and management systems and our interactions with others.

Dell's Board of Directors has an active role in guiding the conduct of Dell's business—including sustainability. In 2003, Dell enhanced our governance process, adding a biannual briefing for the Governance and Nominating Committee on areas of emerging social and environmental risk. The Board periodically reviews and provides input into Dell's sustainability strategies.

For more information about Dell's Board of Directors, including biographical details outlining the diversity of its members, as

well as the full text of the Principles of Corporate Governance, see www.dell.com/corporate.

Election of Directors

Dell strengthened our corporate governance framework in fiscal year 2006 by amending our bylaws to implement a higher standard for the election of directors. Under the new majority vote standard—which replaces plurality voting for uncontested director election—a nominee for a seat on the board must receive favorable votes from holders of a majority of the shares represented at the meeting and entitled to vote in order to be elected to the Board of Directors. In contested elections, directors will continue to be elected by plurality vote.

The Board of Directors also revised the company's corporate governance principles by implementing the new majority vote standard. Under these revised principles, an incumbent director who does not receive the required vote for re-election will be required to tender a resignation. The Board will accept or reject the resignation, or take other appropriate action, based on the best interests of Dell and our stockholders, and will publicly disclose the decision and rationale within 90 days.

This change demonstrates a commitment to govern and manage Dell to the highest standards of responsibility, ethics and integrity—and in the best interests of stockholders.

Sustainability Council

Dell recognizes the criticality of senior executive alignment and support of sustainable initiatives. Figure 3 reflects the membership of Dell's Sustainability Council, which meets quarterly to review risks and action plans. Business owners who are working to address risks are invited to provide updates and to seek approval for resources and strategies. The results of this council's work are provided to the Governance and Nominating Committee of the Board of Directors. Their counsel and feedback is then taken back to the broader Sustainability Council for use in strategy confirmation or adjustment. This direct engagement of Dell's executive leadership team has been a key factor in both making progress and spreading the knowledge of sustainable business practices within the company management structure globally.



Dell Global Citizenship Principles

Dell understands that our company's influence extends beyond the walls of our facilities and impacts the environment, communities and individuals. Dell also recognizes that our company can have a positive effect in addressing the issues and challenges that our industry and our communities face. Dell's global citizenship principles guide the company as we grow, enter new markets and expand our global employment base. Dell's goal is to be a good neighbor in the communities in which we live and work. For more information about these principles, see www.dell.com/globalcitizenship.

Human Rights

Dell believes that businesses can and do play a role in protecting human rights within their sphere of influence. Shaping and navigating this role remains complex. Understanding and respecting national laws, international conventions, values and cultures wherever we do business is central to Dell's culture.

Dell Recognized in Community Investing Index

Dell was selected to be included in Innovest's Community Investing Index, based on their analysis of Dell's efforts to benefit underserved individuals and communities. According to Innovest, "community investing" is an activity that generates resources and opportunities for economically disadvantaged people in urban and rural communities. To compile the index, Innovest researched the community investment initiatives of companies in the Standard & Poor's (S&P) 500 and S&P 400. Of the 900 companies assessed, 378 were rated for inclusion.

Dell's approach to global citizenship draws from a review of global best practices, management systems, international conventions and acknowledged standards such as the United Nations *Universal Declaration of Human Rights*, the United Nations *Convention on the Rights of the Child*, fundamental conventions of the International Labour Organization (ILO), International Organization for Standardization (ISO14001), the Occupational Health and Safety Assessment Series (OHSAS18001) and the experience of other corporations around the globe. For more information about the *Universal Declaration of Human Rights*, see www.un.org/rights.

Responsible Growth

Dell experienced significant growth in fiscal year 2006, opening new manufacturing facilities and customer contact centers in geographies ranging from Winston-Salem, North Carolina, to Manila, Philippines. Dell's commitment to all of the communities in which we operate, existing and new, is guided by these principles:

- conserving the natural environment and protecting the resources of our host countries and communities
- providing quality jobs with good benefits and employee training in Dell communities, and providing a work environment that protects the health and safety of employees, customers, contractors and the public
- communicating our expectations to our suppliers and working collaboratively with them to promote high standards of work and behavior
- respecting laws, values and cultures of host countries
- contributing positively, as individuals and as an organization, in every community that we call home

Dell's Commitment to Global Citizenship Recognized by Dow Jones Sustainability Index

For the seventh straight year, Dell has been named to the Dow Jones Sustainability Index, improving our score by 14 percent from last year. This index ranks companies based on how they account for issues such as corporate governance, customer relationships, environmental management, labor practices and corporate citizenship. This accomplishment places Dell in the leading 10 percent for sustainability, out of the largest 2,500 companies in the Dow Jones Global Index.



This global index is used by investors and other stakeholders to evaluate sustainability practices of large companies.

Responsibility Extends to Our Supplier Partners

Dell expects our standards for responsible growth, ethical behavior and workplace conditions to extend to the employees of our supplier partners. To ensure this, Dell requires our supplier partners to meet several international standards for workplace conditions, safety and environmental practices. These standards also include adherence to Dell's supplier principles and our industry's principles as outlined in the Electronic Industry Code of Conduct (EICC). For more information, see "Harmonizing and Strengthening the Implementation of a Common Code: EICC" on page 28.

Employee Wellness

Dell supports the health and well-being of our employees. A number of programs help teach employees about topics ranging from good nutrition and staying active to condition management and disease prevention. Employees in the United States and other countries have access to information fairs, Web resources with health information, and preventive health screenings. This commitment extends into Dell's efforts to address the health challenges of several diseases, including juvenile diabetes, breast cancer and HIV/AIDS. For more information, see "Employee Health and Safety Program Highlights" on page 47.

HIV and AIDS Prevention

The global HIV/AIDS pandemic affects many people worldwide and may impact our employees, our customers, our suppliers and the communities where we work and live. Dell recognizes that businesses can play a significant role in helping to fight the spread of HIV/AIDS in countries that are at the highest risk for new infections, such as those in some Asian markets. To address this challenge, Dell continued our efforts in HIV/AIDS prevention during fiscal year 2006.

Dell continues our relationship with the Global Business Coalition (GBC) on HIV/AIDS and seeks their advice in this effort. Information about GBC is available at www.businessfightsaids.org.

In the past year, Dell began to hold employee awareness and training events that covered HIV/AIDS prevention in some of our facilities, including our offices in India, Malaysia and China. We will continue to expand these programs in the coming year and identify ways to include HIV testing availability, and awareness and prevention information in our employee wellness efforts.

Dell's HIV/AIDS working group has set the following broad objectives for this engagement:

- Ensure that no employees face discrimination on the basis of real or perceived HIV/AIDS infection, with a zero tolerance policy for discrimination.
- Ensure that employees have access to reliable information on HIV/AIDS, beginning in the United States and expanding to other countries where employees reside.
- Provide information on HIV/AIDS testing and prevention at all Dell locations in the United States and India where annual health screenings are provided.
- Continue to partner with other multinational corporations to share best practices and leverage existing resources.

Dell has also supported a number of HIV/AIDS services organizations in Dell communities. For more information, see "Community Engagement" on page 68.

The Soul of Dell

Dell's working environment is characterized in a statement of corporate philosophy called the Soul of Dell. It defines the kind of company we are and aspire to be and serves as a guide for our actions around the world.

At Dell, we value and are committed to: customers, the Dell team, direct relationships, global citizenship and winning. Together, these relationships form the foundation of our winning culture and underscore our commitment to being a respectful and responsible citizen in the global marketplace. We believe our winning culture and our direct business model are what have made us the world's leading technology company and what will sustain our success in the marketplace. For more information about the Soul of Dell, see www.dell.com/soulofdell.

Global Business Ethics and Compliance

Dell is committed to operating our business with honesty and integrity. Our company's success stems from our commitment to building direct and honest relationships with our customers, investors, business partners, employees, and our community.

For each employee, this culture requires delivering a superior customer experience and operational excellence, as well as creating shareholder value, with an emphasis on trust, integrity, honesty, judgment, respect, managerial courage and responsibility.

This means that we will only seek success while doing what is right and being accountable to higher ethical standards—above and beyond compliance with the law. Insisting on these higher standards in both our workforce and our dealings with our business partners strengthens our relationships, demonstrates transparency, and creates an environment of dependability and trust.

Global Ethics and Compliance Policy

Dell's Global Ethics and Compliance Mission is to help foster a culture of performance with integrity that holds to the highest standards of ethical behavior and values as stated in the Soul of Dell, and adheres to the spirit and requirements of the laws in countries where Dell operates.

We expect our business leaders to set the highest standards of ethical behavior. Our global ethics and compliance policy is mandated by our CEO and is integrated into all aspects of our business operations through the guidance of our Chief Ethics and Compliance Officer and the Global Ethics and Compliance Office.

Global Ethics Campaign Success

Dell believes in creating ethics communications that are relevant and adaptable to our global workforce. Dell's global internal Ethics Campaign was judged to have the greatest impact consistently in all employee surveys for 2005.

TRUST
HONESTY
INTEGRITY
RESPECT
JUDGMENT
COURAGE
RESPONSIBILITY

ethics helpline

Visit inside.dell.com/ethics for more information or email ethics@dell.com if confidentiality is not a concern.

<p>ANONYMOUS If you choose to remain anonymous, nobody will know your identity.</p>	<p>APPROPRIATE Dell Ethics ensures that your question or concern is appropriately addressed.</p>
<p>FLEXIBLE Call back anytime to give more info or to check on status.</p>	<p>CONVENIENT You can call 24x7. Translators are available.</p>
<p>NEUTRAL Your call is not answered by a Dell employee.</p>	<p>CONFIDENTIAL All issues or inquiries are treated with utmost confidentiality.</p>

2005 Recognition and Awards for Ethics

Dell's focus on conducting our business with a higher standard of ethical behavior has been recognized by relevant third parties worldwide:

- Dell was named to *Barron's* List of Most-Respected Global Corporations. Dell was listed seventh and called out for our ability to stay a step ahead of fast-moving industries.
- Dell again ranked among World's Most Respected Companies by the *Financial Times*.
- Dell Canada ranked on the Top 10 list of Canada's Most Admired Corporate Cultures according to Waterstone Human Capital's inaugural study.
- The Austin Dispute Resolution Center presented Dell's P.A. Todd, director of the Office of the Ombuds, with the 2005 Peacemaker Award in the business category.
- Dell was named to the list of the 100 Best Corporate Citizens by *Business Ethics* magazine. The aim of this listing is to identify firms that excel at serving a variety of stakeholders with excellence and integrity.



As a global corporation, we recognize that cultures represented in today's global workforce define right from wrong differently; therefore, we place a high level of importance on ethics education, disseminating interactive and team-oriented training materials to all employees globally through our Web site and people managers. All training materials are tailored for global application to various business units, and they include training on ethics policies, role-play scenarios, training videos and other valuable resources. These materials are included in new hire orientation packages for employees in new and existing sites around the world.

We encourage all employees to ask questions, seek advice, or get help interpreting Dell's Code of Conduct or a related policy. In turn, we supply managers with the resources they need to address the reporting of unethical behavior and to provide proper guidance. We also provide an ethics helpline—a third-party, toll-free telephone service available 24 hours a day, seven days a week—as a resource for getting confidential guidance or reporting suspected violations of the code or any law.

2005 Recognition and Awards for Diversity

Dell has been recognized by leading publications, multi-cultural groups and prestigious organizations in the United States and other regions for our diversity efforts:

- *Esence* magazine rated Dell as "Excellent" on the magazine's list of 35 Great Places to Work.
- Dell Brazil was recognized by *Exame* magazine as one of the Best Places to Work and on the list of the 50 Greatest Places for Women to Work.
- Dell was named a Best Employer in the fifth annual Best Employers in Australia and New Zealand study by Hewitt Associates, in partnership with the Australian Graduate School of Management (AGSM) and *AFR BOSS* magazine.
- Dell was named to three Best of the Best lists for 2005, by *Hispanic Network* magazine: Best Companies for Supplier Diversity, Best Companies for Hispanics and Best Companies for Diversity.
- Thurmond Woodard, Vice President, Dell Global Diversity, was named on the List of Top 100 Blacks by *Black Professionals* magazine.
- Dell received the 2005 Diversity Award from the International Foundation of Gender Education (IFGE).
- The Human Rights Campaign (HRC) annually assesses and rates corporations' policies and initiatives toward the equal treatment of Gay, Lesbian, Bisexual and Transgender (GLBT) employees on a scale of 0-100 percent. The HRC has rated Dell's policies and initiatives with a score of 100 percent for two consecutive years.
- Dell was included in the List of 100 Most Desirable MBA Employers by *Fortune* magazine. This survey is based on information that people who have a Masters of Business Administration (MBA) provide about where they would most like to work.
- Dell was recognized as one of the Top 50 Recruitment Companies by *Hispanic* magazine.
- Dell was selected as one of the Top 50 U.S. Companies for Women Engineers by readers of *Woman Engineer* magazine.
- Dell appeared on the Corporate Diversity Honor Roll in *Latin Business* magazine, and was cited for accomplishments in supplier diversity, strategic and recruitment and retention.



Code of Conduct

Dell's Code of Conduct provides guidance to help us meet our higher standards of ethical behavior and win with integrity. Our code, found online at www.dell.com/codeofconduct, is based on seven characteristics: Trust, Honesty, Integrity, Judgment, Respect, Courage and Responsibility.

We expect every member of our team, from our stakeholders to our customers and suppliers, to adhere to the highest standard of conduct and to know that they can expect it in return. At the beginning of every new relationship—whether it is an employee relationship or a partnership with an external vendor—we share and require compliance with our code to ensure that our expectations for higher ethical standards are articulated and understood.

Global Diversity

At Dell, we believe that in order to be a respected company and a great place to work, our success must be driven by individuals with similarities and differences. We define this as diversity—diversity of thinking, leadership, skill set and style—and it is integral to our overall business strategy.

Diversity is an essential element of our company's values and barrier-free business culture. It helps define the Soul of Dell and the kind of company we are and aspire to be. By continuing to promote diversity initiatives throughout our business, we tap additional talent, improve our operating results, further our global citizenship efforts in the many cultures we call home, and become a better place to work.

We drive three critical business imperatives for diversity at Dell:

- to provide a great customer experience, which requires a workforce reflective of our customers
- to access the best and brightest talent the marketplace has to offer
- to focus on global expansion with employees who understand the various cultures, giving us a competitive advantage

Leadership and Accountability

Dell's commitment to diversity is driven throughout our company by our Chairman, Michael Dell, and our President and CEO, Kevin Rollins, and is an integral part of the Soul of Dell.

Dell provides a team approach to managing diversity through the Global Diversity Council (GDC), chaired by Kevin Rollins. The GDC provides strategic direction on diversity, which is



Thurmond Woodard, Vice President, Dell Global Diversity, addresses top diversity executives from Fortune 500 companies during Dell's first Global Diversity Summit focused on women.

driven and supported by Diversity Action Councils, through localized efforts for managing diversity in pursuit of Dell's business objectives.

Our Office of Global Diversity, led by Vice President Thurmond Woodard, formalizes and institutes these commitments throughout our business operations in the United States and globally. This office also functions as the resource to our business leaders in providing expertise and support for their strategic efforts in this area. Diversity partnerships, initiatives, strategic planning and outreach are integrated throughout all facets of our business, internally and externally through this executive office.

In the Workplace

Dell is committed to developing our workforce and eliminating barriers that hinder our employees from achieving their personal and professional best. Our diversity initiatives help create an inclusive environment based on meritocracy, personal achievement and equal access to all available opportunities that contribute to Dell's total value of work philosophy and help build Dell's winning culture. We focus these internal efforts in the areas of policy development, training, recruitment, mentoring, development, advancement and culture change.

Consistent with our strategy, last year Dell sponsored and participated in numerous diversity recruiting events that helped increase our access to top, diverse talent, including events held by: National Society for Black Engineers, Society of Women Engineers, Society of Hispanic Professional Engineers, National Association of American Professionals, National Black MBA Association, Reaching Out MBAs, National Society of Hispanic MBAs, and Black Data Processing Association.

Of the 243 interns Dell hired into the summer intern program in fiscal year 2006, 70 percent were considered diverse.

Dell's workforce is made up of 65,200 team members who live and work on six continents and deliver products and services to more than 190 countries.

- Today, women and people of color represent more than half (52 percent) of Dell's U.S. workforce.
- More than one-third of our U.S. managers and 29 percent of our U.S. vice presidents are women and people of color.

Dell's Strategy for Women

We are committed to understanding and responding to the challenges women face in the workplace: In 2005, Dell and Diversity Best Practices co-hosted an unprecedented Global Diversity Summit that focused on the changing role of women in different cultures and how it impacts recruitment, advancement and retention.

In preparation for the summit, Dell commissioned Harris Interactive to conduct a study among female managers within multinational corporations. The research, which examined the attitudes, perceptions and triggers of this group, revealed that having a supportive manager is the top factor in women advancing professionally.

Nearly 30 of the top diversity executives and women business leaders from Fortune 500 companies, including Intel, Toyota, Cisco, L'Oreal, Mattel, Starbucks and Eastman Kodak, were represented. Together, they discussed strategies for equipping leaders to better address the cultural barriers to women's



In celebration of National Women's History Month in March 2005, Dell Global Diversity held an event featuring Ann Fudge, Chief Executive Officer of Young & Rubicam Brands. Ms. Fudge underscored that for as far as women have come, they must continue to forge ahead and to be successful agents of change.



Sally Susman, Senior Vice President of Global Communications for The Estee Lauder Companies Inc., shares her experiences during Dell's Gay Pride Month celebration in June.

career choices, growth and development. The outcomes from the summit have helped to shape Dell's overall approach to women's recruiting, advancement and retention strategies. For more information about the program, see: www.dell.com/diversity/womenstrategy.

Our commitment to women's advancement is driven throughout the company from Dell's top management. Last year, our president and CEO Kevin Rollins joined the board of directors of Catalyst, a leading nonprofit organization dedicated to the advancement of women in the workplace.



The Austin Area Heritage Council and Dell sponsored the 2005 Martin Luther King Jr. Celebration in January 2005 in Austin, Texas. The event included a keynote address by civil rights leader and lawyer Vernon Jordan. Pictured here (from left) are Thurmond Woodard, Vice President of Dell Global Diversity; Vernon Jordan, keynote speaker; Kevin Rollins, Dell President and CEO; and Rodney Ellis, Texas State Senator.

Dell offers networking groups to all exempt Austin, Texas based team members, providing support, information exchange and networking opportunities such as mentoring, recruiting, community outreach and career development. The groups include: African-American, Hispanic, Asian, Gay/Lesbian/Bisexual/Transgender and Women.

Dell's work/life effectiveness program enables flexibility such as variable start and stop times, part-time work, and work-from-home options, to help employees achieve professional goals and optimize their lives outside work.

Dell supports observances that recognize and celebrate diversity such as Martin Luther King, Jr. Day, Veterans Day, Gay Pride Month, Disability Employer Month, Black History Month, Women's History Month, Asian/Pacific Heritage Month, and Hispanic Heritage Month.

In the Marketplace

At Dell, our relationships with diverse partners help us reach multicultural consumer groups across the world and enable us to recruit the best and brightest talent to help Dell achieve success in the marketplace.

Through Dell's partnerships with historically black colleges and universities, we are ensuring that we are accessing and developing the top talent in the market. As an example, Dell recently renewed our commitment to support Howard University's and Tennessee State University's College of Business Supply-Chain Management Program through hands-on training for students and professors, executive resources and financial support. The program involves all parts of the supply chain, including the interaction between manufacturers, suppliers, transporters, distributors and retailers.

Our sustained commitment with organizations such as the National Urban League is equally important in this initiative. Dell was honored at the organization's Equal Opportunities Day Awards Dinner last winter, which recognizes individuals and corporations that perpetuate the principle of equal opportunity.

Strategic Partnerships

Dell continues to show leadership in diversity by partnering extensively with diverse organizations focused on professional, business, civic and community development. Through these relationships, we are able to positively impact customer experiences, our supplier diversity efforts, and employee recruitment. Some of our partners include:

- Congressional Black Caucus Foundation
- Congressional Hispanic Caucus Institute

Dell United Negro College Fund Scholars Program

Dell has contributed more than \$2 million to the Dell/United Negro College Fund (UNCF) Scholars program. The program, launched in 2003, provides students with hands-on training, financial assistance, and paid internships to prepare them for potential careers at Dell.

- National Urban League (national organization and local chapters)
- United Negro College Fund
- Catalyst
- National Society of Hispanic MBAs
- National Council of La Raza
- Out and Equal Workplace Advocates
- U.S. Hispanic, African American and Asian Chambers of Commerce

Supplier Diversity

Dell challenges our executives and procurement managers to drive supplier diversity into all of their procurement plans. This focus helps us maintain long-term relationships with quality minority-owned businesses, women-owned businesses, and small businesses. It also allows Dell to support continued economic growth in our diverse communities.

Since 2001 (Dell's fiscal year 2002), Dell has more than doubled our spending with small, minority, women and disadvantaged business enterprises (S/M/W/DBEs). Last year, Dell spent an estimated \$1.86 billion with S/M/W/DBEs.

Dell is driving innovations in the supplier diversity arena, as follows:

- In collaboration with the Central and South Texas Minority Business Council (CSTMBC), Dell's Supplier Diversity team developed the Coach/Quarterback Training Camp program. This mentor-protégé program for diverse suppliers and large corporations is intended to enhance the capabilities of diverse suppliers by improving their ability to successfully compete for corporate contracts for goods and services.
- In preparation for Dell's new manufacturing facility opening in North Carolina, Dell hosted an orientation day last April that attracted more than 750 diverse suppliers in the area. We also hold Supplier Diversity fairs whenever we enter a new site.

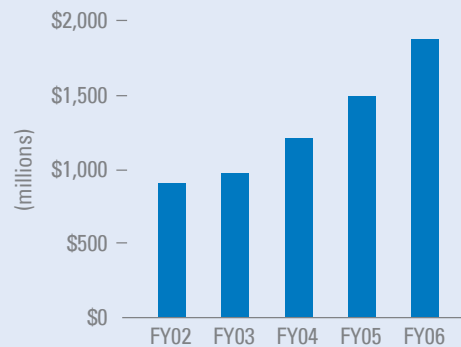
Supplier Diversity Recognition

Dell was recognized by Central & South Texas Minority Business Council (CSTMBC) as 2005 Corporation of the Year for our commitment to minority business development.



In 2005, Dell ranked number four on DiversityBusiness.com's list of America's leading Fortune 500 companies to promote multi-cultural business opportunities. Dell had the highest ranking among technology companies.

Figure 4: Spending Trend with Diverse Suppliers



Diversity and the Community

Contributing positively in the communities where our employees live and work is essential to Dell's winning culture. Many of Dell's community programs benefit diverse communities and promote digital inclusion. At Dell, we believe it is important for all people to be able to enhance their lives by accessing technology.

Examples of Dell's efforts to close the gap on the digital divide in the United States and worldwide include:

- Dell's TechKnow Program, a technology initiative where underserved middle school students receive basic skills to build computers, continues to grow. To date, more than 10,000 students from 42 school districts across the United States have graduated from the program; 85 percent of graduates are minority students and 45 percent of participants are girls. For more information about this program, see www.dell.com/k12/techknow.
- Dell TechKnow is now piloting in other countries, including Canada, China and Malaysia.

- In March 2005, Dell, jointly with Microsoft, contributed 75 computers to the Women's Teacher Training Institute, designed to help teach basic literacy to Afghan women in rural areas of Afghanistan. This initiative was promoted by First Lady Laura Bush in cooperation with the U.S.-Afghan Women's Council (USAWC). For more information about USAWC, see www.usawc.state.gov.
- Dell's Black Economic Empowerment strategy, coupled with the Dell South African Foundation, equips youth for success in the digital world and provides support aimed at education and technology.

Privacy: Protecting Personal Information

Dell's privacy policy, processes and practices demonstrate our respect for our customers' and employees' privacy. In addition to complying with legal and regulatory requirements, Dell's customer privacy practices are designed to deliver an optimum customer experience. To develop awareness and encourage compliance with Dell's privacy practices, all Dell employees are required to successfully complete privacy compliance training. Privacy initiatives and governance are driven by the Privacy and Information Protection Office, which is part of Dell's Ethics and Compliance Office. Dell proudly displays the Better Business Bureau (BBB) Online Privacy Seal on domestic Web sites, certifying adherence to industry-standard privacy practices. To help promote public awareness of data privacy and security best practices, Dell is a sponsor of programs such as the GetNetWise coalition and the Get Safe Online campaign. For more information and to see Dell's comprehensive privacy policy, see www.dell.com/policy/privacy.htm.

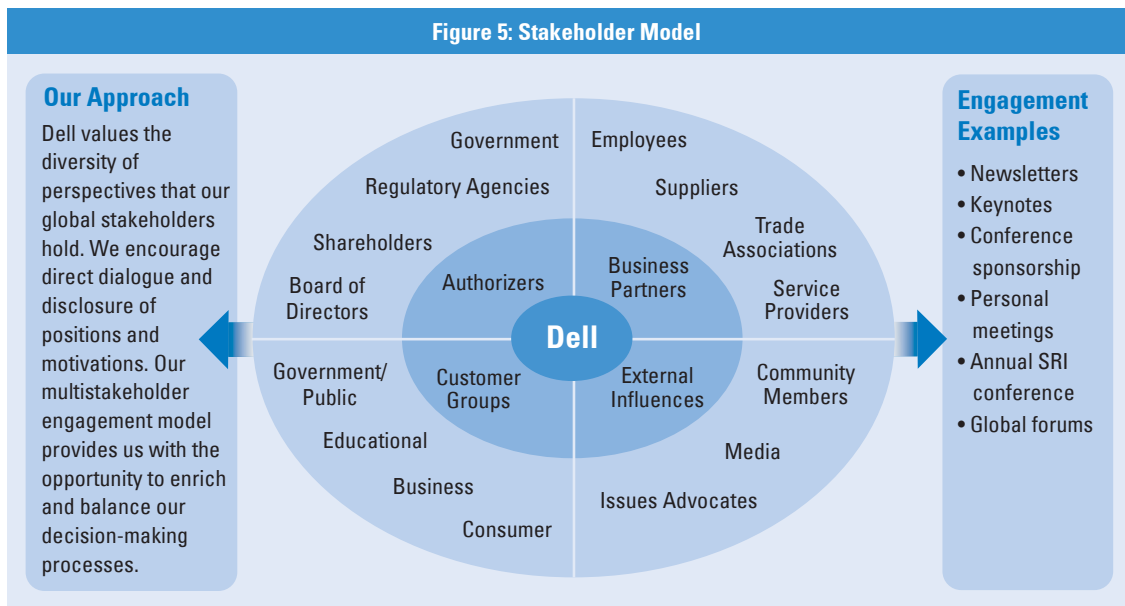
Stakeholder Engagement

As a global business with a local presence in a number of regions of the world, Dell has a wide variety of stakeholders. These groups include, but are not limited to, our customers, our employees, our suppliers, our shareholders, and a range of non-governmental organizations (NGOs) that specialize in certain issues relevant to Dell.

A cross-functional global team identifies and engages directly with our stakeholders. Figure 5 illustrates the range of stakeholder groups with which we interact. The Dell team uses a variety of models to listen to, inform, and involve key stakeholders in our business plans. Dell continues to formalize and improve our stakeholder engagement model to ensure that we understand the views and priorities of our stakeholders and build ways of communicating with them.

A key challenge of a large global entity is ensuring that resources are focused on particular relationships that enable us to effect sustainable improvements across the widest community. With multiple organizations focused on social and environmental improvements, Dell has found it most effective to identify a few high-return relationships and dedicate our efforts to these. Yet, we have also participated in forums with multiple organizations, allowing us to listen to and discuss our stakeholders' many perspectives.

One of Dell's core values expressed in the Soul of Dell is direct relationships. Our stakeholder engagement process is built on this foundation. Dell team members interact with stakeholders, ensuring efficient and transparent communication. In addition



(adapted from Dowling, 2001)

Table 5: Dell Stakeholders

Category	Examples of Stakeholders
Socially Responsible Investment Advocates	Calvert Group Citigroup Asset Management Columbia University Endowment Fund Domini Social Investments Dreyfus Corp. Evangelical Lutheran Church in America F&C Asset Management Green Century Capital Management Harrington Investments MMA Praxis Mutual Funds Pax World Funds Walden Asset Management
Socially Responsible Investment Influencers and Indices	As You Sow Dow Jones Sustainability Index Ethical Investment Research Service FTSE4Good Investment Index Innovest Community Investing Index Interfaith Center on Corporate Responsibility Investor Responsibility Research Center KLD Research and Analytics, Inc. Sustainable Asset Management Research Socially Responsible Investment Coalition
Customers	Global: Consumer, Business, Public
Trade Associations	Asia: JEITA 3R Committee Canada: ITAC Europe: AeA Europe, BITKom, EICTA, IBEC, ICT, Intellect United States: CEA, EIA, ITI, JEDEC, NAM, NEMI
Coalitions	Asia: Japan Container and Recycling Association, USITO Canada: EPS Canada Coalition Europe: NMC, Chemsafe United States: GEMI, I-Safe, NRC, BSR, EICC Global: World Business Council for Sustainable Development, Global Business Coalition for HIV/AIDS
Technical Associations	Global: HDPUJ, IEC, NEMI, JEDEC United States: IEEE
Governmental Organizations	EPA; E.U. Commission; U.K. DTI; Legislators; Ministry of Economy, Trade, and Industry (and many other country-level agencies)
Authorizing Organizations	Asia: ME Europe: TCO, UBA United States: EPA, OSHA
Donation Partners	National Cristina, RT Centre (Ireland), and Fundação Pensamento Digital (Brazil)
Nongovernmental Organizations (NGOs)	CAFOD, Computer Take Back Campaign, ForestEthics, Greenpeace, GreenBlue Institute
Suppliers	Global Direct Material, Recycling and Other Services

Stakeholder Communication

Sustainability Sessions at Product Launch

During the Dell product OptiPlex 520/620 launch in Monaco, Dell facilitated seven working sessions regarding environmental design, ethical supply chain principles and product recycling.

Dialogue with Supply-Chain Stakeholders Through Video Conference

In July of 2005, a video conference was arranged between Washington, D.C. and London to facilitate a stakeholder feedback session with sponsoring companies of the EICC and active stakeholders focused on supply-chain labor practices.

Quarterly Socially Responsible Investor Stakeholder Meetings

Since 2003, Dell has convened quarterly feedback sessions with a subset of our Socially Responsible Investor stakeholders. These meetings provide transparent insights into Dell's progress surrounding sustainable topics. Additionally, these meetings provide a forum for constructive, two-way dialogue regarding Dell's sustainability focus and priorities.

to structured engagement such as quarterly meetings with interested Socially Responsible Investment (SRI) groups, Dell conducted several focused interactions with stakeholders in fiscal year 2006.

Table 5 on page 25 provides a sample of some of the many stakeholders with whom Dell has worked during fiscal year 2006, regarding our company's sustainable business activities and priorities. Our decisions have been significantly influenced and enriched by engaging with these groups. Dell thanks these organizations for their collaborative engagement and their contributions to our efforts. Interested stakeholders may contact Dell at Dell_Sustainability@dell.com.

Supply-Chain Management

Dell believes that the same high standards we use for workplace and labor conditions must be extended to our global supply chain.

Supplier Commitment

Dell recognizes the responsibility we have to work with our suppliers to promote sustainable social and environmental practices. We also understand that we can deliver more efficient and consistent results through cooperation and coordination among our EICC partners. Thus, through 2005, while the

main focus was to work with the EICC member companies to develop a common implementation approach, we continued to monitor supplier compliance to Dell's Global Citizenship requirements through global supplier communications, self assessments, and industry recognized standards.

Awareness

Our Supplier Principles were first introduced in March 2004, during Dell's Global Supplier Conference. Executives representing more than 150 production and general procurement suppliers around the globe participate within this annual conference in which Global Citizenship expectations are reaffirmed. During our 2005 Supplier Conference, hosted by Martin J. Garvin and Glenn E. Neland, our chief procurement officers, Dell presented our first Global Citizenship award to NEC for their commitment and execution of our Global Citizenship expectations.

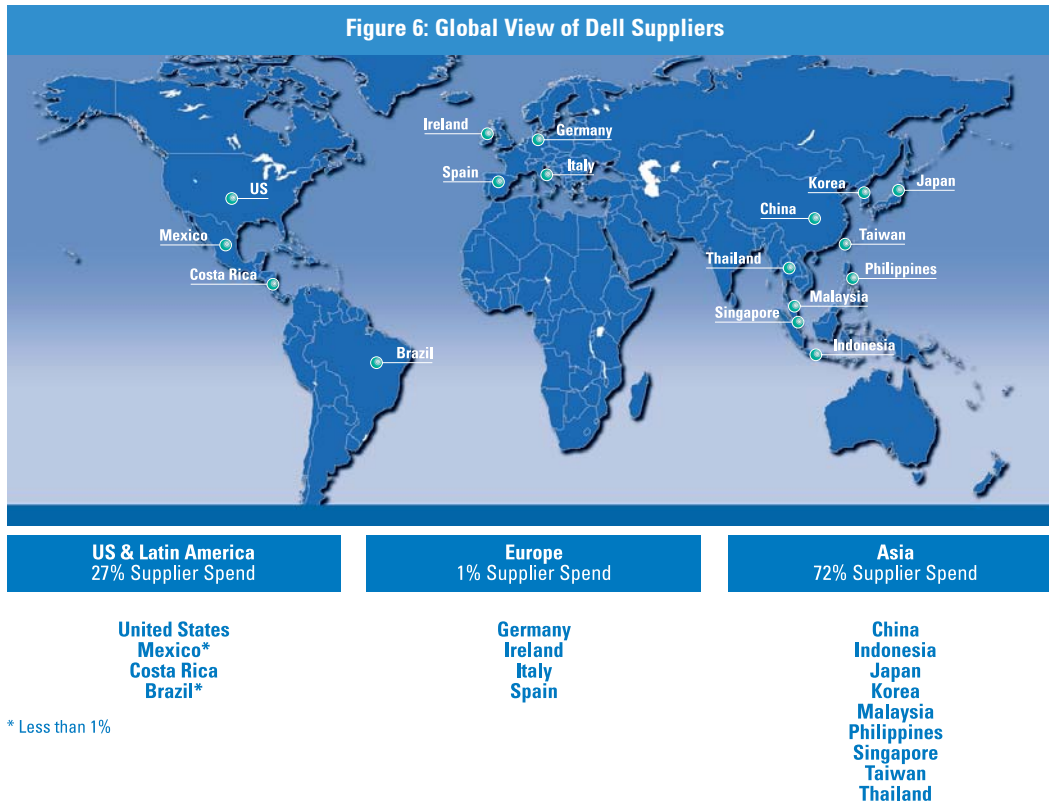
During 2004 and 2005, Dell worked together with third-party auditor Impactt Limited to perform on-site audits in China to assess current conditions and create corrective action plans. The assessments were completed by careful selection of suppliers to ensure Dell obtained an understanding of the challenges and opportunities our supply chain faces when implementing industry-recognized, socially-responsible practices.

Dell Presents First Global Citizenship Award to NEC

"NEC's approach to corporate responsibility (CSR) is to contribute to a prosperous society by delivering innovation through sound business activities. This process is also essential to fulfilling our responsibilities to numerous stakeholders, including customers, shareholders, the community at large and employees. Fiscal 2005 has seen NEC undertake more systematic and strategic initiatives under a newly assembled CSR promotion framework in order to reinforce CSR activities.

"In fiscal 2005, CSR activities were reinforced based on three fundamental policies: (1) Strengthen CSR-related risk management, (2) promote activities aimed at creating value for society, and (3) deepen CSR-related communication. Recognizing that one of the most important priorities for NEC is to avoid having a detrimental impact on society and the global environment, NEC has identified six priority risks (quality and safety, the environment, information security, fair trade, occupational health & safety and human rights) in the area of CSR-related risk management, and has been making efforts to reduce these risks."

Akinobu Kanasugi
NEC President
NEC Corporation Annual CSR Report 2005 (page 4)



Supplier Expectations

Dell's suppliers are required to comply with all applicable laws and regulations where they conduct business. In addition, we ask them to embrace high standards of ethical behavior and treat their employees fairly and with dignity and respect, consistent with local law. The key components of our approach are: Environment, Health and Safety, and Labor Rights. Figure 6 illustrates a global view of Dell suppliers.

Through 2004 and 2005, we used Dell's Supplier Self Assessment as an educational tool to drive awareness of our Supplier Principles and implementation of labor management systems. Every year, we conduct Quarterly Business Reviews with our suppliers to monitor and drive improvement of key performance indicators. Global Citizenship is one of these key indicators. In 2005, we monitored more than 150 supplier sites with focus on China, Malaysia, Taiwan, and Thailand. Figure 7 on page 28 illustrates the results we obtained from our reviews.

Dell suppliers are requested to provide documented evidence of their commitment to implementation of our Supplier Principles by means of a Self Assessment tool which uses the following criteria:

1. **Commitment & Policy:** Supplier's Executive Management has reviewed and signed Dell's Global Citizenship

Commitment Letter. The supplier has a responsible party leading the internal Global Citizenship program, reporting directly to the CEO. In addition, the supplier has evidence of the Company Policy or Principles stating the commitment to Global Citizenship aligned with Dell's Supplier Principles for Labor Rights.

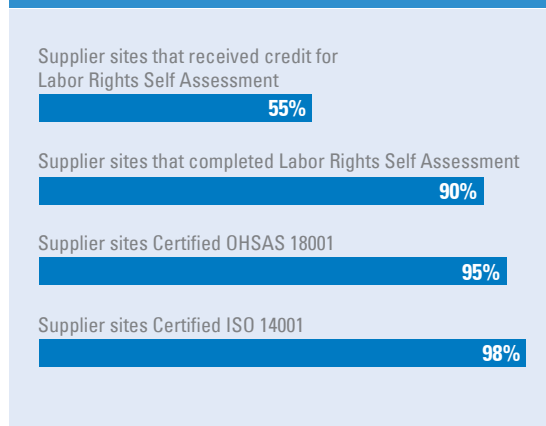
2. **Implementation & Operation:** The supplier has a Global Citizenship program in place and there is evidence of training programs to communicate company policy and commitment to the program.

3. **Self Monitoring & Corrective Action:** The supplier has evidence of periodic internal audits and a corrective, preventive action plan that includes verification of Labor Rights program compliance.

4. **Performance Indicators:** The supplier has evidence of a periodic monitoring and measuring system to ensure progress to Labor Rights program goals.

5. **Management Review & Continuous Improvement:** The supplier has evidence of a management review that includes a minimum of: an Effectiveness of Global Citizenship program (including Labor Rights), progress toward goals, audit findings, the policy, continuous improvement, and views of interested parties.

Figure 7: Quarterly Business Reviews Results



Goals

Dell's goal for 2006 is to apply the standards-based approach being developed by the EICC Implementation Group (see "Harmonizing and Strengthening the Implementation of a Common Code: EICC") to monitor performance improvement and to drive system-level change for social and environmental practices across our supply chain. In particular, Dell will be using the EICC's Common Audit Methodology with a subset of our suppliers. This subset of suppliers will be identified based on an assessment of risk. Risk criteria will include: supplier location, manufacturing processes, business relationship, and commitment to adhere to EICC provisions. Dell will use a third-party to conduct these audits, and continue to collaborate with suppliers on corrective action plans. In 2006, Dell will focus on identifying key performance indicators in order to develop a robust reporting methodology for 2007.

Through our collaborative EICC effort, we expect to obtain the following benefits:

- improved working conditions, where workers are treated with dignity and respect on a broad scale
- increased efficiency and less duplication of efforts (for example, suppliers can concentrate on driving change and improvement instead of responding to various customer audit requests)
- greater industry alignment and understanding of best practices
- industry-wide stakeholder engagement
- benchmarking best practices for supply-chain implementation in our industry

In October 2005, the EICC Implementation Group established a partnership with the Global eSustainability Initiative (GeSI). This partnership represents information and communications

Harmonizing and Strengthening the Implementation of a Common Code: EICC

A key element of Dell's commitment to work with our suppliers to promote sustainable practices was the development of Dell's Supplier Principles—first launched in early 2004 with involvement from stakeholders.

Initially our focus was on communication, awareness, and education to ensure Dell's supplier expectations were understood; however, during this process we realized that there was a tremendous opportunity to reduce inefficiency and confusion by collaborating with industry partners. Thus, when Dell was approached by a coalition of electronic manufacturers to develop a joint industry code, we chose to participate.

The result of this unprecedented effort is the Electronic Industry Code of Conduct (EICC). This code was developed among Dell, HP, IBM and the electronic manufacturers Solectron, Sanmina-SCI, Flextronics, Celestica and Jabil. Since its release in October 2004, a number of companies including Intel, Microsoft, Cisco, and Sony, have joined the effort. In September 2005, this coalition of technology companies updated the EICC code to reflect input from a wide variety of stakeholder organizations.

Recognized standards such as the *Universal Declaration of Human Rights* (UDHR), *Social Accountability International* (SAI) and the *Ethical Trading Initiative* (ETI), were used as references in preparing the code.

technology (ICT) companies in Europe, North America and Asia, and their efforts to develop common implementation tools for supply-chain management. Tools include:

- **Supplier Risk Assessment Tool** for companies to evaluate the risk level of a particular supplier in the area of corporate responsibility, based on criteria such as geographic location, manufacturing processes, and business relationships
- **Self Assessment Questionnaire** released in early October 2005, and available in Chinese and Spanish (with plans to translate into other languages) for companies to perform self assessment
- **Common Audit Methodology** for suppliers, participant companies and approved third-party auditors to use in obtaining the benefits of a common audit approach (includes communication templates, supplier preparation guidelines, a facility audit question set, audit report templates, and auditor guidelines and training modules)
- **Web-Based Platform** to provide participants with efficient and transparent information sharing

EICC Code Provisions

The EICC contains provisions to address performance in the following areas:

Labor

Freely Chosen Employment
Child Labor Avoidance
Working Hours
Wages and Benefits
Humane Treatment
Non-Discrimination
Freedom of Association

Health and Safety

Occupational Safety
Emergency Preparedness
Occupational Injury and Illness
Industrial Hygiene
Physically Demanding Work
Machine Safeguarding
Dormitory and Canteen

Environment

Environmental Permits and Reporting
Pollution Prevention and Resource Reduction
Hazardous Substances
Wastewater and Solid Waste
Air Emissions
Product Content Restrictions

Management Systems

Company Commitment
Management Accountability and Responsibility
Legal and Customer Requirements
Risk Assessment and Risk Management
Performance Objectives with Implementation Plan and Measures
Training
Communication
Worker Feedback and Participation
Audits and Assessments
Corrective Action Process
Documentation and Records

Ethics

Business Integrity
No Improper Advantage
Disclosure of Information
Intellectual Property
Fair Business, Advertising and Competition
Protection of Identity
Community Engagement

Supply-Chain Stakeholder Engagement

The EICC Implementation Group solicits input and perspectives toward effective realization of the Electronic Industry Code of Conduct. The group provides forums to encourage dialogue with stakeholders, understand concerns of all parties, suggest mutually acceptable improvement ideas, and share the practices and results achieved by the EICC Implementation Group as follows:

- Stakeholder forums are designed to deliver a transparent process with clear roles and responsibilities, and provide stakeholders time and space to discuss their issues.
- The EICC Steering Committee currently determines the composition and frequency of meetings.
- Stakeholders include customers, nongovernmental organizations (NGOs), socially responsible investors (SRI), government representatives, industry associations, universities, worker groups, and communities.

The goal in 2006 is to create and communicate a formal process through use of the EICC Web site to ensure that periodic reviews of the code continue and to include input from key stakeholder groups. For more information or comments about the EICC, see www.eicc.info.

Environmental Responsibility



Environmental Responsibility

Dell is committed to being an environmentally responsible market leader. To that end, we consider the environmental opportunities and challenges our company faces at every stage of the product life cycle, from development and design, manufacturing and operations, to customer use and product recovery. We are guided by a company environmental policy, by our efforts to continually improve our environmental performance, and by a number of policies on specific environmental issues.

Continuous Improvements in Environmental Performance

Some of Dell's environmental improvements for fiscal year 2006 are provided in the following information. For more information about all our efforts, see Dell's previous sustainability reports at www.dell.com/sustainabilityreport.

- We have developed and publicly released new environmental policies and position statements. For more information, see www.dell.com/environment.
- The Product Development Group at Dell has implemented a formal environmental management system, ISO 14001, into our product design organization.
- Dell has provided long-range corporate environmental goals.

- Dell has rolled out a compliance program to meet upcoming requirements for the RoHS Directive.
- Our Asset Recovery Services group continues to evolve and provide programs for recovering end-of-life product hardware.
- Power management is enabled on all notebook models that Dell manufactures.
- Dell became compliant with the China Certification Centre for Energy Conservation Product (CECP) eco-label.

Dell is constantly working to meet demands associated with our environmental responsibilities. Figure 8 captures many of the accomplishments of our environmental efforts thus far. Note that this continuum does not indicate exact dates of implementation.

Figure 8: A Continuum of Environmental Improvements



Dell's Environmental Policy

Dell's vision is to create a company culture where environmental excellence is second nature. Our mission is to fully integrate environmental stewardship into the business of providing quality products, best-in-class services, and the best customer experience at the best value. The following environmental policy objectives have been established to achieve our vision and mission.

Design Products with the Environment in Mind

- Design products with a focus on: safe operation throughout the entire product life cycle, extending product life span, reducing energy consumption, avoiding environmentally sensitive materials, promoting dematerialization, and using parts that are capable of being recycled at the highest level.
- Set expectations of environmental excellence throughout Dell's supply chain.

Prevent Waste and Pollution

- Operate Dell's facilities to minimize harmful impacts on the environment.
- Place a high priority on waste minimization, recycling and reuse programs, and pollution prevention.

Continually Improve Our Performance

- Use an Environmental Management System approach to establish goals, implement programs, monitor technology and environmental management practices, evaluate progress, and continually improve environmental performance.
- Foster a culture of environmental responsibility among employees and management.

Demonstrate Responsibility to Stakeholders

- Act in an environmentally responsible manner through sustainable practices designed to ensure the health and safety of Dell's employees, neighbors, and the environment.
- Periodically communicate company progress to stakeholders.
- Engage stakeholders to improve products and processes.

Comply with the Law

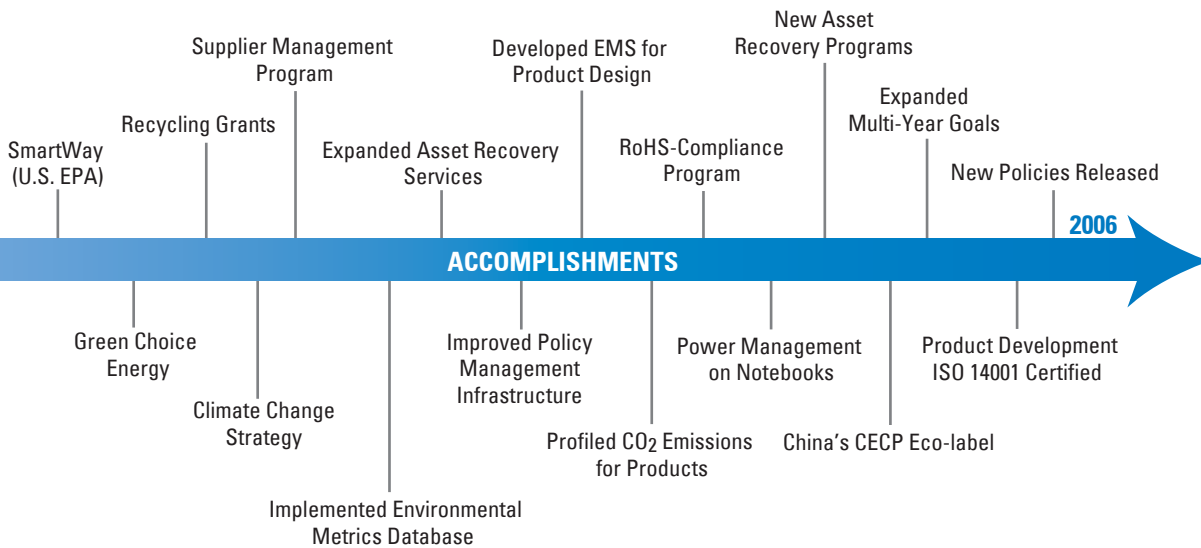
- Conduct business with integrity and dedicated observance of environmental laws and regulations, and meet the commitments of the voluntary environmental programs in which Dell participates.



Michael S. Dell
Chairman of the Board

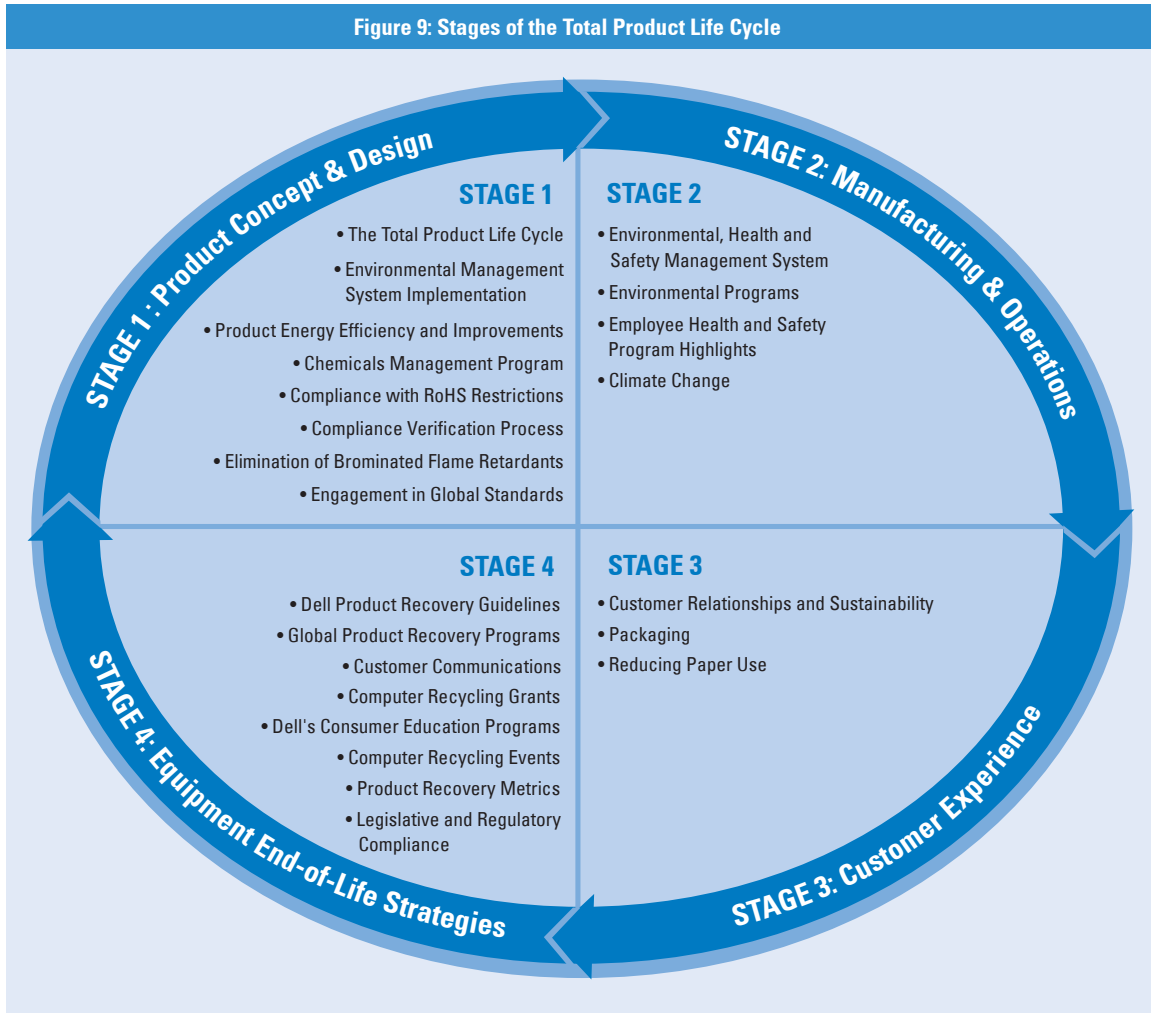


Kevin B. Rollins
President and Chief
Executive Officer



Targeting Improvements Throughout the Product Life Cycle

Dell has used a systematic approach to managing our environmental challenges. We organize the environmental activities of product development according to a life cycle management method. This goes hand-in-hand with basic planning, implementation, evaluation and corrective action activities associated with our expanding ISO 14001 programs. Dell's approach to integrating environmental activities into our product life cycle is divided into four stages. Figure 9 illustrates each stage.



Stage 1: Product Concept and Design

The Total Product Life Cycle

The electronics industry, as well as other industry sectors, is facing an increasing number of demands focused on reducing the environmental impacts of how products are designed, manufactured, used, and managed at end-of-life. As evidenced through "green" procurement policies and emerging European legislation such as Registration, Evaluation and Authorisation of Chemicals (REACH) and Energy Using Products (EuP), the global marketplace is increasingly demanding product environmental improvements, as well as increased access to environmental information that relates to the product life cycle.

Globalization within the industry has impacted management of the product life cycle by involving more participants in the process, which makes the process more complex. This also poses unique challenges in determining how environmental aspects of one stage in the life cycle (material selection, for example) impact another stage in the cycle (end-of-life management, for example).

In order to meet these challenges, Dell established the Design for the Environment (DfE) Program to integrate environmental attributes into each aspect of the product life cycle, from supplier management during component manufacturing to end-of-life solutions. This methodology encourages reduction of the most significant environmental aspects of the life cycle without unnecessarily burdening the supply chain.

Environmental Management System Implementation

Dell's Product Development Group has recently achieved certification to the ISO 14001 standard, an accomplishment which took approximately two years to complete. Third-party auditing verified that our design activities are compliant with this internationally recognized standard for environmental management system criteria.

Establishing a formalized approach to our planning, goal setting, auditing and corrective actions will help support regulatory compliance and continual improvement in our product design. A good example of where ISO 14001 certification will support adherence to new legislation is in EuP. This law refers to ISO 14001 as a way to demonstrate compliance to a specific component of the requirement. Becoming certified is a way in which Dell has enabled our strategy of being proactive.

Gaining certification for Dell's product development organization is part of our overall corporate ISO 14001 certification program, which now covers all manufacturing sites around the world and includes organizations such as Services,

Power Management Pilot—Twin Falls

Dell activated the power management features on more than 550 client systems using the Environmental Protection Agency's (EPA) free EZ-GPO software and system policy at our Twin Falls, Idaho call center. Estimated savings were calculated based on the following assumptions:

- 16 system use hours per day, 7 days per week
- Suspend monitor—10 minutes and Suspend system—15 minutes

Using Cadmus Advanced Power Management Calculator, the projected savings of implementing these features is an estimated 140,000 kWh, and \$10,000 in energy cost (a 29 percent reduction), while preventing over 100 Tons¹ CO₂ of pollution.

The benefits of using computer power management are:

- Reduction in peak load demand charges. (Many utilities charge \$150-\$200 per kW per year.)
- Reduction in cooling loads
 - A typical office building with internal heat load and moderately efficient systems saves an additional 15 percent.
 - In southern climates, savings could be 30 percent or more.

¹Tons CO₂ represents the tons of carbon dioxide from electricity generation emissions avoided because of energy savings from power management. 2000 pounds equals one ton.

Procurement and Logistics. For more information, see "Stage 2: Manufacturing and Operations" on page 44.

Product Energy Efficiency and Improvements

ENERGY STAR Products

Dell has actively participated in the Environmental Protection Agency's (EPA) ENERGY STAR program for more than a decade. During this time, Dell has offered many desktop, workstation, notebook, printer, and display models that meet the requirements for ENERGY STAR qualification. Our decision to design products to meet these requirements has reduced energy consumption, thereby reducing electricity costs for our customers and reducing environmentally-sensitive materials produced during power generation. Dell's unique build-to-order model increases efficiency and eliminates waste while allowing systems to be built to customer specifications that meet ENERGY STAR qualifications.

Many of the desktop, workstation and notebook products designed by Dell today consume less than 5 watts in low-power mode and exceed the current levels set by the EPA for energy efficiency. Dell chose to factory-default the power management settings to meet the EPA requirements for ENERGY STAR compliance for OptiPlex platforms offered to the public starting in May 2003. Dell has also taken the extra step of reducing the amount of time before entering low-power mode to save even more energy, from the 30 minutes required by the EPA for ENERGY STAR compliance, to 15 minutes. This provides our customers with a means of conserving energy costs, and the resulting reduction in energy requirements may help reduce the effects of air pollution and global warming. (For information about energy consumption goals, see Table 1 on page 7 and "Product Energy Programs to Reduce Emissions" on page 49.)

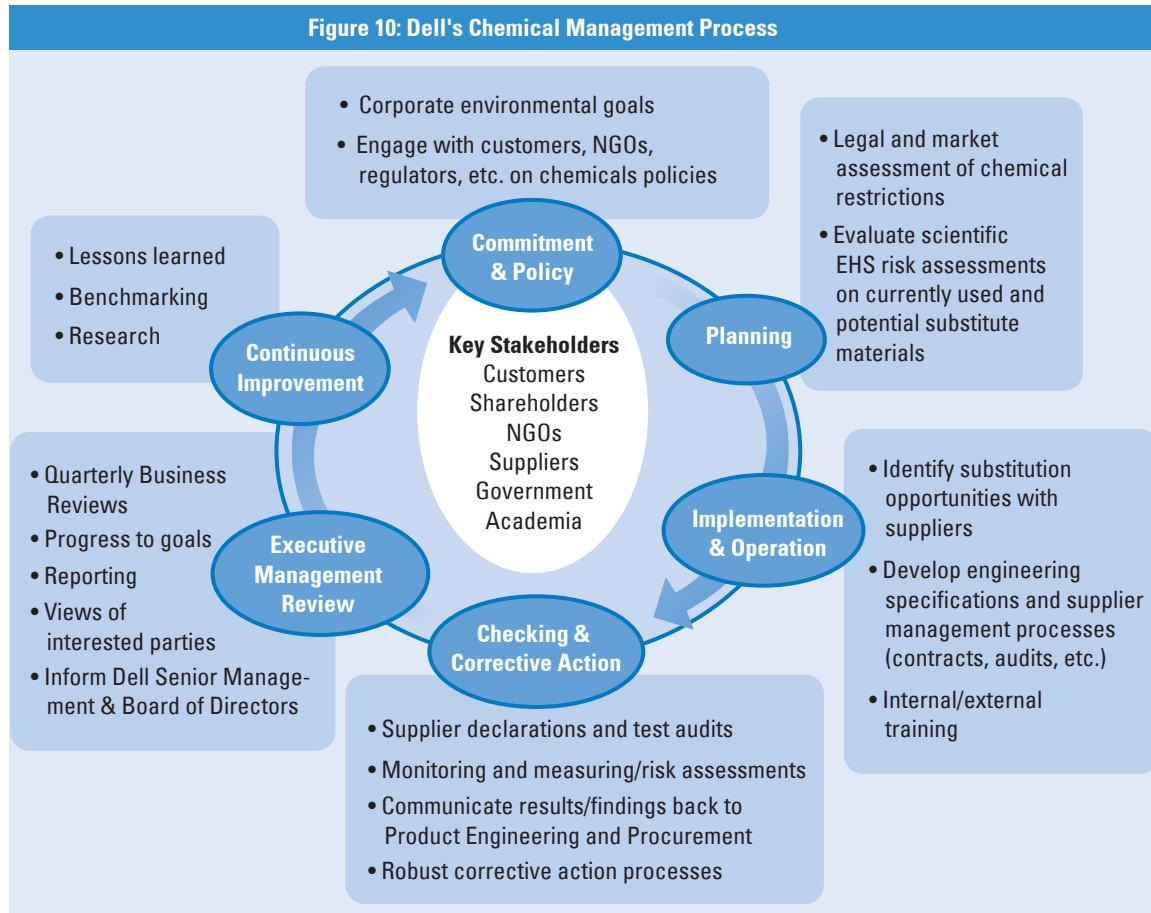
Chemicals Management Program

Increased attention has been placed on the environmental impact of electronic products, particularly the use of materials that may potentially have an adverse impact on the environment and human health. Materials such as heavy metals and plastics containing certain halogenated flame retardants can

pose potential environmental hazards if not managed properly during the manufacturing process or on disposition at end-of-life. The emphasis of Dell's chemicals management program is not only compliance with existing and/or upcoming legal requirements—such as the RoHS Directive (see "Compliance with RoHS Restrictions" on page 37) and REACH regulation—but also meeting key stakeholder requirements to eliminate or minimize the use of certain substances in our products and to design products that are easily recyclable.

In 2002, Dell formalized a chemicals management process (see Figure 10) to minimize or eliminate the use of certain environmentally sensitive materials in our products. One of the first steps in this process was to develop a list of banned or restricted materials that were of importance to customers, NGOs and regulators. After this list was developed and incorporated into engineering specifications, Dell surveyed our Tier 1 suppliers to identify where these materials were or were not being used in currently shipping products. This assessment also included an evaluation of potential substitute materials from a technology, cost, supply-chain readiness, and environmental, health and safety perspective.

Figure 10: Dell's Chemical Management Process



Based on the Tier 1 supply chain information, in 2003 Dell established corporate chemicals management goals with a particular focus on lead and bromine reduction (see Table 1 on page 7). Striving to meet these goals, as well as a continued focus on meeting the growing number of legislative, market and stakeholder-driven chemical restrictions, led to an increased focus on ensuring that restricted substances were not selected in product design or being used by suppliers. Internal and external training was conducted not only to ensure that both Dell and supplier engineering and procurement representatives were informed of which substances were restricted for use in Dell products, but also to encourage development of alternative materials and technologies that could be selected in future product generations.

Process controls such as piece-part supplier declarations, Dell factory and supplier material testing audits, and corrective action processes were implemented to ensure that Dell's chemicals management objectives were met throughout the organization and into the supply chain. Through this integrated management process, Dell has proactively established a working model that can be used to make more informed decisions when new scientific findings call for alternative material selections. This model will also be used to efficiently manage any future substance restrictions through robust internal and external design controls.

Currently, more than 50 substances and compounds are restricted for use in the manufacture of Dell products and in the finished products themselves (see "Restricted Substances").

Compliance with RoHS Restrictions

Global concerns over the human health and environmental risks associated with the use of certain environmentally-sensitive materials in electronic products has led the European Union (E.U.) to enact the European Union's Restriction on Hazardous Substances directive (RoHS), designed to restrict the use of cadmium, hexavalent chromium, lead, mercury and certain halogenated flame retardants (PBBs and PBDEs) in electronic products. This directive will be implemented in the European Union on July 1, 2006. Similar legislation is also pending in China and various states in the United States. Dell's goal is to comply with the RoHS Directive requirements prior to the July 1, 2006 E.U. implementation deadline and continue to incorporate these changes in our global product lines.

Dell understands the environmental risks associated with the substances covered by the RoHS Directive and is committed to eliminating the use of these, as well as other environmentally-sensitive substances, in our products. Through our integrated Restricted Materials Program, Dell has prohibited the use of cadmium, hexavalent chromium, mercury, PBBs and PBDEs in Dell branded products. Dell has also established

Restricted Substances (certain exemptions may apply)

- Asbestos and its compounds
- Azo dyes and colorants
- Cadmium and its compounds
- Chlorofluorocarbons (CFCs)
- Chloroparaffins, short-chained (10-13 carbon chain)
- Chromium VI and its compounds
- Brominated/chlorinated flame retardants in desktop, notebook and server chassis plastic parts
- Hydrochlorofluorocarbons (HCFCs)
- Lead and its compounds
- Mercury and its compounds
- Nickel and its compounds
- Polybrominated biphenyls (PBBs) and their ethers and oxides (PBDEs and PBBEs), including deca-BDE
- Polychlorinated biphenyls (PCBs) and terphenyls (PCTs)
- Polychlorinated naphthalene (PCN)
- Polyvinyl chloride (PVC)
- Tributyl tin (TBT) and Triphenyl tin (TPT) compounds

In addition to the restricted substances, in mid-2006, Dell will begin collecting information from suppliers on the use and non-use of the following substances:

- Antimony and its compounds
- Arsenic and its compounds
- Beryllium and its compounds
- Bismuth and its compounds
- Brominated/chlorinated flame retardants used in any application
- Certain phthalates
- Selenium and its compounds

Dell's Chemical Use Policy

Dell published a new Chemical Use Policy in December 2005 to share our long-term vision of our chemicals management program.

Dell's vision is to avoid the use of substances in our products that could seriously harm the environment or human health, and to ensure that we act responsibly and with caution.

Act responsibly

Dell believes that if reasonable scientific grounds indicate a substance (or group of substances) could pose significant environmental or human health risks—even if the full extent of harm has not yet been definitively established—precautionary measures should be taken to avoid use of the substance(s) in products unless there is convincing evidence that the risks are small and are outweighed by the benefits. Dell considers these to be "substances of concern."

Dell identifies substances of concern with consideration for legal requirements, international treaties and conventions, specific market demands, and by the following criteria:

- substances with hazardous properties that are a known threat to human health or the environment
- substances with hazardous properties that show strong indications of significant risks to human health or the environment
- substances with hazardous properties that are known to biopersist and bioaccumulate in humans or the environment

Enforce the company's precautionary measures

Dell strives to eliminate substances of concern in our products by:

- maintaining a Banned and Restricted Substance Program
- choosing designs and materials that avoid the use of substances of concern
- prohibiting supplier use of these substances contractually
- substituting viable alternate substances

If alternatives are not yet viable, Dell works with our industry partners to promote industry standards and the development of reliable, environmentally sound, and economically scalable technical solutions.

Demonstrate our commitment

Dell is striving to eliminate all remaining uses of brominated flame retardants by 2015, ahead of the Convention for the Protection of the Marine Environment of the N.E. Atlantic (OSPAR) Commission's goal. PVC is on Dell's banned and restricted materials list and we are in the process of phasing out PVC chassis parts. We will review a phase-out plan yearly (or when required) and evaluate available technical, environmental and scalable solutions. Dell is open to discussing these plans and is committed to continuously improving the environmental quality of our products.



John Chubb
Director, Worldwide Regulatory and Environmental Compliance

public goals to phase-out the use of lead and other non-regulated brominated flame retardants in our products, in advance of legal requirements.

Delivering RoHS-compliant products is a significant challenge for the electronics industry and involves a complex set of technical attributes. Since 2003, Dell has had a strategic team focused on the importance of standardization in this area. Dell has the chair position in the lead-free working group within the industry group iNEMI, which has been focused on addressing supply-chain issues surrounding the electronics industry transition to lead-free products.

Almost all of Dell's products are affected by the RoHS Directive, primarily through the substitution of lead-based solders and finishes. Dell has established a lead-free qualification process to help ensure that products meet stringent reliability and quality requirements, as well as regulatory compliance requirements. In June 2005, Dell introduced the OptiPlex GX520 and GX620 desktops which were designed with lead-free¹ motherboards, chassis and power supplies. Dell will continue to launch new RoHS-compliant² products in advance of the RoHS implementation deadline (see Table 6). Based on a multiple source management process, Dell's strategy has been to transition to these products with a phased approach. For more information on Dell's RoHS transition, see

www.dell.com/rohsinfo.

¹ Per the European Union's Restriction on Hazardous Substances directive, this system (chassis and factory installed components) or configuration contains less than 0.1% lead by weight.

² Meets the requirements of the European Union's Restriction on Hazardous Substances directive, dated January 27, 2003.

Compliance Verification Process

Dell is planning to implement a software solution that will improve the collection of materials compliance declarations throughout the supply base. This new solution will integrate with Dell's product record system to enhance the accessibility of materials compliance data and enable compliance roll-up throughout each product's bill of materials. In addition, this solution will enable improved tracking of compliance throughout a product's life cycle. Part of the deployment effort includes training, both at Dell and through the supply chain. This solution is targeted to be in place by the middle of 2006.

Until this data collection solution is deployed, Dell is managing compliance verification of parts and products by way of a Supplier's Declaration of Conformity (SDoC), modeled after ISO/IEC 17050-1. Dell is collecting SDoCs to support

Table 6: Expected Availability of RoHS-Compliant Dell Configurations*

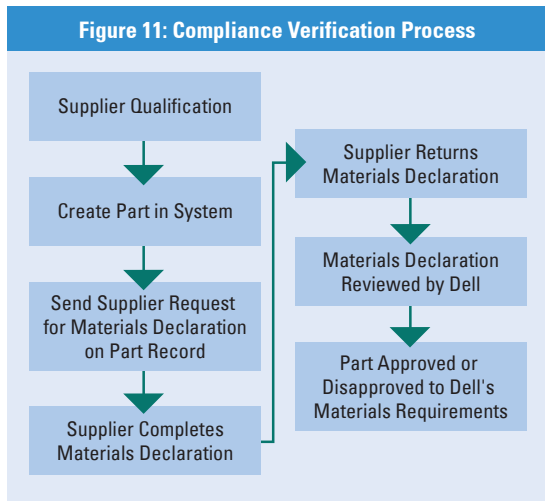
Product Line	First RoHS-Compliant Configurations Available*
OptiPlex	First Quarter of 2006
Dimension	Second Quarter of 2006
Precision WS	First Quarter of 2006
Latitude	First Quarter of 2006
Inspiron	Second Quarter of 2006
Precision NB	First Quarter of 2006
PowerEdge	Second Quarter of 2006
PowerVault	Second Quarter of 2006
PowerConnect	Second Quarter of 2006
Printers	Third Quarter of 2005
CRT Monitors	Second Quarter of 2006
FPD Monitors	Second Quarter of 2006
TVs	Second Quarter of 2006
Dell DJs	Second Quarter of 2006
Projectors	Second Quarter of 2006
Axim	Second Quarter of 2006
*Dell asks vendors to assure that their components are compliant and conducts periodic test audits.	

compliance verification efforts. To sign the SDoC, the supplier must ensure that the product meets the Dell Materials Restricted for Use specification and record any applicable exemptions. At Dell's request, the supplier must also be able to provide technical documentation in the form of internal design controls, supplier declarations, or analytical test data. Dell's goal is to collect supplier declarations on each part in a product bill of materials. This will ensure each product meets the legislated materials requirements.

Figure 11 on page 40 illustrates the compliance verification process.

Compliance Verification Audit Program

A second tier in Dell's compliance verification strategy is a supplier RoHS-audit program. This program can be divided into two parts: a traditional audit and an in-depth supplier survey.



A traditional audit is conducted on a quarterly basis in which Dell parts are selected at random and submitted for third-party analytical testing. Samples are tested for restricted materials including those highlighted by the RoHS Directive. The audit allows Dell to investigate gray areas, enforce SDoC diligence, and assist in supplier compliance uncertainty. Dell also actively screens samples in-house by using an X-Ray Fluorescence (XRF) unit.

Dell also completes an in-depth supplier survey which enables us to gauge how our supply base is handling the collection of information required to complete the SDoCs. With the ability to view how each supplier is verifying RoHS-compliance, Dell can more accurately determine any risk of non-compliance.

Elimination of Brominated Flame Retardants

Dell's Position on Brominated Flame Retardants (BFRs)

Currently, flame-retarded plastics are occasionally needed to meet strict fire safety codes for electronic equipment. Certain halogenated compounds (of which brominated flame retardants, or BFRs, are a subset) are used as flame retardants; however, concerns have arisen that these materials may pose risks to health or the environment.

In line with the Precautionary Principle and with consideration for Chemicals for Priority Action identified by OSPAR, Dell is striving to eliminate the use of all brominated flame retardant chemicals in our products worldwide.

Brominated flame retardants are covered in Dell's banned and restricted materials program. We currently avoid the use of BFRs by using plastics that can be flame retarded with non-halogenated compounds and by using design strategies that reduce the need to use flame retarded plastics at all. If alterna-

tives are not yet viable, Dell works with our industry partners to promote new industry standards and the development of reliable, environmentally sound, and economically scalable technical solutions.

Dell's Commitment

Through industry partnerships, Dell is actively working to help establish supply-chain capability and capacity of viable alternative materials needed to realize our goal to eliminate all remaining uses of brominated flame retardants, including tetrabromobisphenol-A (TBBP-A) in circuit boards, by 2015. Dell will continue to strive to meet our public goals to eliminate the use of environmentally sensitive materials in our products, as well as continue to evaluate the viability of halogen-free flame retardant alternatives.

Halogen Reduction Timeline

Dell has prohibited the use of all polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs) (including DecaBDE) in our products worldwide since 2002, four years ahead of the RoHS Directive. Dell also prohibits the use of PVC and all halogenated flame retardants including tetrabromobisphenol-A (TBBP-A) and hexabromocyclododecane (HBCD) in desktop, notebook, and server chassis plastic parts.

In addition, Dell has established public goals to: further reduce the amount of bromine shipped in Dell displays by 30 percent from 2004 to 2006; avoid the use of 33,000 tons of BFRs by 2007; and eliminate all BFRs by 2015, ahead of the OSPAR goal.

Engagement in Global Standards

Worldwide growth and complexity of Information Technology (IT) and Consumer Electronic (CE) products are resulting in the corresponding worldwide growth and complexity of regulations and standards related to environmental performance. Although both regulation and voluntary agreements seek to provide guidance to the industry, important differences in scope and intent should be recognized. Legal requirements are most effective as an instrument to protect public health and the environment and dissuade "poor performers," while industry standards should provide guidance to those seeking to go beyond baseline performance levels. Because industry standards may contain aspirational elements, they should not be used to regulate products.

Effective industry standards and legal requirements have several common elements:

- **Harmonization** With an increasingly global supply network and customer distribution, it is critically important to synchronize international requirements. Mandatory national and

Mercury: Changing from CRT to Flat Panel

The use of mercury (Hg) has been highly restricted because of its environmental, health, and safety impacts. The RoHS Directive will require manufacturers to practically eliminate the use of mercury in most electronic applications by July 2006, with exemptions for applications in which a viable alternative does not exist. Similarly, market drivers and eco-labels such as TCO '99 and TCO '03 (Sweden), also restrict the use of mercury compounds. In the United States, several states have also taken an active role in restricting the use of mercury in products.

One such exemption is the use of mercury-based lamps, the industry standard for luminescence of flat-panel displays such as those found in notebooks, flat-panel monitors, and flat-panel televisions. The upside of mercury-based lamps over the last half decade is interesting to evaluate. In December 2001, the EPA published: "Desktop Computer Displays: A Life Cycle Assessment" (see <http://www.epa.gov/oppt/dfe/pubs/comp-dic/lca/>), which concluded that despite having a mercury-based lamp, flat-panel displays provided a less-significant mercury impact to the environment than CRTs over the full life cycle of the product—the key being energy consumption. A CRT display consumes far more energy than a comparable flat-panel display, and because fossil fuel-based electric utilities are typically the largest source of human-caused mercury emissions, the life cycle impact far outweighs the use of a mercury-based lamp.

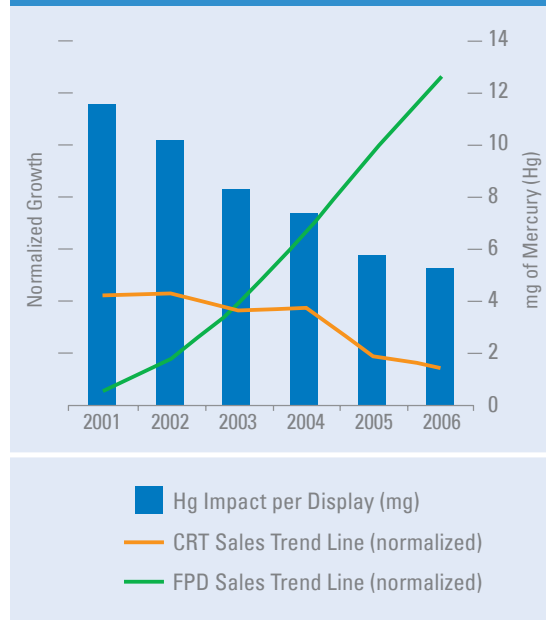
The natural market shift from CRT displays to flat-panel displays has contributed to reduced emissions of mercury into the environment. Figure 12 illustrates that point. Over this five-year period, the Hg impact per display has been reduced by 55 percent.

Research is ongoing into mercury lamp alternatives that leave a smaller environmental footprint, but that also meet the output, energy, thermal, cost, size, and performance requirements needed for these applications. In the meantime, Dell is actively engaged with industry associations to communicate the importance of proper disposal and direct customers to the appropriate channels for end-of-life handling.

regional product labeling should be avoided or at least harmonized to existing standards.

- **Flexibility** Requirements should not hinder innovation nor impede customer demanded performance features, consumer use or behavior. Requirements should be performance-based, holistic and flexible rather than prescriptive. Product safety and other factors should be taken into account.

Figure 12: Mercury Impact per Display Trend



- **Cost effectiveness** The interval between requirements definition and promulgation must take into account product development cycles and supply-chain capability.
- **Measurable** Requirements should be quantifiable and verification should be based on clear and reasonable testing procedures.
- **Product differentiation** Consideration should be made for market segmentation and performance variations. Requirements must not favor proprietary technologies. Legal requirements should be set to dissuade poor performers and should not reflect aspirational targets.
- **Process transparency** All affected stakeholders should have a meaningful opportunity to engage in the development of the requirements.
- **Compliance** Compliance verification should be handled through self certification, 1-1-SDoC, and others. Pre-market testing or other requirements that hinder free trade should be avoided. Administrative burdens should be kept to a minimum.

Dell is a proponent of properly developed and executed regulations and standards. In 2005, Dell continued our active participation in industry and standards groups to help develop effective environmental standards and to promote global harmonization of requirements. A summary of some of these activities follows.

JEDEC

Dell is actively engaged in the JEDEC Solid State Technology Association (once known as the Joint Electron Device Engineering Council). Since 2001, three major industry associations have been involved in developing the *Joint Industry Guide on Material Composition Declaration for Electronic Products (JIG-101)*: the Electronics Industries Alliance (EIA), the European Information, Communications and Consumer Electronics Technology Industry Associations (EICTA), and the Japan Green Procurement Survey Standardization Initiative (JGPSSI). Dell has been engaged in this effort as a member of the EIA Material Declaration Steering Committee. In April 2005, *JIG-101* was published as a joint standard of the EIA, JGPSSI, and JEDEC organizations. This standard will be further developed through the International Electrotechnical Commission (IEC) to harmonize material declaration requirements to a greater extent within the electronics industry. Dell's restricted materials compliance verification approach is closely aligned with the JIG.

iNEMI

In 2005, Dell chaired the International Manufacturing Initiative (iNEMI) RoHS Transition Task Group to define more areas for standardization needed to facilitate practical aspects of RoHS-compliance. Projects resulting from this effort completed in 2005 include: Assembly Process Specifications, Component and Board Marking, Component Supply Chain Readiness, and Materials Declarations.

Dell also led the development of a statement of work for a new iNEMI program to explore the technical feasibility of halogen-free printed circuit board materials. In 2006, we will actively participate in this program with the goal of helping to establish supply capability and to identify standards development opportunities for halogen-free alternatives to conventional printed wiring board materials based on market segment requirements.

In 2004, Dell chaired the development of iNEMI's bi-annual Environmentally Conscious Electronics (ECE) roadmap highlighting the areas of emerging material restrictions, end-of life requirements, customer preferences for energy efficient products, holistic design requirements, and sustainable business practices. The purpose of this roadmap is to project future industry trends and identify business needs for manufacturers. In 2006, Dell will once again lead this effort for the upcoming ECE roadmap.

EPA

Dell has been working with the U.S. Environmental Protection Agency (EPA) directly and through the Information Technology Industry Council (ITI) to help the agency develop effective, new Energy Star standards for computers, imaging products, displays, external power supplies and battery chargers. The goal is to create an industry standard that cost-effectively promotes significant energy savings without sacrificing performance. Dell also worked with the EPA as part of the multi-stakeholder team that developed the Electronic Products Environmental Assessment Tool (EPEAT). Additionally, Dell is helping the EPA develop a project proposal to compare the environmental and health impacts of "halogen-free" and conventional circuit board materials.

EPIC-ICT

Dell is participating in an E.U. sponsored research project (with Motorola, Philips, and the University of Stuttgart) to develop environmental performance indicators for information and communications technology (ICT) products. This project has been set up by the E.U. Commission within the scope of the EuP. The developed method combines scientific soundness, public acceptance, and practical applicability at the same time.

AeA Europe

Dell is an active member of the American Electronics Association (AeA) Europe and leads the Energy-using Products (EuP) issue group. AeA Europe is an association of technology companies of American parentage doing business of more than €100 billion in Europe, focusing on managing issues surrounding environment, regulatory standards, and security policy. The major goals of the EuP issue group are to cooperate on the E.U. Commission's studies on implementing measures, as well as to ensure that any implementing measures are cost effective and practical.

IEC

Dell participates on both the U.S. and German Technical Committees of the International Electrotechnical Commission (IEC). In early 2005, a new environmental technical committee, TC 111, was formed in the IEC to develop international environmental standards in the areas of supply-chain material declaration, RoHS analytical test standards, and environmentally conscious design. Dell is participating in each of these areas and leads the working group (WG3) that is developing an international testing standard for substances restricted in electronic products by the RoHS Directive. As similar legislation emerges worldwide, this standard can be used to harmonize compliance assurance activities. Dell is also actively participating in IEC TC 108 (Safety of Electronic Equipment (Audio, Video, ICT)) by developing eco-design standards related to ICT products.

HDPUG

Dell chaired the High-Density Packaging Users Group (HDPUG) Design for Environment workgroup, which focused on identifying suitable alternative technologies to reduce and/or eliminate the use of certain environmentally sensitive materials. During 2005, the HDPUG DfE team initiated the third phase of a project to evaluate the performance, availability and environmental attributes of technologies such as mercury-free displays and non-PVC-based cables. The team published results of this study in late 2005.

EPEAT

During 2005, Dell supported the Federal Electronics Challenge (FEC) Initiative by participating in the completion of the development of the Electronic Products Environmental Assessment Tool (EPEAT). EPEAT is an environmental procurement tool designed to help institutional purchasers in the public and private sectors evaluate, compare and select desktop computers, notebooks and monitors based on their environmental attributes. This tool was developed through a year-long effort that included representatives from the IT industry, the EPA, federal and state purchasers, recyclers, and nongovernmental environmental organizations.

Currently, Dell is assisting with the implementation of EPEAT with the U.S. Green Electronics Council (USGEC) and the finalization of the criteria through the International Symposium on Electronics and the Environment (IEEE). Dell will also serve on the advisory board of the USGEC to assist in the transition from implementation to use.

AeA/USITO

Working through the American Electronics Association (AeA) and the United States Information Technology Office (USITO), Dell is assisting China's Ministry of Information Industry (MII) to develop an effective version of the RoHS Directive and related standards for China known as the Management Methods on the Prevention and Control of Pollution Caused by Electronic Information Products. Since October 2004, Dell has participated in MII working groups focusing on the development of Labeling and Test standards. In 2006, our work will focus on certification issues and the development of the Product Catalogue, which will identify covered products.

ECFIC

Dell participates in the Executive Committee of Foreign Investment Companies (ECFIC) Recycling Working Group to support the China National Development Reform Commission (SDRC) efforts to develop a Waste from Electrical and Electronic Equipment (WEEE) roadmap for China recycling.

Global Reporting Initiative (GRI)

GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate the globally applicable *Sustainability Reporting Guidelines*. The *Guidelines* are for voluntary use by organizations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labor organizations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating center of the United Nations Environment Programme (UNEP) and works in cooperation with United Nations Secretary-General Kofi Annan's Global Compact.

In 2005, Dell participated in the Indicators Working Group's effort to enhance the environmental protocols as part of upgrading the GRI Sustainability Reporting Guidelines. The aim is to innovate the third generation *G3 Guidelines* scheduled to appear in mid-2006. An overarching objective of the Indicators Work Stream is to recommend changes that will ensure clarification, enhancement, and comparability of the new GRI Guidelines. Additional information on the GRI can be found at www.globalreporting.org/index.asp.

Stage 2: Manufacturing and Operations

Environmental, Health and Safety Management System

At Dell operations around the world—from manufacturing facilities to sales offices, from distribution centers to call centers—we are driving toward excellence in our own environmental, health and safety (EHS) performance.

Dell uses a formal systems approach to manage our EHS programs. Following international standards such as ISO 14001 and OHSAS 18001, as well as the rigorous requirements of the OSHA VPP (Occupational Safety and Health Administration Voluntary Protection Programs) in the United States, Dell has established comprehensive procedures and practices designed to maintain a safe and healthy workplace, as well as protect the environment.

All of Dell's manufacturing sites are certified to the ISO 14001 Environmental Management System standard. During fiscal year 2006, three other Dell organizations also received ISO 14001 certification: the Product Group's product development activities; our Worldwide Procurement's Supplier Engineering and Quality organization; and the U.S.-based Asset Recovery Services organization.

Dell's manufacturing sites in Ireland, China and Malaysia are also certified to the OHSAS 18001 Occupational Health and Safety management systems standard. In the United States, each manufacturing facility is working toward VPP certification. Nine of our larger office buildings have already achieved VPP Star status, and one more has been audited and recommended for Star certification.

The EHS management system at Dell involves several key components, including:

- identifying health and safety risks at each site and the significant environmental aspects and impacts of our activities, products and services
- setting EHS goals, measuring performance and reviewing progress
- establishing procedures to reduce or control the risks and impacts, respond to emergencies, and take corrective actions
- communicating policies and requirements, and providing appropriate training to employees, contractors and others at Dell sites
- maintaining adequate records and other documentation
- auditing regulatory compliance and performance of the management system

Environmental Programs

Dell operates a number of different types of facilities in the Americas, Europe, Middle East, and Africa (EMEA), and Asia-Pacific/Japan (APJ) regions, including manufacturing, distribution, and office buildings for customer contact and business administration. Throughout our operations, programs have been created or enhanced to manage and reduce impact to the environment. We focus our environmental programs in two key areas: pollution prevention and resource reduction.

Pollution Prevention Programs

Pollution prevention involves reducing waste, emissions, and other discharges at our facilities. The following information describes the sources of such materials, and Dell programs that minimize any resulting impacts on the environment. (For examples of pollution prevention activities at our facilities around the world, see "Regional Highlights" on page 47.)

Waste Management and Spill Prevention

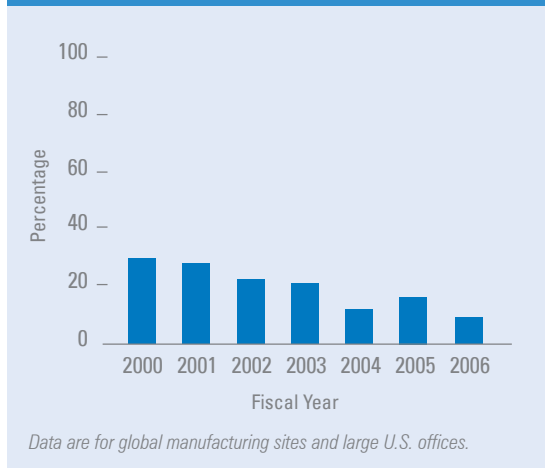
One of the most significant environmental aspects of Dell's operations is the generation of non-hazardous wastes such as cardboard, plastics and waste paper. In our manufacturing operations, most of the waste is related to packaging materials from parts and supplies we bring in to assemble computers. Our office-based operations also generate paper wastes, as well as toners, ink cartridges, and related materials. Other non-hazardous waste generated at our facilities includes that which comes from food preparation and serving, housekeeping and cleaning, and facility and equipment maintenance.

It is Dell's practice to minimize the generation of waste through our Reduce-Reuse-Recycle programs (see "Resource Reduction Programs" on page 45). Wastes that cannot be recycled or reused are disposed of according to local regulatory requirements and available disposal methods. The percentage of non-hazardous wastes from our global manufacturing and large U.S.-based office campuses that is disposed of by landfill continues to improve, as shown in Figure 13 on page 45.

Our manufacturing facilities generate only small quantities of hazardous or regulated wastes. The hazardous waste that is generated is predominantly related to typical equipment and building maintenance operations, and includes such materials as oil, fluorescent light bulbs, cleaning chemicals, and paint. We also generate a small amount of waste in our refurbished product touch-up process. Such wastes are recycled whenever feasible. Hazardous wastes are handled, transported and disposed of according to regulations for each location.

At many of our manufacturing and office sites, Dell uses standby electrical generators to provide emergency power for operating building life and safety systems and for data backup in the

Figure 13: Waste Disposed by Landfill



event of power failure. Some facilities also have diesel-fueled fire pumps to provide for adequate water pressure for building fire sprinkler systems. Diesel fuel for use in the generators and fire pumps is stored in double-walled tanks and inside containment structures. Our facilities have spill prevention, containment and counter-measure or contingency plans in place to minimize the impact of potential leaks or spills from fuel storage tanks, as well as from hydraulic fluid leaks from waste compactors, dock levelers and other equipment. As a practice, Dell does not store hazardous materials, other than diesel fuel, outdoors.

Wastewater Management

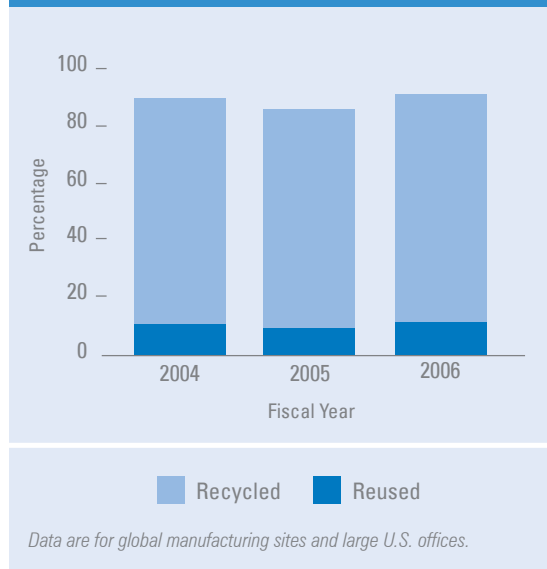
Wastewater is not generated in Dell's manufacturing processes. Wastewater is generated as a result of water use in cafeterias and canteens, restrooms, and building operations (such as cooling towers), and general facility housekeeping and cleaning. Wastewater discharges from most of Dell's facilities are directed to local municipal sanitary sewage treatment facilities; in some locations, on-site sanitary sewage treatment or pre-treatment systems are in place.

Air Emissions

Because most of our assembly processes do not involve the use of chemicals, there are no appreciable air emissions from Dell manufacturing operations. We operate one small paint spray booth in our product refurbishment center, which is used for hand-applied touch-up spray painting. The estimated emissions from this operation are less than 600 pounds per year of volatile organic compounds (VOCs).

Other sources of air emissions that are generated by Dell operations are the testing and occasional operation of emergency stand-by electrical generators, and minor sources such as building maintenance and facility cleaning operations.

Figure 14: Recycled and Reused Rates



Resource Reduction Programs

Resource reduction involves minimizing the consumption of natural resources and energy. Categories of resources used in Dell operations include: consumable materials used in manufacturing and office areas (such as shipping pallets, paper and office supplies), energy (electricity and gas), and water. Throughout our operations, employees are encouraged to look for opportunities to use less of a given resource, or to identify a more environmentally friendly alternative. For examples of resource reduction activities at our facilities around the world, see "Regional Highlights" on page 47.

Reduce, Reuse and Recycle Programs

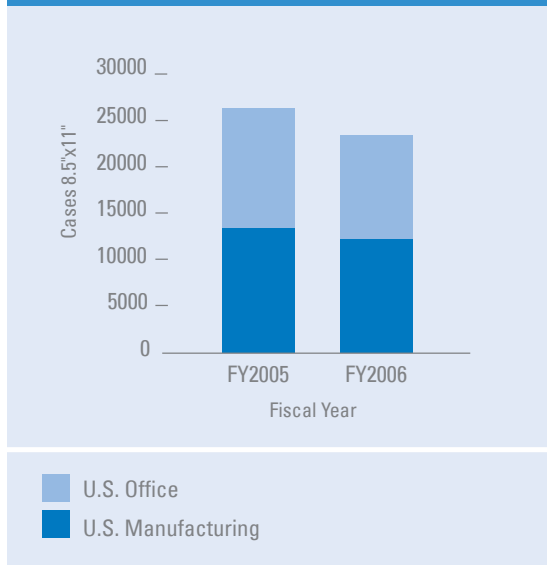
As mentioned in the "Waste Management and Spill Prevention" section on page 44, Dell manages a significant amount of incoming packaging materials. Wherever possible, wastes are reduced by modifying processes and by identifying opportunities for reuse and recycling.

Dell's Reduce-Reuse-Recycle programs enable employees to focus on projects that reduce the amount of resources consumed, directly and indirectly. Our preferred option is to reduce the amount of materials we use. Opportunities for reuse and recycling are also important techniques in reducing our environmental footprint.

Dell continues to maintain a high rate overall for reusing and recycling non-hazardous waste. In fiscal year 2006, the reuse rate was approximately 11 percent and the recycling rate was over 79 percent, as shown in Figure 14.

Dell operations also have ongoing paper use reduction programs. In our U.S. office and manufacturing facilities, the

Figure 15: Paper Use in Dell Facilities



amount of paper we used in fiscal year 2006 decreased by 11 percent from the previous year, as shown in Figure 15.

Dell is also working with suppliers and customers to identify solutions that reduce the amount of packaging used in our manufacturing facilities for customer products, as well as the packaging received from our suppliers. For more information about these programs, see "Stage 3: Customer Experience" on page 53.

Energy Conservation

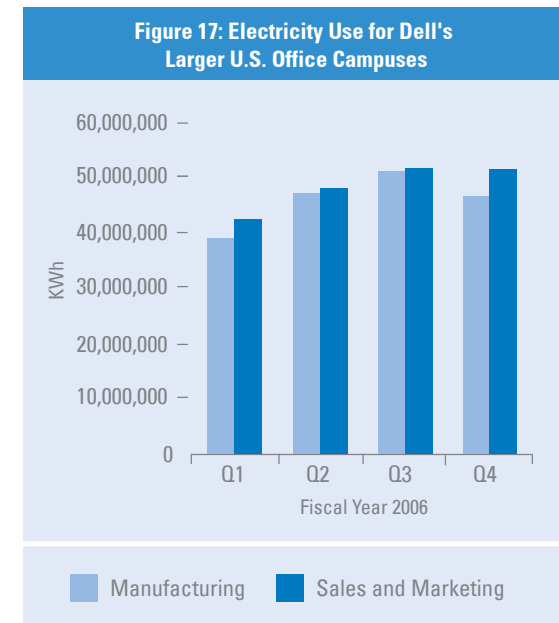
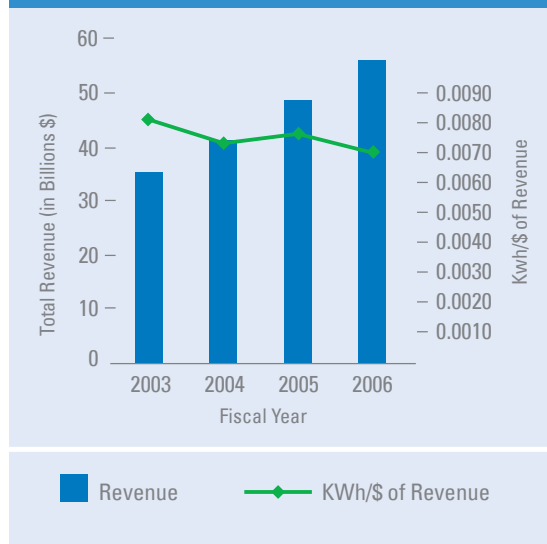
A significant environmental aspect of Dell's operations is the use of electricity for building heating, cooling and lighting, and for operating manufacturing and distribution process equipment. Figure 16 shows electricity use, on a per revenue basis, for Dell manufacturing and distribution operations. Figure 17 reflects electricity use for Dell's sales, marketing and manufacturing operations as they compare to each other.

In addition, some of our facilities use natural gas or propane for heating buildings and/or providing hot water. Figure 18 on page 47 shows gas use for the sales, marketing and manufacturing campuses in the United States. (Data from our global campuses are planned for publication in next year's sustainability report.)

Water Conservation

Dell recognizes the importance of conserving water resources. Because water is not used in Dell's manufacturing processes, virtually all of our water use occurs in building operations, such as for air humidification and cooling, landscape irrigation, food preparation in cafeterias and canteens, restrooms, and in gen-

Figure 16: Electricity Use for Dell Manufacturing and Distribution



eral cleaning and housekeeping. Nevertheless, we are committed to implementing and maintaining programs that reduce the amount of water that we consume.

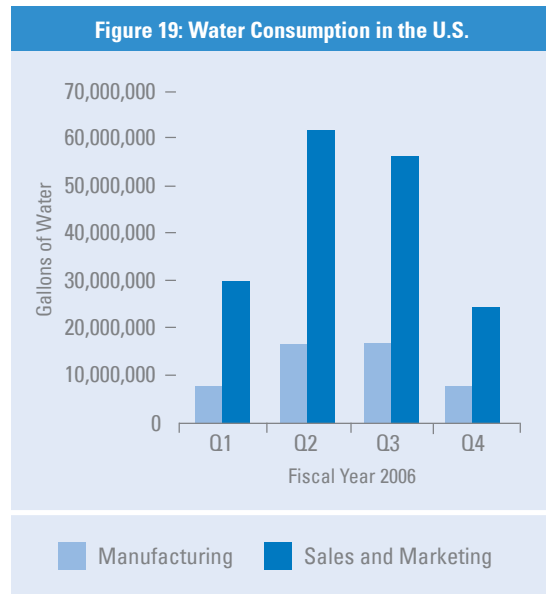
In fiscal year 2004, Dell began tracking global water use for our larger office campuses in the United States, and globally at our manufacturing campuses. (Data from our global campuses are planned for publication in next year's sustainability report.) Figure 19 on page 47 illustrates Dell's water consumption in the United States.



Regional Highlights

As previously mentioned, Dell environmental programs are in place around the world. The following examples of pollution prevention, resource reduction, and related accomplishments occurred during fiscal year 2006:

- Dell has partnered with specialized recycling collection vendors at several manufacturing facilities in Ireland and in the United States. The vendors are able to more efficiently sort non-hazardous waste and identify recycling opportunities, which is expected to further increase our overall recycle rate.
- The Brazil manufacturing facility completed an employee-led project to reduce the use of paper in its warehouse. Paper use in this one area decreased from 200 paper sheets a day before the project, to just four a day after the project. Small reductions such as this help to increase environmental awareness among employees.
- Manufacturing facilities in Texas and Tennessee have been retrofitted with fluorescent lights to replace high-bay high-pressure mercury lamps. In addition to the more than 30 percent reduction in energy use, the new lamps will also require replacement less frequently, and will generate as much as 75 percent less mercury-containing waste. The new lamps also burn cooler, reducing air conditioning demand during summer months.
- Energy saving misers have been installed on all vending and soda machines in the Austin, Texas manufacturing and office



campuses. The sensors deactivate the display lighting when the machines are not being used.

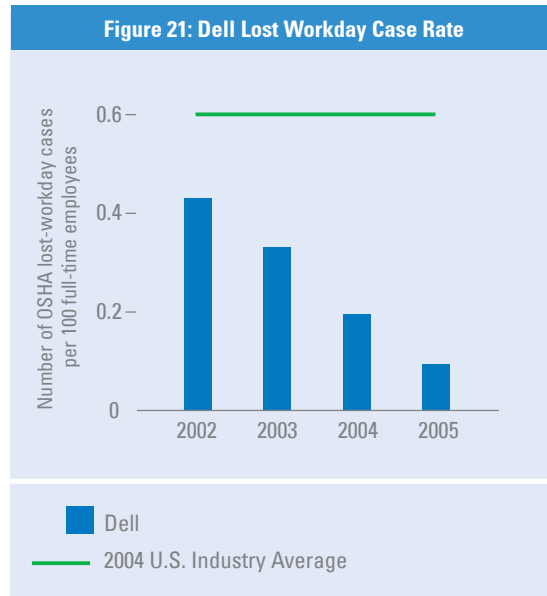
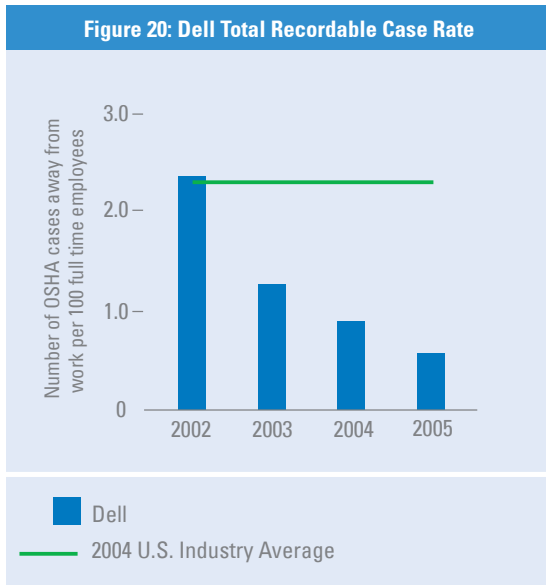
- The new North Carolina manufacturing facility incorporated several key energy saving features, including energy efficient lighting fixtures, a system to reclaim heat from the air compressors to assist in heating the facility during cooler months, state of the art air compressor controls and equipment, and a high-performance building automation system for controlling heating and cooling. In addition, Dell constructed storm water sediment settling basins that exceeded state requirements in order to provide cleaner drainage and further protect the pond and streams meandering through the site.

Employee Health and Safety Program Highlights

Dell is committed to providing a work environment that protects the health and safety of our employees, customers, contractors, and the public. Through our on-site health and safety management programs and focus on educating employees, our ultimate objective is to have a healthy, productive workplace, with no on-the-job injuries.

Workplace Safety and Ergonomics

Dell's workplace safety record has continued to improve. Globally, we track recordable and lost workday case rates as defined by the U.S. Occupational Safety and Health Administration (OSHA). Dell's recordable case rate (measuring significant injuries, as defined by OSHA) has improved by 76 percent since 2002, and improved by over 35 percent in 2005 (see Figure 20 on page 48). The lost workday case rate



(measuring injuries resulting in missed workdays) also has improved significantly, improving by 78 percent since 2002, and by more than 50 percent in 2005 (see Figure 21).

Key safety initiatives for Dell operations include:

- behavior-based safety, which focuses on injury prevention through peer-to-peer behavior observations, using positive reinforcement to change unsafe behavior and make improvement before incidents occur
- employee-led safety and emergency response teams, which are important elements of Occupational Health and Safety Assessment Series (OHSAS) 18001 and safety programs based on the Voluntary Protection Programs (VPP)
- manufacturing and office ergonomics programs, which identify and make improvements to activities involving motions that could cause injuries over time
- workplace health and safety training programs, providing instruction on topics ranging from the use of protective equipment, emergency response, and ergonomics
- employee stretching at the start of shifts in manufacturing areas, to help prevent muscle strains during the workday

Health and Wellness Programs

The health and well-being of all our employees are of utmost importance. Dell maintains occupational health centers and clinics at each of our main manufacturing campuses and at our larger office complexes. The staff at these facilities provides on-site care and medical advice, while maintaining employee medical confidentiality. Dell also provides comprehensive Well

at Dell health improvement programs and health resources to employees and spouses or domestic partners covered by medical benefits to support employee health, assist with managing health conditions, reduce health risks and maintain healthy lifestyles. Several facilities have on-site fitness or wellness centers, where employees can exercise in a group setting or receive information on preventive health topics such as good nutrition and fitness.

Medical staff and wellness teams collaborate to arrange for convenient employee access to health screenings, tests and vaccinations, and educational programs, including:

- employee health screenings for blood pressure, cholesterol and other health indicators
- health and wellness educational seminars, with topics ranging from nutrition and exercise to cancer prevention
- employee and community support and education events such as blood drives and home safety campaigns
- evaluation of office workstations to identify and reduce ergonomic stresses

Regional Highlights

The following information lists some examples of accomplishments in this area during fiscal year 2006:

- For the fourth consecutive year, Dell's China manufacturing facility has been recognized as an Advanced Work Safety Enterprise in the Torch High-Tech Zone in Xiamen City. The site has accumulated 10.7 million working hours without a lost working day case through the end of 2005.

- At Dell's new manufacturing facility in North Carolina, Whiting-Turner and nine other major subcontractors received recognition in September from the North Carolina Department of Labor Occupational Safety and Health Administration for their outstanding performance during the Winston-Salem (WS1) site construction. The project, which broke ground in early 2005, was completed without any serious injuries or incidents.
- The Dell Brazil manufacturing site created an internal sign language training Web site to help participants learn to communicate better with hearing-impaired employees. One result of the project is that site occupational health staff have improved their ability to provide care to such employees.
- During 2005, our Austin, Texas office and lab facilities underwent a meticulous review by OSHA as part of their Voluntary Protection Programs (VPP). As a result, two of the sites have received the VPP Star certification, while the third site has been recommended for Star certification (pending final OSHA approvals). The Star Program recognizes worksites with exceptional safety and health programs, employee involvement and manager commitment. Fewer than 1,500 worksites under the federal jurisdiction hold the honor of VPP recognition—and Star is the highest award available.
- Specialized safety training programs are developed to improve safety awareness and performance among target groups. In fiscal year 2006, our India sites implemented a new contractor training booklet. Our U.S. facilities also developed and piloted an 8-hour supervisor safety program.
- In September, Dell's Eastgate Manufacturing facility in Lebanon, Tennessee was chosen to receive the Governor's Award of Excellence for Workplace Safety and Health. The award honors Tennessee employers and employees who meet a required number of hours during a calendar year without workplace injuries serious enough to cause an employee to miss a day of work or restrict his normal job activities. At the time of the award, the facility had accumulated nearly 4 million work hours without such an injury.

Climate Change

Dell's programs to reduce energy and greenhouse gas emissions continue to grow as demonstrated in the following metrics updates and activities. Our basic strategy for managing climate change responsibilities has not changed over the last two years. We remain focused on the most significant areas of our business where we can drive reductions in emissions.

We stay abreast of developments in our industry on the subjects of energy conservation, technical transitions that improve

emissions, and the regulatory changes affecting Dell through a variety of informative sources. Coalitions, trade associations, technical committees and other forums of this type provide Dell with immediate feedback and guidance in meeting the challenge of global emissions control associated with our products.

Each of the three priorities described in the "Climate Change Strategy" section is supported by programs to help reduce the CO₂ emissions that are most significant for Dell.

Climate Change Strategy

Greenhouse gas (GHG) emissions are a cause of concern around the globe, given their potential impact on our climate. As a technology company, Dell generates GHG emissions, primarily from energy consumption. These emissions are relatively low when compared with heavy manufacturing industries. Dell is committed to voluntarily reducing GHG emissions and contributing to the protection of our air and environment. Furthermore, we recognize and embrace the role that our product designs play in climate stewardship.

Dell's GHG emissions come from three primary areas:

- product energy consumption
- energy consumption in our manufacturing and support facilities
- transportation of materials to Dell, products between Dell facilities, products to customers, and employees to and from work

Dell is focused on achieving reductions in each of these areas through programs that reduce power consumption of our products, conserve energy and use "green" energy in our own operations, and that optimize transportation.

In addition, we recognize that both our suppliers and customers have an impact on GHG emissions. We are committed to working with our suppliers to understand the impact that their products or operations may have on the climate and to strive for the reduction of GHG emissions. For customers, we are focused on implementing features that reduce the energy required to operate our products, as well as educating the customer about the importance of using these features. The result is a lower total-cost-of-ownership, through good environmental practices.

Product Energy Programs to Reduce Emissions

Dell is driving reductions in CO₂ emissions by enabling power-management features on many of our products. In addition, we offer technologies that help reduce the overall power consumption of our products.

Emission and Power Consumption Calculation Methodology

Reductions in CO₂ emissions were calculated using the following methodology:

- using actual sales data for the designated products sold in fiscal year 2006
- using the power consumption information provided in Dell's Environmental Data Sheets for each product
- averaging all the various models and types to obtain an averaged energy consumption for each operating mode (that is, Maximum load, Minimum load, Sleep and Off)

The averaging calculation method is as follows:

- power consumption average was based on a 9.5-hour workday (5.5 hours of inactive time/day throughout a business year (250 days)).
- 20 percent of units left on overnight (365 days); 80 percent turned on daily. (This assumes the product operates in the Off mode during non-business days or non-business hours.)

Power Consumption is computed using the formula:

$$[(\text{Maximum_Watts}) * (\text{Hours at max. watts})] + [(\text{Minimum_Watts}) * (\text{Hours at min. watts})] + [(\text{Off_Watts}) * (\text{Hours at off watts})]$$

Figure 22: OptiPlex Yearly CO₂ Emissions

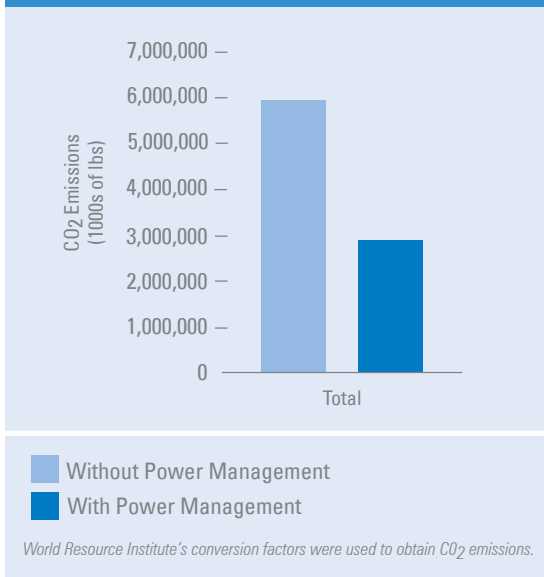
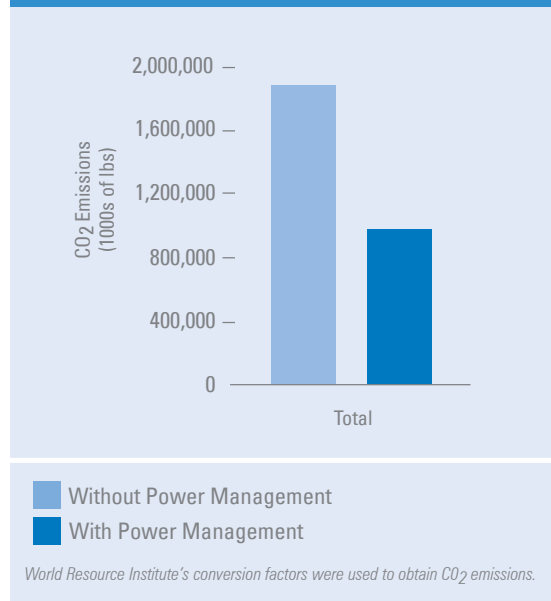


Figure 23: Notebooks Yearly CO₂ Emissions



Product Power Management—OptiPlex and Notebooks

By enabling the power-management features of all OptiPlex desktop products sold globally, Dell has reduced the CO₂ emissions by an estimated 51 percent. Likewise, we have achieved an approximate 48 percent reduction in emissions by enabling the power-management features of all Dell notebook products sold with a Microsoft Windows operating system.

As shown in Figure 22, to achieve the OptiPlex emissions reduction:

- 263,024 cars would have to be taken off the road to achieve the same level of annual CO₂ emissions reductions.
- 442,364 acres of trees would have to be planted to sequester the same quantity of CO₂ that is being prevented through these measures.

As shown in Figure 23, to achieve the notebook emissions reductions:

- 78,413 cars would have to be taken off the road to achieve the same level of annual CO₂ emissions reductions.
- 132,361 acres of trees would have to be planted to sequester the same quantity of CO₂ that is being prevented through these measures.

Product Power Management—Dimension Desktop Products

Home desktop PCs are often left on when they are not being used. By enabling power-management features on these PCs, up to 80 percent of the energy consumed during such idle-on times can be saved.

Goal: We expect to have at least 15 percent of Dimension Desktop systems leave the factory with power-management enabled in 2005.

Results: Dell missed our goal of achieving 15 percent enablement because of changes in how standby was implemented with Windows XP Media Center Edition (MCE). This required the end user to physically push the sleep button to activate the standby mode which powers down the complete system. However, Dell was still able to include power management of the displays and hard drives on 20 percent of the Dimension desktop systems sold.

Product Power Management—PowerEdge

Enhanced Intel SpeedStep (EIST) technology helps enterprise systems reduce their power consumption, which can lead to reductions in utility cost from both a power and cooling standpoint. Traditional processors run at a single fixed speed, consuming the same amount of power, regardless of whether they are at full load or idle. Similar to Intel SpeedStep technology used in notebook computers, EIST monitors the load of the central processing unit (CPU) and automatically lowers the speed and voltage to match lower application load. (SpeedStep technology lowers only the speed, whereas EIST technology lowers both speed and voltage.)

EIST technology is built into the latest 64-bit Intel Xeon processors and chipsets that power Dell PowerEdge and PowerEdge SC servers.

Goal: In 2005, reduce up to 25 percent the average amount of power consumed by most Dell PowerEdge and PowerEdge SC servers.

Results: In fiscal year 2006, Dell began to offer PowerEdge and PowerEdge SC servers featuring processors with Enhanced Intel SpeedStep (EIST) capability in certain configurations to help lower overall power consumption. Dell estimates that 7 percent of PowerEdge and PowerEdge SC servers shipped in 2006 were configured with EIST enabled, providing customers with the ability to save an average of 25 percent in power consumption for these systems.

Goal: Over the next year, Dell will continue to introduce processors with EIST capability.

Facilities Programs to Reduce Emissions

While much of our CO₂ emissions reduction efforts continue to focus on product energy use and transportation, Dell's operations also contribute to achieving the company's climate change goals. Energy conservation and optimization projects have been in place for a number of years. With this report, Dell is also capturing data about CO₂ emissions reductions from



other activities such as employee commuting, reductions in paper use and installation of energy efficient lighting. For additional examples, see "Regional Highlights" on page 52.

Energy Conservation

The primary method of reducing CO₂ emissions in Dell's operations is through optimization of our electricity usage. Dell's energy conservation programs address several major use categories: building heating and cooling systems, lighting, and process equipment in our manufacturing facilities. In addition, our Austin, Texas manufacturing and office facilities receive 10 percent of their electricity from Austin Energy's GreenChoice renewable energy sources.

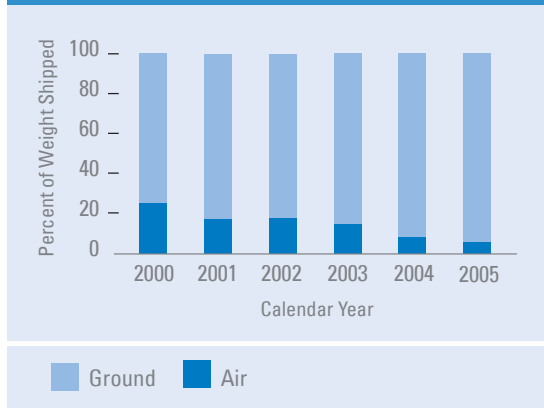
The estimated CO₂ emissions equivalent from Dell's electricity use is shown in Figure 24.

Other Programs

Because materials that are consumed take energy to create—and energy to recycle or dispose of—Dell has also begun to track CO₂ emissions reduction associated with resource conservation activities. For example, the reduction in paper use described in "Resource Reduction Programs" on page 45, correlates to an estimated reduction of 370,000 tons of CO₂ from fiscal year 2005 to 2006. Future reports will provide additional information about other resource conservation efforts.

Another opportunity for CO₂ emissions reductions comes from our own employees. In some locations, Dell provides

Figure 25: Freight Transportation: Air Versus Ground Optimization



alternative work schedules, teleworking opportunities, or ridesharing and matching services to encourage employees to reduce the number of daily commuting trips. The resulting fuel savings also reduces CO₂ emissions.

Regional Highlights

As a member of the Central Texas Clean Air Partners program, Dell has been actively engaged in supporting community activities and developing internal programs to encourage employees to find alternatives to driving to work alone. An internal Web site that provides information about alternative commuting programs, and a system for self-reporting of commuting miles saved, has been promoted across our major Texas campuses. Other activities included hosting commute fairs (employee information sessions) and co-sponsoring events such as electric lawnmower discount events. In addition, Dell's team of commuters placed second among private employers, and fourth overall, in the annual Commuter Challenge competition among local businesses and government agencies. The 99 participants in the challenge collectively saved 945 single-occupancy vehicle trips to and from Dell's Central Texas campuses during October 2005.

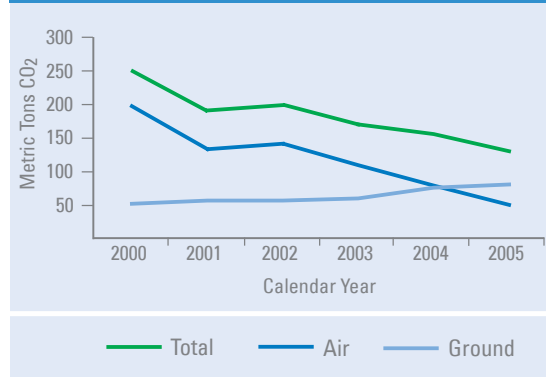
Logistics Programs to Reduce Emissions

Dell has continued our commitment to reducing GHG emissions in our transportation networks while delivering computers and other products to our customers. Recognizing a global responsibility to manage climate change concerns, Dell has continued to focus on several voluntary initiatives that enhance air quality.

Ground versus Air Transportation

One of Dell's key tenets for optimizing transportation costs is to maximize the use of ground transportation by trucks, while minimizing the use of transportation by airplanes. Because air transportation creates approximately seven times more GHG emissions than ground transportation, this optimization tenet is

Figure 26: Trend in Transport-Related Emissions



vital to reducing GHG emissions. Throughout the years, Dell has implemented, and continuously enhanced, expedited ground transportation networks. Dell has implemented manufacturing and fulfillment planning processes, with patents pending, to increase the ability to meet customer expectations with ground shipping instead of air shipping. Furthermore, Dell has established manufacturing locations to allow the assembly of computers closer to the customer, which reduces the total transit distance and minimizes the use of air transportation.

Figure 25 illustrates Dell's trend for using air and ground transportation as a percentage of our parcel shipments to customers for the past six years.

This trend in optimizing freight transportation by shifting from planes to trucks continues to be Dell's strategy for outbound shipping. By applying standard metric tons of carbon measures for emissions, the impact of Dell's optimization efforts is apparent.

In fiscal year 2006, Dell added a new manufacturing location in Winston-Salem, North Carolina, where we began assembling and shipping desktop computers destined for customers in the eastern part of the United States. Previously, these computers were manufactured in Austin, Texas or Nashville, Tennessee. Moving 1,200 miles closer than Austin (and 400 miles closer than Nashville) enables significant optimization for transporting computers. Each mile reduced is fewer miles traveled by trucks, thereby reducing GHG emissions. Figure 26 illustrates the trend in transportation-related emissions. Dell will continue to refine our geographic manufacturing by using our Winston-Salem location to reduce GHG emissions.

EPA Partnership: SmartWay Transport

As an EPA SmartWay partner, Dell has continued to do business with carriers who are members of the SmartWay program. SmartWay carriers are committed to reducing GHG emissions.

Stage 3: Customer Experience

Customer Relationships and Sustainability

Direct communication with our customers provides an opportunity to constantly develop and improve our products and processes with both Dell's and our customer's environmental and societal concerns in mind. In line with our 2005 goals, Dell has further established the education process and exposed a wider customer audience to the concept of sustainable development. Over the years, our methods of communication have included surveys, presentations at customer councils, participation in audit procedures, product launch events, and interactive sessions about environmental and societal opportunities at an executive level. The following information provides examples of Dell's customer relationships and sustainability.

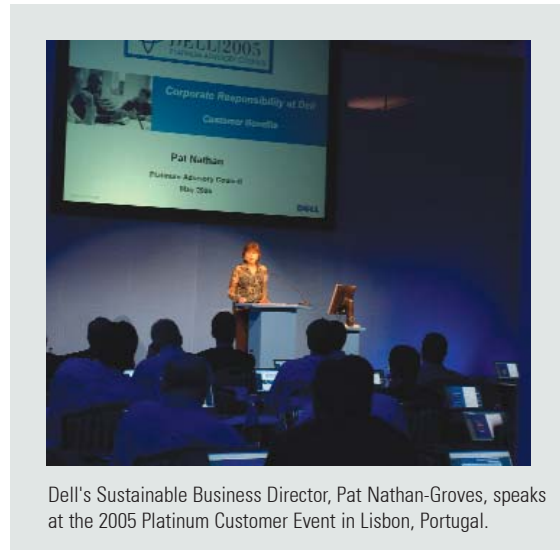
Events: Communication with Customers

Since 2001, Dell has been involved in various surveys that focus on environmental aspects. These surveys have included a variety of product environmental performance requirements and expectations for end-of-life programs. During 2004, Dell surveyed consumer and business customers in the United Kingdom and Ireland about habits related to recycling obsolete computers. During 2005, Dell focused more on the awareness and educational aspects of our communication with customers.

Dell expanded our recycling events outside the United States during 2005, to Ireland and Germany. The main objective of these events is to increase consumer awareness about proper recycling programs for obsolete products. During Dell's products launch in Monaco in June 2005, we presented improvements in our design for environment programs during a dedicated session on corporate responsibility. Dell has also improved the corporate sustainability information on our Web site, in an effort to reach a wider customer audience. For more information, see www.dell.com/commitment and www.dell.com/environment.

Customer Advisory Councils Communication: Technical Roadmap Presentation

Twice a year, Dell organizes Customer Advisory Councils in several geographical regions. During some of these events, presentations about product environmental aspects are included on the agenda. In this setting, the technical challenges and opportunities for new product design are discussed with customers. During 2004, the focus was on lead reduction programs in line with the emerging RoHS Directive. During 2005, the number of topics discussed increased and included multiple designs for environment aspects such as banned and restricted substances, recyclability, energy reduction possibilities, and acoustics. Supplier management programs were discussed, as well.



Dell's Sustainable Business Director, Pat Nathan-Groves, speaks at the 2005 Platinum Customer Event in Lisbon, Portugal.

Executive-Level Communication: Platinum Customer Event Portugal

During 2004, Dell's Sustainability team conducted an interactive session in Europe that centered on emerging WEEE legislation and new European chemical legislation. This session provided an opportunity for customers to review and validate Dell's strategic directions at an executive level. The session also provided a forum for discussion about a wider range of environmental and social aspects. During 2005, Dell had a plenary session at the Platinum meeting in Lisbon, Portugal, where we distributed our annual sustainability report. We also provided high-level updates for our ongoing programs since 2004.

Fiscal Year 2007 Goals

Dell's plans for fiscal year 2007 are to continue to integrate environmental and societal requirements in our dialogue with customers in various forums, including technical councils, customer presentations, consumer education programs, and executive expert panels. We will continue to focus on educational processes and awareness, and building a wider customer audience. Dell will also explore possibilities for working with customers on specific topics.

Packaging

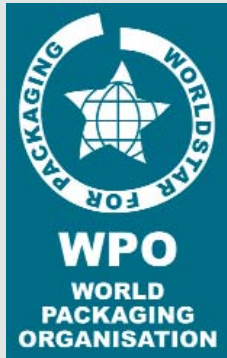
The Worldwide Packaging Engineering team is responsible for optimizing packaging materials throughout Dell's supply chain and for finished product packaging. Packaging is necessary for product protection during shipping and handling. Worldwide Packaging Engineering conducts extensive tests and packaging development to optimize product protection and minimize the use of packaging material.

Packaging Optimization—Dell's Server Pack Designed with Austin Foam Plastics



An example of our packaging optimization was Dell's server pack designed with Austin Foam Plastics, which received AmeriStar Winner and Worldstar for Packaging awards.

The packaging, based on all-corrugate design, removes 7.8 pounds of wood from the pack, resulting in 277 tons reduction in annual wood usage. The packaging is also resistant to the wood beetle infestation, a common problem for wooden pallets, and does not require heat treatment or fumigation with Methyl Bromide.



Packaging Optimization

Packaging optimization starts with a product. Dell's Shock and Vibration Engineers perform extensive tests on the product, simulating worst-case shipping and handling environments. By working closely with the product design engineers, enhancements are made to a product and then tested until the robustness of the product is improved. This increased product robustness results in less packaging material required to protect the product, which results in the reduction of packaging material manufactured and disposed of into the waste stream.

After the robustness of a product has been established, the packaging engineers develop packaging. Using electronically monitored models and products, engineers measure the shock and vibration inputs that the packaging produces during testing. If levels to the product do not meet the specification, packaging is improved until requirements are met. However,

if shock inputs are well below product fragility levels, packaging materials can be reduced. The goal for Dell is to use the right amount of protective packaging to deliver a quality product to the customer.

Last year, Dell worked at reducing packaging and increasing the density of components in shipping containers throughout our supply chain. Our Worldwide Packaging Engineers worked with the supply chain to identify which component packaging could be minimized. Inbound packaging was redesigned to reduce packaging and increase product density, which leads to fewer truck shipments, less gasoline consumption and reduced emissions. Lastly, all packaging material coming into Dell's manufacturing sites is sent to a recycler to be sorted and recycled.

Eco-Delivery Project

For large volume purchases, Dell offers a reusable crating system that reduces packaged product volume and storage space by about 40 percent. This crating system contains multiple systems protected at the highest quality from the hazards of shipping and handling environments. The container used in this crating system is returned to Dell and reused for other bulk orders.

An example of our success in implementing this system was the use of Eco-Delivery for shipping Dell workstations to Penn State University. This method provided the following benefits:

- Deployment time was dramatically reduced from four days to just 2.5 hours for each shipment.
- All on-site waste material was eliminated.
- The per system deployment cost was reduced to \$12 from a cost of \$35 the previous year.

Dell has expanded this program to include OptiPlex mini-tower and small form factor desktop products, and the Latitude D610 notebook.

Eco-Delivery Success with Penn State University

"Last year it took us close to four days to unbox and prepare 120 CPUs for delivery to our labs. This year (with Eco-Delivery), it took us only 2 ½ hours from the time the machines were off the truck to being ready for deployment...Overall, we have been very pleased with our initial experience of Eco-Delivery and our team is looking forward to the next shipment."

Jonathan Holman of Penn State University
Information Technology Services

Packaging Project: Slip Sheets

During fiscal year 2005, Dell implemented slip sheets (a three-pound, .03-inch thick plastic sheet) instead of wood pallets (which weighed 40 pounds and were 5 inches tall) for inbound chassis products, which resulted in more than 8,000 tons of wood reduction for inbound shipments. In fiscal year 2006, the program was expanded to include monitors and flat panels, which resulted in over 17,000 tons of wood saved annually, a greater than 50 percent increase in savings from the previous year. The freight density is also increased, which results in less truck shipments, less fuel used, and therefore, less emissions to the environment.

Fiscal Year 2006 Packaging Results and Fiscal Year 2007 Goals

In fiscal year 2006, Dell saved over 24,000 tons of packaging material by annual reduction and elimination of corrugated, plastic foam, and wood materials. The slip sheet project accounted for over 17,000 tons of the total tonnage reduction.

For all other packaging materials used for inbound and outbound shipments, the fiscal year 2006 goal of reducing packaging used by 5,000 tons was exceeded by more than 2,000 tons, for a total of more than 7,000 tons of packaging material avoided. The Worldwide Packaging Engineering team has set a dematerialization goal of 5,000 tons annually for fiscal year 2007. The team will no longer track slip-sheet wood reduction because the project is fully implemented and is standard procedure at Dell. Our efforts will continue to save at least 17,000 tons of wood annually.

Reducing Paper Use with the Forest Products Stewardship Model

In fiscal year 2005, Dell developed a Forest Products Stewardship Model that allowed us to review current practices, address topics within the paper industry that are important to Dell, and establish goals with respect to certain paper products that Dell uses, purchases and distributes.

The first steps in the process included researching and opening dialogue with other companies that distribute similar products such as shipping cartons and catalogs. In addition, Dell communicated with external stakeholders in order to educate ourselves about various topics of interest within the paper industry. Finally, to further refine the model, we discussed it with members of the paper supply chain to gather their invaluable input.

Briefly, Dell's model seeks to optimize quality, cost and environmental attributes in our paper selection process for catalogs,

ForestEthics Applauds Dell's Environmental Standards

"The fact that Dell has exceeded its original environmental goals is proof positive that when a company chooses to focus on the environment, it can have a real impact. We applaud Dell's leadership example and the collaborative process that the company has taken in developing its environmental standards.

"Dell is that rare example of a company that understands how important forests are, sets high standards, and then exceeds them—their work to transform their catalogs is leading that industry and demonstrating what is possible."

Todd Paglia
Executive Director of ForestEthics

packaging and office paper. Within that model, we will review, seek to produce results, and further our understanding in three key areas: protecting endangered forests, improving forest practices, and reducing demand on forests.

Fiscal Year 2006 Progress toward Goals

During fiscal year 2006, Dell continued to engage with various stakeholder groups regarding paper consumption. We worked with paper manufacturers to ensure that demand and supply for model-compliant papers can be balanced as Dell's goals for recycled content and certified fiber increase. As different business units within Dell realized the quality and success of our first catalogs with 90 percent recycled content, the demand to move more of our paper products to this content increased globally. This has provided both a challenge and an opportunity for Dell to expand our Forest Products Stewardship Model globally and identify quality paper sources that meet our requirements.

The following information lists Dell's goals for reducing paper use during fiscal year 2006, in addition to our attainment of these goals:

- **Goal:** During 2005, obtain 5 percent of Dell's catalog fiber from Forest Stewardship Council (FSC)-certified sources.
Results: Approximately 13 percent of catalog and inserts were sourced from FSC-certified sources.
- **Goal:** Achieve 10 percent post-consumer recycled content in our catalogs by October 2005.
Results: An average of approximately 17 percent was achieved in fiscal year 2006.

- **Goal:** Maintain Dell's current minimum average of 28 percent post-consumer recycled content for office supplies used in Dell's operations, and encourage suppliers and contractors to match this percentage for work produced on behalf of Dell.

Results: Dell achieved an average of approximately 29 percent in fiscal year 2006, and worked with our copy center and copier paper providers to attain similar percentages.

- **Goal:** Within 12 months (by October 2005), achieve 30 percent post-consumer recycled content in corrugated packaging materials.

Results: Dell met the goal of 30 percent post-consumer recycled content.

Outlook for Attainment of Fiscal Year 2007-2008 Goals

Although many of our long-term challenges will require monitoring, the outlook for attainment of fiscal year 2007-2008 goals remains excellent. Several new sources of supply for both FSC-certified and post-consumer recycled content paper have been identified. Qualification of these mills as preferred sources is underway.

Demand for post-consumer waste generated in the Americas and destined for export to Asia continues to provide challenges to attainment of Dell's overall recycled content goals. While the current market for recycled fiber remains strong, Dell will continue to seek alignment with partners from key global areas in which paper producers can economically use fiber waste streams as a source of raw material input.

The availability of FSC-certified sources will continue to require close monitoring as Dell's goals for certified fiber increase. While there is evidence that the use of certified fiber as an input to the papermaking process is increasing, the inconsistent certification criteria of various systems intended to certify responsible forest practices distracts from the path for improvement in this area. It is Dell's expectation that the conclusion of this debate will lead to improved availability of responsibly sourced fiber.

Description of Key Changes in Sourcing for Fiscal Year 2006

During fiscal year 2006, Dell began sourcing catalog paper from a European mill that offered 100 percent recycled and 80 percent post-consumer waste paper for a portion of our United

Paper Calculator

During fiscal year 2006, Dell began sourcing catalog paper from a European mill that offered 100 percent recycled and 80 percent post-consumer waste paper for a portion of our U.S. and European catalog requirements. This replaced a paper containing 10 percent post-consumer waste. Switching to this paper resulted in the following positive environmental impacts:

	10% Post-consumer Recycled Content Paper	80% Post-consumer Recycled Content Paper	Environmental Savings	Equivalent to...
Wood Use	19,200 tons	4,267 tons	14,933 tons	103,385 trees saved
Total Energy	307,180 million British Thermal Units (BTUs)	245,271 million BTUs	61,908 million BTUs	enough energy saved to power 680 homes/year
Greenhouse Gases	60,222,438 lbs CO ₂ equivalent	38,995,857 lbs CO ₂ equivalent	21,226,580 lbs CO ₂ equivalent	1,927 cars/year off the road
Wastewater	143,097,488 gallons	108,021,664 gallons	35,075,824 gallons	enough water to fill 53 olympic sized swimming pools
Solid Waste	21,457,941 pounds	12,699,639 pounds	8,758,302 pounds	avoidance of 313 garbage trucks of waste

Environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information see <http://www.papercalculator.org>.

Figure 27: Reduce, Reuse, Recycle Awareness Poster



Forest Stewardship efforts extend into the office areas as well. This graphic represents an awareness poster developed by a cross-functional team who set out to reduce paper consumption by 10 percent and increase recycling by 25 percent.

States and European catalog requirements. This mill produces high-quality coated groundwood paper and uses urban wastepaper streams as an input source. During the year, the mill attained FSC certification for its product.

International Expansion of Efforts

During fiscal year 2006 and continuing into 2007, Dell will work to ensure that our successes are globalized across all regions in which Dell operates.

Key areas of focus during fiscal year 2007-2008 will be:

- globalization of current demand and supply interfaces to ensure continuity of supply, stabilization of quality and optimization of logistics

- migration of direct mail and insert pieces to higher recycled content paper sources
- increase in the use of certified fiber content as stated in our model

Dell will continue to review our goals and update our model periodically as we, our suppliers, and the NGO community make progress in the area of forest products stewardship.

For the entire Forest Products Stewardship Model, see www.dell.com/paper.

Stage 4: Equipment End-of-Life Strategies

Dell aims to make product retirement as easy as product purchase for our customers. By offering asset recovery, redeployment, lease return, donation and recycling options for businesses and consumers, Dell makes it easy and affordable for customers to responsibly dispose of their unwanted computer equipment. Dell strives to maximize reuse opportunities in all disposition channels. Dell and our financial arm, Dell Financial Services, have offered various forms of asset recovery services since 1991.

Dell Product Recovery Guidelines

Dell recovery programs vary globally to reflect customer, cultural and regulatory requirements, as well as infrastructure availability. Dell's *Recovery and Waste Disposition Environmental Guidelines* provide consistent guidance for all of Dell's disposal channels globally. The guidelines state that Dell will endeavor to maximize reuse opportunities, and are intended to provide an infrastructure to appropriately manage electronic waste, generated both from customers and through Dell service and manufacturing operations. For more information, see www.dell.com/disposalguidelines.

All of Dell's product recovery partners are required to adhere to Dell's high standards through a detailed protocol for audit, security, destructive data overwrite, and downstream channel accountability. This audit protocol is administered consistently, worldwide, by a third-party environmental audit partner.

Global Product Recovery Programs

U.S. Asset Recovery Services

For institutional customers, Dell provides asset recovery programs to ensure safe disposition of nonfunctional or obsolete computer technology. Dell provides services that allow organizations to place as much care and emphasis on the proper management of decommissioning technology as they do on the acquisition and ongoing support of those assets. Asset Recovery Services (ARS) is a suite of services that allows business customers to choose to recycle or resell their old or outdated computer equipment. This service includes desktop computers, notebook computers, servers, storage and network equipment, monitors, printers, projectors, batteries, and computer peripherals such as keyboards and mice.

Dell offers multiple solutions for disposing of a business's used computer equipment:

- **Value Recovery:** Recover value from used equipment. (Value gained from the sale of used equipment is returned to the customer.)

- **Recycling:** Recycle used equipment that has no resale value.
- **Donation:** Reuse channels available for both business and consumer customers.
- **Lease Return:** Process end-of-lease equipment and optimize all remaining value or redeployment.

These services offer customers a number of benefits:

- **Data security:** Removes tags and labels from equipment and overwrites hard drives
- **Decreased costs:** Eliminates cost of storing excess, outdated or used computer equipment
- **Increased savings:** Provides potential cash back from value recovery services
- **Proper disposal:** Ensures customers that equipment is disposed of in accordance with all state, local, and federal laws
- **Logistics:** Provides logistics and disposition infrastructure to properly manage the recycling or resale of old computer equipment (Service includes scheduling, packaging when required and pickup.)
- **Accountability:** Provides a single point-of-contact, end-to-end visibility, and detailed data security and environmental reports
- **Decreased hassle:** Frees customers to focus on their core business

For more information on Dell's Asset Recovery Services, see www.dell.com/assetrecovery.

U.S. Asset Recovery Services Customer Wins in 2005

The following information provides some highlights of new customers who chose Dell to provide Asset Recovery Services in 2005.

State of Michigan

Michigan's Department of Information Technology (DIT) tapped Dell in 2005 to manage removal, refurbishment and retirement of computer equipment from state agencies. Dell initially collected more than 2,000 systems the state had been storing, and ran a destructive data overwrite on hard drives before refurbishing or recycling them. Michigan DIT is making the same program available to local governments, schools and other non-profits throughout the state. Michigan DIT expects to conserve state resources by retiring computer equipment more efficiently through the Dell ARS program. The recycling program will help ensure obsolete equipment is responsibly handled and will divert these products from the state's waste stream. In addition to the agreement with the State of Michigan, Dell and the

Awards for Product End-of-Life Solutions

The Commonwealth of Massachusetts awarded Dell the 2005 Business Environmental Purchasing and Sustainability Award, in recognition of outstanding performance in the areas of recycling and sustainable business practices. Businesses must offer environmentally preferable products through a Massachusetts statewide contract in order to be considered for the award.



The Recycling Alliance of Texas awarded the Outstanding Recycling Partnership award for 2005 to the founding partners of the Austin Computer Recycling Project, the City of Austin, Dell and Goodwill Industries of Central Texas.



State hosted three free recycling events for the citizens of Michigan. The events were held in October 2005 in Sterling Heights, Muskegon, and East Lansing.

National Parks Service

The U.S. Department of the Interior's National Park Service chose Dell in 2005 to remove and recycle more than 2,000 computer systems. The National Park Service previously stored, donated or auctioned its outdated computer systems through the Government Services Administration (GSA), relying on its own employees to coordinate the process.

Dell Lowers Recycling Costs for Businesses and Consumers in the U.S.

In 2005, Dell lowered the cost of recycling for businesses and consumers, underscoring our commitment to make recycling easy and affordable. In April, Dell announced a limited time offer to refurbish or recycle an unlimited number of old computer systems with no upfront cost for business customers, provided the technology meets certain specifications. Dell also announced a reduction in the price of computer recycling for any consumer from \$15 to \$10. Dell continues to offer recycling at no charge to consumers who purchase new desktop or notebook computers or printers.

Printer Recycling

Dell continues to offer customers free recycling of a used printer with the purchase of a new Dell printer. In addition, Dell offers free recycling programs to customers for used ink and toner cartridges. For more information on these programs, see www.dell.com/recycling.

Global Asset Recovery Services

Dell Europe, Middle East, and Africa (EMEA) Asset Recovery Services (ARS), which was launched in 2003, is consistent with Dell's delivery of asset recovery services in the United States. Dell's goal is to provide a flexible, affordable asset recovery service to either recycle or redeploy obsolete IT equipment in a manner designed to safeguard the environment while helping to protect confidential data. Dell's asset recovery services in EMEA grew by more than 300 percent in 2005, as measured by weight of recovered products. This growth continues in EMEA's major markets because of new program launches in additional European countries. Dell's largest ARS project in 2005 was in Switzerland, where Dell managed recovery of more than 66,000 end-of-life assets.

Additional Regions

Dell continues to expand product recovery offers to new markets as customers and regulations require and as our market presence grows. Plans are in place to expand these services throughout 2006 into several Latin America locations, Canada, and additional countries throughout Asia.

Global Consumer Recycling Programs

Dell offers a wide range of recycling and reuse services to consumers in several markets. When a system cannot be reused or refurbished, Dell works with our product recovery partners to recycle as much of the materials and component parts as technically and economically feasible. These programs continue to grow in scope and evolve to meet consumer demands. For more information on Dell's consumer recycling programs, see www.dell.com/recycling or www.euro.dell.com/recycling.

Free U.S. Consumer Computer Recycling

Dell offers free computer recycling for U.S. consumers who purchase a new Dimension desktop or Inspiron notebook computer. While ordering a new computer online, consumers are offered free recycling of an old computer. For those who select this option, a preprinted return label is included in the box with the new computer. Consumers place their old computer in the box in which the new computer was shipped, apply the label, and schedule home pick-up at their convenience. Printers, ink, and toner cartridges are now also included in this consumer program worldwide.

Dell Canada Launches Consumer Recycling

In February 2005, Dell Canada launched a consumer recycling program. Canadian consumers who have purchased a computer or printer from Dell can use the recycling service for no charge. Home pick-up is provided by Purolator Courier Ltd., a Canadian courier and distribution company that has partnered with Dell to help make this recycling offer available to consumers. The recycling service is available in addition to the donation program launched in Canada in April 2004. For more information about the program, see www.dell.ca/recycling.

Dell Australia and New Zealand Consumer Recycling

In December 2005, Dell Australia began piloting in metropolitan Sydney and Melbourne a "free with purchase" recycling offer for consumers. Consumers in these cities who purchase a new Dell Dimension desktop or Inspiron notebook can recycle their old equipment (any make or model accepted) for no charge. Consumers in Australia not purchasing a new computer from Dell can also recycle their old computer for a minimal fee.

Dell was the first computer manufacturer to launch a consumer recycling service in Australia in December 2004. For more information on Dell's recycling options in Australia, see www.dell.com.au/recycling.

Reconnect: Partnering with Goodwill Industries International

Dell has partnered with Goodwill Industries to offer a comprehensive computer recovery, reuse and environmentally responsible recycling opportunity for consumers. Dell has partnered with Goodwill Industries of Central Texas, Goodwill Industries of San Francisco and the Goodwill Association of Michigan to offer this program. The pilot programs offer drop-off recycling and reuse options for unwanted computers at no charge to consumers, and give them the opportunity to support a local charity. Highlights of this partnership include:

- At the January 2006 Consumer Electronics Show in Las Vegas, Michael Dell told the audience that Dell, working with Goodwill Industries International, intends to take the Reconnect program national in as many markets as feasible.
- The Goodwill/Dell partnership expanded to the San Francisco Bay Area in July 2005 to offer a computer recycling system for the residents of San Francisco, San Mateo and Marin Counties. The goal of this partnership is to collect at least 1.2 million pounds of used computer equipment.
- The Goodwill/Dell partnership expanded to cover the state of Michigan in October 2005. Goodwill Association of Michigan, representing the 11 Goodwill organizations in the State of Michigan, partnered with Dell, which brought free

consumer computer recycling to all Michigan residents. The goal of the partnership is to collect at least 3.3 million pounds of used computers and computer equipment.

- In January 2006, Dell sponsored the Goodwill Industries Conference of Executives. The conference theme was "Take a Walk on the Wired Side." Attended by more than 200 CEOs of the Goodwill movement, the conference was a platform for the organizations' leaders to learn more about the latest technology initiatives and to share best practices. Shawn Dennis, Vice President of Global Branding for Dell, was a keynote speaker and addressed the audience with the message that technology plays a role in the larger social context and helps to "deliver what really matters." In discussing the promise of today's technology growth, Ms. Dennis also warned of the challenge created by the increasing tide of end-of-life computer equipment. She added that finding solutions that make responsible reuse and recycling of unwanted computer equipment easy and affordable is important to both Dell and Goodwill.

Global Donation Programs

Through Dell Recycling, consumers can donate their computers to organizations in their communities that help disabled and economically disadvantaged children and adults. Dell partners with the National Cristina Foundation to offer this service, which has been available in the United States since December 2000 and in Canada since 2004. Donations are picked up from consumers' homes by the recipient organizations. Consumers can access this service at www.dell.com/recycling. In addition, Dell has worked with the National Cristina Foundation to expand donation services to Brazil, Ireland and the United Kingdom.

Dell Brazil

Dell Brazil provides a computer donation program to customers in partnership with the Fundacion Pensamento Digital (Digital Thinking Foundation) which is a partner of the National Cristina Foundation. Dell Brazil held a Donation Day in September of 2005 to make it easier for individuals to donate used computer equipment. They provided a "drive through" for cars to drop off equipment as volunteers loaded it into trucks. Dell Brazil's logistics partner Expresso Mercurio provided the truck and transported the donated equipment to refurbishing centers where it was refurbished and then redirected to social projects in Brazil.

Ireland and the United Kingdom

Dell offers consumers donation programs in Ireland and the United Kingdom. Dell Ireland continues to offer a donation

Electronics Clean-Up Event in New Orleans



In December, Dell joined local and national partners to host a one-day electronics recycling event in New Orleans, Louisiana. Residents of the region could drop off storm-damaged computers and television sets for proper recycling. The event was also made possible by the U.S. Environmental Protection Agency, the Louisiana Department of Environment Quality, Jefferson Parish, City of Kenner, the Pontchartrain Center, and the National Recycling Coalition. Approximately 5 tons of equipment were collected from more than 100 participants. The event was a pilot collection model to recover electronics that may have been destroyed in the hurricanes, and was part of a number of regional efforts to clean up debris in the area.

service in partnership with RT Centre, a partnership between Central Remedial Clinic and Centre for Independent Living, and the Irish partner of NCF, to give disabled and economically disadvantaged children and adults access to technology.

In April 2005, Dell launched our U.K. donation program partnering with ReCOM, a partner of the National Cristina Foundation. ReCOM links individuals and businesses who want to provide a second useful life for used IT equipment with charities and voluntary groups working to improve the services and facilities for the disadvantaged groups they support.

Dell is continuing efforts to expand donation programs to other countries in 2006.

Customer Communications

Dell's direct relationships with customers enable us to address customers' environmental interests when developing new technology and services. Dell also reaches out to current and prospective customers to let them know about our consumer recycling offers through a variety of sales and marketing channels including catalogues, e-mail marketing and sales confirmation materials.

Computer Recycling Grants and Events

In addition to Dell's ongoing free home pick-up recycling program for consumers, Dell continues to work on a variety of initiatives to educate consumers about the importance of responsibly disposing of unwanted computer equipment. These initiatives have included one-day recycling events managed by Dell in a number of communities, financial grants and technical training for communities to hold their own one-day recycling events, and a partnership with Goodwill and local governments in areas where Dell has launched the Reconnect program.

Through the Dell Recycling National Tour in 2003, Dell learned that one-day computer recycling events were effective at raising awareness of computer recycling among consumers, environmental groups, elected officials, and the media. In 2004, Dell launched a pilot program offering \$10,000 grants to select nonprofits, state and local governments, or higher education organizations that planned to host a computer recycling event for their community.

Although one-day events are not a sustainable solution to the overall recycling challenge, they have proven to be valuable to both the company's community relations and environmental responsibility goals. In 2005, Dell continued to evolve our approach to raising consumer awareness of computer recycling through one-day recycling events.



No computer should go to waste. **DELL™**

Dell's Consumer Education Program: "No Computer Should Go to Waste"

Raising consumer awareness of the need to responsibly recycle unwanted computer equipment is one of the challenges faced by the electronics industry, and Dell is committed to doing our part.

In 2005, Dell's "No Computer Should Go to Waste" consumer education campaign included computer recycling events, grants to several higher education institutions for computer recycling events, and outreach events and communications around Dell's partnership with Goodwill.

Figure 28: U.S. Map of Dell Recycling Events



Computer Recycling Events Offered in Dell Communities around the World

Dell offered free computer recycling in 2005 at one-day events in select cities that are home to Dell facilities in the United States, Europe and Australia. Dell's Community Recycling Tour began in Austin, Texas on Earth Day and concluded in Oklahoma City, Oklahoma in celebration of America Recycles Day. Dell partnered with local governments and environmental groups in each of the communities, and Dell employees were given the opportunity to volunteer in their community. In total, the Dell employees who volunteered at these recycling events helped collect more than 175 tons of unwanted computer equipment.

Austin, Texas

Dell celebrated Earth Day in Austin in 2005 by collecting three truckloads of unwanted computer equipment from employees. More than 300 Dell team members dropped off computers,

monitors, printers and other equipment during the simultaneous events held at Dell's Central Texas campuses. With the assistance of Goodwill Industries of Central Texas, the collected equipment was either refurbished and sold by Goodwill or responsibly recycled. The event was held to support the Austin Computer Recycling Project (ACRP).

Winston-Salem, North Carolina

Dell conducted a free computer recycling event for Piedmont Triad consumers in June at the Dixie Classic Fairgrounds in Winston-Salem, North Carolina. The event collected more than 45 tons of unwanted computer equipment from approximately 600 vehicles. Dell's local partners for the community event included the City of Winston-Salem, the City/County Utility Commission, Keep Winston-Salem Beautiful and the Dixie Classic Fairgrounds. Dell's third U.S. manufacturing facility was opened in 2005 in Winston-Salem's Alliance Science and Technology Park.

Toronto, Canada

Dell Canada employees hosted a computer recycling event for consumers in the Toronto area in July. The event collected and recycled 3,920 pounds of unwanted computer equipment. Dell partnered with two vendors, Noranda Recycling and Purolator Inc., to host the event. For more information on Dell's environmental policies and programs in Canada, see

www.dell.ca/recycling.

Bracknell, United Kingdom

Dell's European headquarters in Bracknell hosted a computer recycling event in September, collecting approximately 10 tons of unwanted computer equipment from local residents. The equipment was disassembled and recycled by DataServ, Dell's EMEA recycling partner. The event was supported by Bracknell Forest Council, Reading Borough Council, Windsor and Maidenhead Borough Council, and Wokingham District Council. For more information on Dell's consumer recycling programs in Europe, see www.euro.dell.com/recycling.

Nashville, Tennessee

Dell held one of our most successful computer recycling events in October at Vanderbilt University in Nashville, Tennessee. The event collected more than 79 tons of unwanted computer equipment from more than 1,200 vehicles. The event coincided with Dell's annual Global Community Involvement Month activities. Employees from Dell's local facilities in Middle Tennessee were among the volunteers helping to collect unwanted computers being dropped off by local residents. The event was made possible in part by Vanderbilt University, Vanderbilt Center for Environmental Management Studies, Metro Nashville Department of Public Works, Metro Beautification and Environment Commission, Tennessee Environmental Council, the Tennessee Department of Environment and Conservation, and the U.S. Environmental Protection Agency. This was the second free computer recycling day that Dell has held in Nashville. In March 2003, Dell held our first recycling event and collected more than 40 tons of unwanted computers.

Munich, Germany

Dell conducted a computer recycling event in October in Munich, collecting approximately 10 tons of unwanted computer equipment from more than 120 local residents. More than 20 Dell team members volunteered at the event, and the equipment collected was disassembled and recycled by DataServ, Dell's EMEA recycling partner.



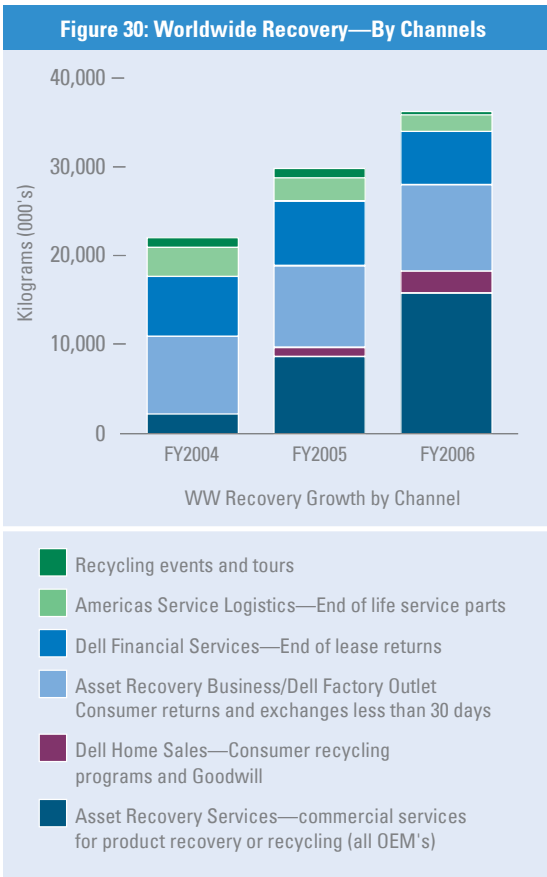
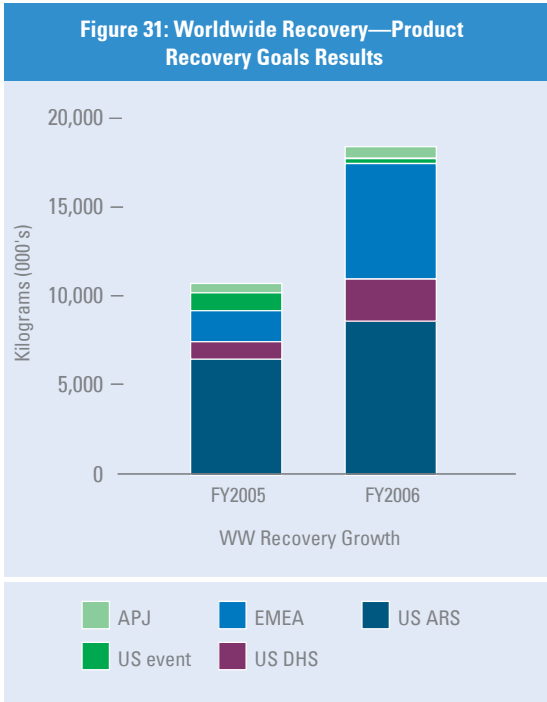
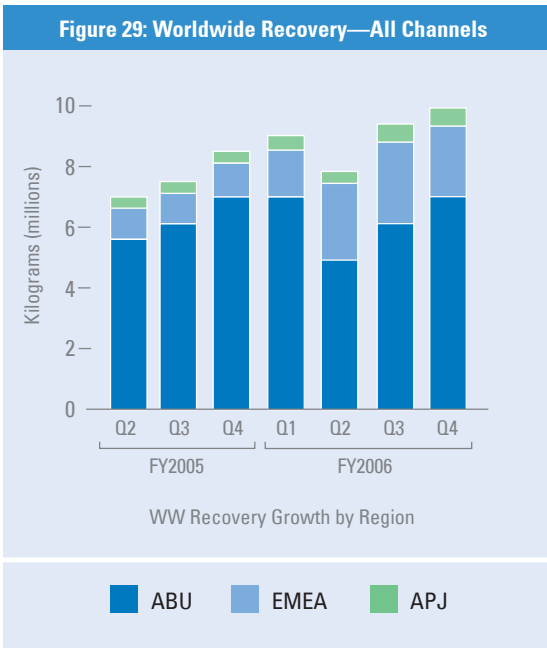
Dell employees collect used computer equipment at a recycling event in Sydney, Australia. Approximately 10 tons of equipment were collected at the event.

Sydney, Australia

Dell Australia conducted a one-day no-charge computer recycling event in November at the Cromer Public School in Sydney. Approximately 10 tons of used computer equipment were collected at Dell's first collection event in Australia. For more information on Dell's recycling options in Australia, see www.dell.com.au/recycling.

Oklahoma City, Oklahoma

Dell hosted a computer recycling event in Oklahoma City in November in recognition of America Recycles Day, collecting 15 tons of unwanted computer equipment. Approximately 30 Dell team members volunteered at the event, helping unload cars, direct traffic and educate consumers. Oklahoma State Representative Al Lindley and Oklahoma State Senator Bernest Cain attended the event to learn more about the importance of responsible computer recycling. In September, Dell's CEO Kevin Rollins officially opened Dell's new Oklahoma City customer contact center, marking the completion of a permanent building in which Dell employees provide sales and technical support for North American customers. Dell announced expansion plans in October 2004 that included the new customer contact center on a 60-acre site in Oklahoma City along the Oklahoma River—boosting the city's empowerment zone and anchoring the western portion of riverfront development.



Product Recovery Metrics

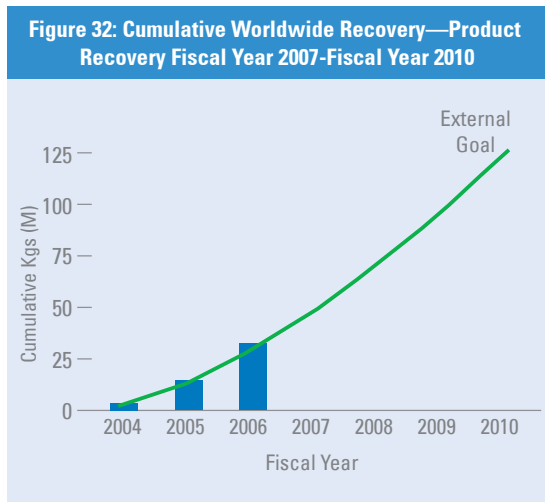
Dell manages many product recovery streams including asset recovery services, parts recycling, customer returns and donations. Our reporting consolidates the results into a single value that provides consistency across Dell's regions and within the industry. To quantify the success of the recovery program, results are reported as a total weight in kilograms. Reporting challenges exist in countries where collection systems do not distinguish by product segment or brand. For these countries, charges are passed along to manufacturers based on total weights processed and the companies' market share. Therefore, we do not have an effective means of incorporating these weights into our reporting system (see Figure 29 and Figure 30). These numbers include:

- Dell recycling: recycled consumer computer products
- Asset Recovery Services: computer products recovered from businesses, governments, schools and universities for reuse or recycling
- Donations: Computer products donated to charities through Dell Recycling
- Recycling events: computer products dropped off at recycling events sponsored or supported by Dell
- Lease returns: computer products returned to Dell for reuse or recycling

- Retired Dell-owned equipment, customer returns and excess spare parts: Dell-owned equipment that is retired, computer products returned within 30 days of purchase that can be refurbished and resold, and a small amount of excess spare parts (This excess is very small because Dell's build-to-order model allows for very low amounts of inventory.)

As part of our continuing effort to build awareness of Dell's product recovery progress, Dell established a recycling goal for fiscal year 2006. Dell publicly announced a goal to increase material weight recovered from customers in fiscal year 2006 by 50 percent over material weight recovered in fiscal year 2005. Consistent with the prior year, calculations for this goal include only the first four recovery categories listed. For 2006, Dell recovered 72 percent more product by weight, exceeding our goal of 50 percent. For details on Dell's recovery goal results from 2005 to 2006, see Figure 31 on page 64.

For fiscal year 2007, Dell has established a new, longer-term product recovery goal. Our goal is to recover a cumulative 125 million kilograms of product by Dell's fiscal year 2010, as measured from our baseline established in fiscal year 2004 (see Figure 32). Cumulative weight from product includes material from the first four recovery categories previously referenced.



Legislative and Regulatory Compliance

Dell is dedicated to meeting the requirements of the European Union's Directive on Waste from Electrical and Electronic Equipment (WEEE) and is engaged in the development of country-specific implementation schemes to comply with the national WEEE laws. The directive aims to reduce the waste arising from electrical and electronic equipment, and improve the environmental performance of everything involved in the life cycle of electrical and electronic equipment. The countries of the European Union are at different stages of implementation of the directive, and some countries are not scheduled to implement the directive until January 2007.

In 2005, Dell implemented compliance programs in accordance with several new U.S. state regulations related to product recovery: California's Electronics Recycling Act (CA SB20/50), Maine's Safe Collection and Recycling of Electronics (P.L. 661), and Maryland's Statewide Computer Recycling Pilot Program (H.B. 575).

In 2005, Dell also established the initial framework for a global product recovery compliance program. The new program is built on Dell's environmental responsibility policy and incorporates due diligence, contractual partner commitments, ongoing audit, and review for compliance. As part of this program, Dell established one consistent practice in all regions for reviewing environmental partners, their business practices, and their downstream disposition channels.

Community Engagement



Community Engagement

A key tenet of Dell's values is being a responsible global citizen. Collectively, Dell, the Dell Foundation, and Dell employees are actively making positive contributions in the communities we call home around the world.

As a global technology leader, our community initiatives often focus on improving digital literacy, especially among tomorrow's generations. Dell believes that technology and technology access are important tools to help communities reach their full potential, and that familiarity with technology is a key to success in today's economy. More importantly, Dell believes that basic needs of communities must be met, and we support programs that build the foundation and wellness of communities.

By combining the perspective and understanding of our business, our direct model, brand and values with the talents of our team members, Dell attempts to engage communities in a way that we can best add value to the places where we live and work.

Dell seeks direct engagement in communities. Diverse approaches to our engagement in communities have resulted in the same success we have experienced with our business: the discovery of new talents and perspectives and gaining insight that helps build a stronger company. By engaging in ways consistent with our values, brand, business, and perspective on communities, we find that our new and existing community partnerships generate success, benefiting everyone involved.

The following information provides some of last year's community engagement highlights, as Dell worked to build community strength, community wellness and community growth.

Dell's Community Support

Support from our company, the Dell Foundation, and Dell employees make up the various ways Dell engages in communities.

Support from the Company

Dell sponsors a number of initiatives each year in communities where we have facilities. These engagements can range from sponsorships of walks that raise funds to fight disease and/or benefit community organizations, and organization of team-building activities for employees that involve volunteer projects supporting nonprofits, to support of events and institutions that help build the fabric of communities such as events marking specific holidays and/or organizations that support the arts.

Support from the Dell Foundation

The Dell Foundation Equipping Youth Grants offer direct financial assistance to nonprofit organizations and programs that strive to equip youth and inspire them to learn and excel in a

digitally-driven economy. Dell awards grants to organizations across the globe, and is actively working to expand the global reach of the Dell Foundation, by awarding more grants in countries outside the United States where Dell has a presence, including Brazil, Canada, India, Morocco, Slovakia, Spain and the United Kingdom. The following information provides an outline of some of those means of support.

- **Healthy Communities Grants** In 2005, we awarded Healthy Communities Grants to 19 organizations that address children's basic needs such as food, shelter, safety and healthcare.
- **Literate Communities Grants** Dell's Literate Communities Grants contribute to 19 programs that empower communities to provide quality education, particularly in math, science and literacy.
- **Connected Communities Partnerships** The Dell Foundation focuses on addressing the needs of communities with limited access to technology through our 18 Connected

Communities partnerships. Through these partnerships, we provide computer labs for communities in need of such technology.

Support from Dell Employees

Dell organizes and motivates employee support of our communities through an approach that focuses on the principles of Learn, Engage and Commit.

Learn

Dell empowers our workforce to make a difference in the community through education and awareness. Community involvement fairs enlighten employees about needs in the community and connect the Dell team with local service organizations. These fairs, held on Dell campuses, bring nonprofit organizations together with employees, equipping the Dell team with knowledge about community needs, and introducing them to organizations with which they can volunteer to address those needs. In 2005, fairs were held at Dell facilities around the world, with thousands of employees connecting with hundreds of different organizations. In addition, throughout the year Dell provides information to employees about opportunities to assist Dell communities through volunteerism and financial giving.

Engage

Dell employees support our communities throughout the year. We encourage all of our employees to volunteer during Global Community Involvement Month, and we recognize our outstanding employee efforts through the Volunteers of Distinction program.

Global Community Involvement

Each year, Dell designates September as Global Community Involvement Month. In 2005, more than 29,000 employees volunteered in 26 different countries around the world to address the needs and issues facing their communities. While September is a designated time to focus on volunteerism, Dell encourages volunteerism throughout the year by providing tools and information so that employees can find opportunities in their communities. Through a long-time partnership with VolunteerMatch, Dell offers a customized online tool to help employees quickly find local opportunities. Working with nonprofit organizations, VolunteerMatch featured hundreds of team-building volunteer opportunities during Global Community Involvement Month and throughout the year.

In addition, Dell's team-building matching grant program encourages volunteerism by providing a financial donation, on behalf of employee volunteers, directly to the organizations where Dell teams volunteered.

Volunteers of Distinction

Dell acknowledges outstanding volunteer work by employees each year through the Volunteers of Distinction program. Volunteers of Distinction is a program designed to recognize Dell employees worldwide who actively support their communities through volunteerism. To commemorate employee efforts and demonstrate Dell's commitment to supporting our communities, grants from the Dell Foundation are made on behalf of the award winners to the organizations in which they served as volunteers. In 2005, Dell awarded 75 individuals and 16 employee teams for their outstanding volunteer work in 2004, and donated \$100,000 on behalf of the employees to organizations in Brazil, Canada, China, India, Ireland, Japan, Malaysia, Panama, Portugal, Slovakia, Spain, the United Kingdom and the United States.

Commit

In 2005, through Dell's annual employee giving campaign Direct Giving, employees pledged more than \$3 million to assist organizations around the world. By donating directly to nonprofit and charitable organizations, employees offer financial assistance to support the causes of their choice. Dell covers all administrative costs to ensure that 100 percent of employee gifts go to organizations they choose.

Stronger Communities

Dell believes that community strength is built when basic needs are met, communities are rebuilt when needed, safe communities are designed, community organizations are supported, and contributions to economic growth are made.

Natural Disasters and Emergency Response

With a comprehensive approach from the Dell Foundation, Dell employees, and the company, Dell strives to do our part to assist our neighbors who are affected by natural disasters.

Hurricanes Katrina and Rita

In response to the natural disasters that damaged the U.S. Gulf Coast in 2005, Dell employees banded together to hold emergency drives across the country. Employees collected food and necessities for donation to relief agencies and emergency shelters, while also donating more than \$1.5 million in cash to the American Red Cross. Dell responded to the needs of relief organizations and our customers who were impacted by the disasters by providing technology that supplied emergency infrastructure support for impacted hospitals, business centers, evacuee support organizations, and temporary command centers. Dell contributed almost \$3 million in technology and support to aid emergency response operations set up by the

affected state governments, as well as the Federal Emergency Management Agency (FEMA), the American Red Cross, the United Way and others. This included the shipment of more than 20,000 systems to aid in the recovery effort for locations affected by the disaster, including:

- Red Cross and United Way evacuee service centers
- Baton Rouge Emergency Business Center, part of the Louisiana Department of Administration (with technology for use in relief aid and administration of the command center)
- Louisiana Department of Health (for immediate health needs)
- FEMA (with notebooks at cost for evacuee management)
- The State of Alabama Office of the Governor (to build the sevealabama.gov database and match donors with needs)
- State of Alabama (for relief aid and evacuee management)
- Texas Health and Human Services (to enroll evacuees entering Texas and into Texas benefits programs)
- Centers for Disease Control and Prevention (CDC) (for immediate field deployment to manage disease outbreak and health issues)
- City of New Orleans (for emergency infrastructure support)
- Texas National Guard (for ground support being deployed in New Orleans)
- State of Mississippi (for emergency command operation)
- City of Dallas (for relief aid and evacuee management)
- Louisiana Department of Public Safety (for an increase in police)
- University of Louisiana at Lafayette (to build the Governor's Command Center)

In addition to the areas mentioned, Dell also partnered with EMC Corporation to deliver servers and storage units to the Louisiana State University (LSU) Medical Center, making it possible to restore IT services and applications critical to treating those affected by the hurricane.

Safe Communities

The Dell team dedicated our time and energy for fund-raising and participation in the Austin SafePlace Walk for Safe Families and Safe Streets.

Dell participated in a national campaign for Internet safety created to help keep children safe online. Dell's association with the Internet Keep Safe Coalition was part of the company's continuing commitment to providing all customers with a safe and secure Internet experience. The campaign featured the



As part of Dell's support for Katrina evacuees in Austin, Michael Dell, Chairman of the Board, and Kevin Rollins, President and Chief Executive Officer, serve ice cream at the Austin Convention Center.

new "Faux Paw the Techno Cat" cultural icon that takes children through Internet adventures, teaching them the essential rules of Internet safety. The Faux Paw materials were created with input from the National Council on Crime Prevention "McGruff the Crime Dog" program, the FBI Internet Safety Taskforce, the National Center for Missing & Exploited Children, early childhood educators, and childhood psychologists. For more information about this campaign, see www.ikeepsafe.org.

In the United Kingdom, Dell is a supporter of the Get Safe Online initiative, which launched in October of 2005. The campaign is designed to help consumers and small businesses protect themselves online from Internet threats including spyware, viruses and online criminals. For more information about this initiative, see www.getsafeonline.org.

Stronger Community Organizations

Dell executives help support community organizations by serving on not-for-profit boards. Nonprofit organizations with Dell employee board members include: the Congressional Black Caucus Foundation, Huston Tillotson University, the Austin Area Urban League, the Middle Tennessee Urban League, Queen's University School of Business (Ontario), Arc of the Capital Area, Women's Business Enterprise National Council, National Minority Business Council, Goodwill Industries of Central Texas, Forsyth Technical Community College, and AIDS Services of Austin.

Economic Development and Renewal

Dell's global growth and facility expansion fosters community benefits that reach beyond employment, training and new buildings.

Economic Development and Renewal Recognition

"Dell's Ottawa Call Centre's importance more than sum of its jobs"

Ottawa Business Journal, August 15, 2005

"Having Dell in our community has been an outstanding economic driver."

Mayor Stephen Mandel, Edmonton, Alberta,
October 2005

"Winston-Salem and the area is already realizing direct and indirect positive impacts of Dell's decision, and they will be felt throughout our community for years to come."

Allen Joines, Mayor of Winston-Salem, North Carolina, October 5, 2005

"Together I think Dell and Glasgow will provide a winning formula."

Lord Provost Liz Cameron, Glasgow, Scotland



Dell Chairman Michael Dell, left, presents North Carolina Governor Mike Easley with a Dell computer during the October 2005 opening ceremony for the company's new manufacturing plant near Winston-Salem, North Carolina.

In the last year, we established new Dell facilities in several communities as our business expanded globally. In addition to new Dell jobs for the community, Dell suppliers are often hired from community businesses or by facilities new to the community, which creates many more jobs than just those at Dell. Dell has also located our facilities in a number of communities seeking new corporate investments to create growth, including North Carolina's Piedmont Triad region, Halle, Germany and Glasgow, Scotland. According to the Piedmont Triad Partnership in North Carolina, Dell's new presence also resulted in at least seven new logistics, packaging and automation firms locating in the area. According to the regional economic development partnership, these related businesses are creating several hundred new jobs, in addition to the jobs at Dell.

Cultural Enrichment

Last year, Dell teamed with the National Archives and Records Administration (NARA) and the Foundation for the National Archives on "Public Vaults," a permanent exhibition designed to educate the public about the breadth and depth of national documents available for exploration. The free, public exhibition in Washington, D.C., features Dell systems equipped with interactive software, disguised as a giant vault filled with boxes of records. Integrated within traditional case displays and mechanical interactive units, Dell touch-screen monitors create the illusion that visitors are actually combing through the more than 1,000 historical archives. Visitors can also see materials

and evidence preserved from famous investigations such as those on Unidentified Flying Objects, the Kennedy assassination, the Kent State shootings and Watergate. Also, with the touch of a button, visitors can instantly translate documents. For example, visitors can translate records from the Nuremberg Trials, which occurred after World War II, from German to English.

Community Wellness

The health and well-being of Dell employees is of great importance to Dell. As a result, we are increasingly looking at ways to foster health and wellness understanding, including various health awareness, promotion and education programs, as well as making some routine and available medical testing opportunities more accessible. Dell carries this commitment to wellness into our community engagements.

Hunger Relief

In 2005, employees in the United States came together to donate more than 131,000 pounds of food and almost \$190,000 to benefit food banks and hunger organizations. Dell's ongoing commitment to aid hunger relief organizations earned us the Corporate Group Volunteer Award for the second year in a row from America's Second Harvest – The Nation's Food Bank Network.



e-Health Support

Working with communities and key stakeholders to integrate technology into our health-care system is a top priority for Dell. The symposium Accelerating e-Health Collaboration in North Carolina was hosted by Dell, the North Carolina Healthcare Information and Communications Alliance (NCHICA), and the Technology CEO Council. This event was a collaborative opportunity in North Carolina, and provided the opportunity to play a supporting role in accelerating the transformation and improving the quality of health care in a new Dell community.

Winter Drive

Dell Brazil employees organized a winter drive that collected both money and donated goods to provide blankets and clothing to low income individuals during winter. More than 550 kits of winter clothing and blankets were delivered.

Tennessee's First Steps

Among the 19 organizations receiving Dell Foundation Healthy Communities Grants is Tennessee's First Steps program. The program operates two community-based child development centers that provide early intervention and developmental health programs for children with developmental delays.

In a collaborative project with Outlook Nashville and the Vanderbilt School of Nursing, First Steps helped establish a master's level internship program providing health promotion and child-specific training to teachers and parents in the preschool setting for children with disabilities, developmental

delays, chronic health problems, and medical conditions. Dell Foundation support will provide a part-time nurse practitioner from Vanderbilt's nursing program to make weekly visits to each preschool site. These visits include health screening of children and health training for teachers and family members.

Reach Out Lakota

At Dell's Small Package Hub in Ohio, open just over a year, the team started a community engagement with Reach Out Lakota, an organization that supports eligible families by providing food, clothing, shelter and personal care. With a donation at the ribbon cutting ceremony, they raised money and food, and donated Dell DJs for a fundraising auction.

Fundraisers for Important Health Issues

The Dell team dedicated our time and energy for fundraising and participation in the March of Dimes' WalkAmerica, the Juvenile Diabetes Research Foundation's Walk to Cure Diabetes, and the Susan G. Komen Breast Cancer Foundation's Race for the Cure. Employees across the United States donated and helped to raise more than \$350,000 for these organizations.

Breast Cancer Research

To kick off National Breast Cancer Awareness Month and help promote the Komen Foundation's mission, Dell offered a special edition Dell DJ Ditty music player bundle to U.S. customers. Working together with the Foundation to raise awareness of an important health issue, Dell supported community-wide health education on breast cancer. In addition, Dell supports the Komen Austin Affiliate Race for the Cure event, which allows the organization to continue funding breast cancer education, screening and treatment programs. The event is one of the largest races in Austin, with more than 20,000 people participating.

Juvenile Diabetes

Dell employees across the United States support walks and activities that raise money each year for the Juvenile Diabetes Research Foundation (JDRF). Dell employees in Central Texas raised more than \$105,000 for Juvenile Diabetes Research in 2005. Dell's new North Carolina employees quickly demonstrated their commitment to Dell's community engagement, setting a record with more than \$8,000 in donations to the JDRF. The Reno Dell team increased their contributions to JDRF by more than 400 percent last year.



As part of our Global Community Involvement Month in September, Dell El Salvador employees donated food, supplies, and toys, and painted walls and decorated the dormitories for Hogar Sustituto San Jose Villanueva orphanage. The orphanage provides education, shelter and daycare to children whose mothers are working in crops nearby or as maids in urban areas.

Dell employees returned to the orphanage in December and brought donations of toys and food for 200 children. In January, Dell employees donated \$600 worth of school supplies for 80 children at the orphanage.

HIV/AIDS Prevention

As part of Dell's commitment to fight the spread of HIV/AIDS, Dell supported a number of HIV/AIDS services organizations around the world in communities where Dell has a presence. The following information provides an outline of our support.

El Salvador's Fundacion Inocencia

In El Salvador, Dell supported Fundacion Inocencia (Innocence Foundation) with a Dell Foundation grant. Fundacion Inocencia is a nonprofit organization dedicated to promoting the well-being and dignity of children and families affected by HIV/AIDS in El Salvador, Guatemala and Honduras. Fundacion Inocencia and the National Children's Hospital Benjamin Bloom in San Salvador joined together to form The Center for Outstanding Care of HIV Affected Children (CENID), an alliance that capitalizes on the organizations' services, including education, prevention, treatment and medical research for HIV/AIDS. The CENID organization is the only institution solely dedicated to HIV/AIDS services for children and families in these regions. Focusing on those with limited resources, Fundacion Inocencia collaborates with other service organizations such as Hogar Providencia—an orphanage for abandoned children affected by HIV/AIDS. Dell's partnership allows the alliance to continue their treatment and



Dell supports PROBIDSIDA in Panama, providing funding for the organization's Techno-Education Center. The center is equipped with Dell systems and provides accessibility to the latest information for patients, the medical community, international agencies and school children.

education programs and provide transportation, food, medicine, recreation, and education/awareness campaigns for its patients. Dell volunteers committed to the program help CENID conduct community workshops, fairs and presentations, spending a total of 100 hours per month helping the organization.

Panama PROBIDSIDA

Dell has committed to provide a grant to PROBIDSIDA in Panama, which provides funding for the organization's Techno-Education Center for Children and Their Families with HIV/AIDS program. The program is dedicated to promoting the well-being and dignity of people affected by HIV/AIDS by providing legal aid, community integration and counseling, education, prevention, and treatment. The Techno-Education Center program is an alliance between PROBIDSIDA and the Children's Hospital of Panama, which brings together HIV/AIDS prevention education with treatment and medical research for the benefit of Panama's children and families affected by HIV/AIDS. The center, furnished and equipped with Dell systems, focuses on education and prevention by providing access to important information for the general public and those at risk, especially children, infected and expectant mothers, and their families. A safe and permanent techno-education center provides accessibility to the latest information for patients, the medical community, international agencies and school children. Dell Panama employees attended training on HIV/AIDS information and Dell assistance services committed to support the organization as volunteer assistants.



During Dell's 2005 Global Community Involvement Month, the DIS Global Contact Center Operations team volunteered at the Texas Baptist Children's Home, which provides care for abused and neglected children in Central Texas.

Central Texas

Dell was a sponsor of the Hill Country Ride for AIDS, which raises money to support 10 different HIV/AIDS services organizations in the Central Texas region. In addition, Dell supported Austin AIDS Walk with a company presence and employee walk team, and was a sponsor of the Interfaith Care Alliance's annual award dinner. Dell employees are board members of several organizations in Central Texas that provide HIV/AIDS-related services, including AIDS Services of Austin, Waterloo Counseling Center, The Friends of David Powell Clinic, and Out Youth.

Malaysia

Dell has partnered with the Malaysian AIDS Foundation (MAF) on a number of initiatives. In the annual Ride for Life, three Dell employees joined a 400 kilometer bike ride across Malaysia, in which riders stopped in towns along the way to offer HIV/AIDS prevention education. In addition, Dell employees held an on-campus fundraiser for MAF in recognition of World AIDS Day, during which employees could purchase crafts made by HIV-positive children.



Dell employees participate in the annual Ride for Life bike ride across Malaysia.

Middle Tennessee

Dell was a sponsor of Artrageous, an annual fundraiser that supports Nashville Cares, the leading HIV/AIDS services organization in Middle Tennessee.

China

In Shanghai, China, Dell employees worked with AIDS Orphan House to make a donation of books and toys to children from HIV-affected families in Henan Province.

India

Dell works closely with the Freedom Foundation in Bangalore, India which is dedicated to providing services to people and children living with HIV and using education to help fight the spread of HIV/AIDS. To raise money to support the Freedom Foundation, Dell sponsors an annual "fun run" in December, in which more than 1,800 Dell employees participate annually. The 2005 run raised thousands of dollars for the Foundation. In addition, the Freedom Foundation has sponsored employee awareness training at Dell facilities, and Dell employees have volunteered at the foundation's center.



Dell International Services teams help out in their communities. In Bangalore, India, Dell employees participate in a Children's Day Out program supporting the Hope Foundation.

Community Growth and Learning

Dell believes that access to technology and digital literacy are keys to success in the 21st century economy. To assist Dell communities' future growth, Dell supports a number of community engagements that help build these skills.

21st Century Skills

As the leading provider of technology to the educational community, Dell is committed to helping students build the 21st century skills needed to compete in the global economy. We help by providing comprehensive solutions that assist schools in reaching their educational goals, and by making technology more affordable and accessible to students and schools.

As a founding member of the Partnership for 21st Century Skills, Dell has helped develop a vision for 21st century learning. The vision involves teaching skills such as information gathering, analytical thinking, problem solving, collaboration, communication, and technology proficiency.

Today's teachers and students know that it is not enough for students to master software programs for presentations and spreadsheets. Businesses look for employees who can translate data into recommendations and strategies, and then use technology to communicate those ideas effectively.

Partnership for 21st Century Skills issues reports, publications, tools and resources in an effort to promote this vision for 21st century education. The following information about tools and resources is available at www.21stcenturyskills.org:

- The Assessment of 21st Century Skills report offers educational assessments that support 21st century learning and defines key terms and concepts for measurement.
- Learning for the 21st Century articulates a collective vision for learning and recommends how to define and integrate skills into K-12 curricula.
- Milestones for Improving Learning and Education (MILE) Guide for 21st Century Skills is a self-assessment tool that assists schools, districts and states in determining progress by their school or district in defining, teaching and assessing those skills.
- The Road to 21st Century Learning: A Policymakers Guide to 21st Century Skills assists state education leaders in crafting visionary education policies and gives policymakers specific guidance to help create a 21st century learning environment.
- Route 21: An Interactive Guide to 21st Century Learning is a collection of Web-based tools designed to promote

achievement of information and communications technology (ICT) literacy and 21st century skills. This guide presents examples, resources, recommendations, tools and goals in each of nine key areas that support a coherent framework for 21st century education.

- The ICT Literacy Maps illustrate the intersection between ICT literacy and core academic subjects and assist policy-makers and educators in understanding how to integrate ICT literacy into core subjects.
- The Resource Database provides a comprehensive list of resources relating to 21st century skills, ICT literacy, and professional development to assist in creating this education for students.

21st Century Skills in North Carolina

Dell was the first business to support North Carolina's Center for 21st Century Skills with a leadership gift. Dell's financial and leadership support for this unique national public-private initiative will establish a center to bring together educators, administrators and the business community to identify the skills needed to compete successfully in the global economy. The center also helps children to prepare for the future and focuses on competencies such as sophisticated analytical and thinking skills, technology and media literacy, global awareness and high-level learning skills—the skills that are critical to success in a constantly changing, global economy.

Dell's Professional Development for Educators

At Dell, we understand that the ultimate promise of technology is the direct impact it can have on teaching and learning. Dell's Professional Development for Educators program is committed to not only helping school districts build strong, technology-driven, academic environments, but also to fostering an environment for growth in student achievement through outstanding professional development for teaching staffs. For more information about the program, see www.dell.com/educators.

Operation Homelink

Since 2004, Dell has worked with Operation Homelink to donate 350 refurbished computers to the families of deployed military men and women, reducing the thousands of miles that separate service men and women from their families to just a few keystrokes. Operation Homelink is a 501(c)(3) nonprofit organization that gives refurbished computers at no cost to families of junior enlisted (E1-E5) military so that they can keep in touch with their loved ones. For more information about this organization, see www.operationhomelink.org.



More than 10,000 students from 42 school districts in the United States have graduated from the Dell TechKnow program.

Students Give TechKnow High Marks

Dell TechKnow receives high marks for customer satisfaction in its end-of-term survey of students and teachers—evidence the program is helping to increase school engagement, technology affinity, and personal development. Middle-school students praised the Dell TechKnow program, with 98 percent surveyed citing they "would recommend the program to other students," and 100 percent of teachers polled saying they would "recommend the program be repeated in their district and at another school." Increased confidence was noted by 98 percent of students; 97 percent of students cited an even greater interest in computers and technology upon graduation; and 88 percent of teachers reported that they believe Dell TechKnow is an excellent investment for their district.

Arne Duncan, CEO of Chicago Public Schools, commented that "students need to become competitive in a global economy and it is our job to help them build a better future." She added that "the feedback we have received from students, teachers and family members is that students are building more than computers, they are building their self-confidence and self-esteem."

Duncan added that she enjoyed learning about computers and never thought she would even know how to open a computer before the program.

Kenee Gaines, a student from Hacienda La Puente School District in Hacienda La Puente, California, commented that she thinks the program is "cool" because she "got to learn all the parts (of the computer) and learn how it works and how to put it together." She added that it was "a real challenge" and that she planned "to use my new computer and the Internet to help other kids with homework, do homework assignments and reports." Finally, she added that she was going to "teach my mom how to use it."

TechKnow Expansion and Celebration of 10,000 Graduates

One of Dell's best-known community programs is TechKnow. Established in July 2001, the Dell TechKnow program is a 40-hour, self-paced, hands-on course where students work on a Dell-refurbished desktop computer in teams with the goal of learning computer basics. Upon completion of the program, students who successfully demonstrate competencies in taking apart and reassembling a computer, loading software, basic hardware upgrades, a working knowledge of the Internet, and teamwork and collaboration skills, are given the refurbished computer at no cost. They also receive one year of Internet access at no charge from America Online.

Dell TechKnow is one of the largest student computer donation programs in the United States. To date, more than 10,000 low-income or underserved middle-school students from 42 school districts have graduated from the program. The program demonstrates how a global company such as Dell can deliver local benefits to individual customers and communities.

This year, Dell and the Austin Independent School District (AISD) in Texas announced the expansion of the Dell TechKnow program to all 17 middle schools in the district. Austin Partners in Education (APIE) serves as district coordinator for the expanded program, which is expected to produce 600 graduating students this academic year.

Dell employees volunteer in the program in Texas, Oregon and Tennessee. For more information on the Dell TechKnow program, see www.dell.com/k12/techknow.

Community Youth and Education Programs

Dell believes that our community engagement must include means of equipping youth for the 21st century economy and supports a number of youth programs in Dell communities.

Texas and Tennessee Boys and Girls Clubs

The Dell Foundation's Literate Communities grants support Boys & Girls Clubs in both Texas and Tennessee. The Boys & Girls Clubs of the Capital Area in Central Texas offers positive alternatives during non-school hours to children who are surrounded by negative influences, showing them how to live successful and productive lives. Dell funding underwrites costs associated with the Project Learn program, a multi-faceted approach to improving education achievement. Activities include daily homework sessions with group tutoring, access to computers for homework or playing games, comprehensive math tutoring and a self-paced reading program. Dell's partnership with the Boys & Girls Clubs of Middle Tennessee

assists the organization in fulfilling its mission to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens. Project Learn and POWER HOUR provide after school learning experiences for low-performing, disadvantaged children between ages six and 14.

Tiger Woods Learning Center

Dell is one of the founding partners of the Tiger Woods Learning Center (TWLC), a youth-education facility that represents the vision of Tiger Woods and his goal to provide critical youth-development programs in Orange County, California. Dell works with TWLC to provide young people from diverse backgrounds with an interactive program that improves individual aptitude in reading, math, science and technology. With these skills, children develop personal accountability, independence and resilience, leading to greater knowledge of education and career options. The 35,000-square-foot facility is outfitted with the latest technology in a completely wireless environment. For more information about the Tiger Woods Learning Center, see www.twlc.org.

Texas Business and Education Coalition

The Dell Foundation supports 18 Connected Communities partnerships with organizations such as Texas Business and Education Coalition (TBEC). TBEC's Initiative to Expand Texas Scholars is aimed at increasing the number of students who attend college from McLennan, Travis and Williamson Counties in Texas.

Online Literacy in Tennessee

In Tennessee, Dell partners with Nashville Public Television, underwriting the Online Literacy Initiative, which is designed to increase computer literacy among at-risk children and their parents by presenting information to raise awareness of access to online technology, training programs, safety tips, and other resources.

Oklahoma City Mobile Computer Lab

Dell's participation in Oklahoma City includes the donation of a mobile computer lab to Wheeler Elementary School (K-6), the first school to undergo improvements through Oklahoma City's MAPS for Kids project—a local restoration and renovation initiative to modernize all Oklahoma City public schools for a 21st century education environment.



Through the Junior Achievement program, Dell employees in Ohio visit a class to introduce children to basic business concepts. By teaching the children about the types of businesses in a community and how businesses operate, the employees form a bridge between business and education. Dell employees have taught the Junior Achievement curriculum in several schools in Ohio and in Northern Kentucky.

Fairy Tale Hour

Dell Brazil employees supported two low-income schools in Dell Brazil communities with the donation of hundreds of books in early 2005. Dell employees organized the book drive and delivered the books to the schools by dressing as favorite fairy tale characters and visiting the schools to read stories to the children.



Dell Brazil employees, dressed as fairy tale characters, visit with children at a school in Brazil. The employees organized a book drive and collected hundreds of books for two low-income schools.

Dell-Winston School Solar Car Challenge

Using classroom skills in a real-world setting helps students become more proficient in math, science, technology and teamwork. Since 2002, Dell and the Winston School in Dallas, Texas, have brought technology to life for students from throughout the United States and Mexico with the Dell-Winston School Solar Car Challenge.

Each year, the Dell-Winston School Solar Car Challenge alternates between a closed-course race at the Texas Motor Speedway and a cross-country route. More than 180 high-school students participated in the 2005 eight-day race that began at Dell's headquarters in Round Rock, Texas. The race ended 1,600 miles later at the NASA Jet Propulsion Laboratory in Pasadena, California. During the trek, solar car teams used Dell notebooks to gauge solar-car battery usage, monitor weather patterns, and track competitors by means of global positioning systems.

The Houston, Mississippi Solar Race Team and Saint Thomas Academy Experimental Vehicle Team from Mendota Heights, Minnesota, won their respective divisions in this year's

Dell-Winston School Solar Car Challenge. For more information about the race, see www.winstonsolar.org/race.

Bracknell Forest Voluntary Action Group

Dell contributed to the Bracknell Forest Voluntary Action (BFVA) Group to help equip the Bracknell Community IT Classroom, a computer lab for use by Bracknell's 250 charities and community groups, as well as their existing clientele. The lab, also open to the Bracknell community at large, provides educational support to disadvantaged youth, teaching technological skills and instilling a sense of self-worth. The BFVA group is a nonprofit organization that facilitates relationships among 250 community groups providing services for disadvantaged children and youth in the area. The group also offers advice and training to at-risk children in an accessible, drop-in environment. Dell employee volunteers help staff and maintain daily operations at the lab. BFVA partners with other organizations such as Parents and Children Together, Youthline, Bracknell NCH Action for Children, Bracknell Young Careers Project, and REAP Resettlement Agency.



Solar car teams pose for a picture before the race begins.

SOS Children's Villages Morocco

Dell continued our support this year of the SOS Children's Village in Casablanca, Morocco. SOS Children's Village provides a permanent home to children who have lost parents or are no longer able to live with them. Dell originally donated computers to the organization in 2004 which are used to teach the children digital literacy skills. Dell employees continue to volunteer at the center providing computer support and classroom training, and this year expanded computer training to women in the community who help care for the children at the center.

Computer Literacy Centre in Toronto

Dell committed a grant to the Yonge Street Mission in Toronto for their Computer Literacy Centre. The Yonge Street Mission has been meeting the needs of people living in poverty for more than 100 years by offering employment, computer access and skills training, a food bank, meals, counseling, daycare, and health care services. Through Dell's partnership with the mission, The Computer Literacy Centre is equipped with technology and tools needed to provide inner-city Toronto youth and community members with the opportunity for hands-on experience with technology. In addition, employee volunteers oversee and assist with education and program operations. A curriculum-based program offered to students in grades 4th through 12th gives students a refurbished computer for their personal use to maintain and enhance their new skills upon graduation.

Digital Citizen Project Brazil

Dell Brazil continues its support of the Digital Citizen Project, a program designed to teach digital literacy skills and provide job training and advice to low-income children and teenagers in the communities where Dell Brazil operates. More than half of Dell Brazil employees are involved in the program through the Adopt a Student program, in which Dell employees help support the cost of student training. The program teaches both basic and advanced computer skills, and has graduated more than 4,000 students since it was founded in 2002.

Institution Mokrohajska Internet Access

In 2005, Dell contributed to the Institution Mokrohajska in Bratislava, Slovakia. The institution provides dormitories, rehabilitation centers, educational facilities and recreational activities for youth and young adults (ages five to 27) who are physically disabled. The institution serves as a residential facility for these individuals, and also houses orphaned children with disabilities. Institution Mokrohajska is the only provider of its kind in Slovakia. Dell's funding provided help to allow the institution to build and equip a computer room for residents to access computers and technology. Dell provided computer equipment with Internet capabilities, Internet services and information technology support, as well as construction of the fully accessible facility. Trained Dell employees work with the institution as program volunteers on a continuing basis.

Acronyms and Abbreviations

ABU	Americas Business Unit	CSTMBC	Central & South Texas Minority Business Council
ACRP	Austin Computer Recycling Project	D.C.	District of Columbia
AeA	American Electronics Association	DfE	Design for the Environment
AGSM	Australian Graduate School of Management	DFS	Dell Financial Services
AIDS	Acquired Immunodeficiency Syndrome	DHS	Dell Home Sales
AISD	Austin Independent School District	DIS	Dell International Services
ANSI-RAB	American National Standards Institute Registrar Accreditation Board	DIT	State of Michigan Department of Information Technology
APIE	Austin Partners in Education	DJSI	Dow Jones Sustainability Index
APJ	Dell Asia-Pacific/Japan	DTI	U.K. Department of Trade and Industry
ARS	Asset Recovery Services	E1-E5	U.S. military pay grades for enlisted personnel
BBB	Better Business Bureau	E.U.	European Union
BFRs	brominated flame retardants	ECE	Environmentally Conscious Electronics
BFVA	Bracknell Forest Voluntary Action	ECFIC	Executive Committee of Foreign Investment Companies
BITKom	German Association for Information Technology Telecommunications and New Media E.V.	e-health	technology in health care
BSR	Business for Social Responsibility	EHS	Environmental and Health and Safety
BTU	British Thermal Unit	EIA	Electronics Industries Alliance
CAFOD	Catholic Agency for Overseas Development	EICC	Electronic Industry Code of Conduct
CD	compact disc	EICTA	European Information & Communications Technology Industry Association
CDC	U.S. Centers for Disease Control and Prevention	EIRIS	Ethical Investment Research Service
CE	consumer electronic	EMC	Environmental Management Committee
CEA	Consumer Electronics Association	EMEA	Dell Europe, Middle East, and Africa
CECP	China Certification Centre for Energy Conservation Products	EMS	environmental management system
CENID	The Center for Outstanding Care of HIV Affected Children	EPA	U.S. Environmental Protection Agency
CEO	Chief Executive Officer	EPEAT	Electronic Products Environmental Assessment Tool
CFCs	chlorofluorocarbons	EPIC-ICT	Development of Environmental Performance Indicators for ICT Products on the example of Personal Computer
CO₂	carbon dioxide	EPS	Expanded Polystyrene Packaging Group
CPU	central processing unit	ETI	Ethical Trading Initiative
CRT	cathode-ray tube	EuP	Energy Using Products
CSR	corporate responsibility	e-waste	electronic waste

FBI	U.S. Federal Bureau of Investigation	iNEMI	International Electronics Manufacturing Initiative
FEC	Federal Electronics Challenge	IRRC	Investor Responsibility Research Center
FEMA	U.S. Federal Emergency Management Agency	ISO	International Organization for Standardization
FEMP	Federal Energy Management Program	IT	information technology
FPD	flat-panel display	ITAC	Information Technology Association of Canada
FRs	flame retardants	ITI	Information Technology Industry Council
FSC	Forest Stewardship Council	JDRF	Juvenile Diabetes Research Foundation
FTSE	British indices and associated data services provider	JEDEC	JEDEC Solid State Technology Association (once known as the Joint Electron Device Engineering Council)
FY	fiscal year (For Dell, FY2006 is February 2005 through February 3, 2006.)	JEITA	Japan Electronics and Information Technology Industries Association
G3	third generation	JGPSSI	Japan Green Procurement Survey Standardization Initiative
GBC	Global Business Coalition on HIV/AIDS	JIG	Joint Industry Guide
GDC	Global Diversity Council	K-12	kindergarten through grade 12
GEMI	Global Environmental Management Initiative	K-6	kindergarten through grade 6
GeSI	Global eSustainability Initiative	Kgs	kilograms
GHG	greenhouse gas	km	kilometers
GLBT	gay, lesbian, bisexual and transgender	kW	kilowatt
GRI	Global Reporting Initiative	kWh	kilowatt hours
GSA	Government Services Administration	lbs	pounds
HB	House Bill	LCD	liquid-crystal display
HBCD	hexabromocyclododecane	LSU	Louisiana State University
HCFCs	hydrochlorofluorocarbons	MAF	Malaysian AIDS Foundation
HDPUG	High-Density Packaging User Group	MBA	Masters of Business Administration
Hg	mercury	ME	Ministry of the Environment
HIV	Human Immunodeficiency Virus	MII	China's Ministry of Information Industry
HRC	Human Rights Campaign	MILE	Milestones for Improving Learning and Education
ICCR	Interfaith Center on Corporate Responsibility	NAM	National Association of Manufacturers
ICT	information and communications technology	NASA	National Aeronautics and Space Administration
IDC	International Data Corporation	NARA	National Archives and Records Administration
IEC	International Electrotechnical Commission	NCF	National Cristina Foundation
IEEE	International Symposium on Electronics and the Environment	NCHICA	North Carolina Healthcare Information and Communications Alliance
IFGE	International Foundation of Gender Education		
ILO	International Labour Organization		

NEMI	National Electronics Manufacturing Initiative	TBEC	Texas Business and Education Coalition
NGO	nongovernmental organization	TBT	tributyltin
NMC	Swedish Association of Environmental Managers	TCO	The Swedish Confederation of Professional Employees
NRC	National Recycling Coalition	TPT	triphenyltin
NSAI	National Standards Authority of Ireland	TWLC	Tiger Woods Learning Center
OHSAS	Occupational Health and Safety Assessment Series	U.K.	United Kingdom
OSHA	Occupational Safety and Health Administration	U.N.	United Nations
OSPAR	Convention for the Protection of the Marine Environment of the N.E. Atlantic	U.S.	United States
PBBEs	polybrominated biphenyl ethers	U.S.A.	United States of America
PBBs	polybrominated biphenyls	UBA	Germany's Federal Environment Agency
PBDEs	polybrominated diphenyl ethers	UDHR	Universal Declaration of Human Rights
PC	personal computer	UNCF	United Negro College Fund
PCBs	polychlorinated biphenyls	UNEP	United Nations Environment Programme
PCN	polychlorinated naphthalene	USAWC	U.S.-Afghan Women's Council
PCTs	polychlorinated terphenyls	USGEC	U.S. Green Electronics Council
PVC	polyvinyl chloride	USITO	United States Information Technology Office
R&D	research and development	VOCs	volatile organic compounds
REACH	Registration, Evaluation and Authorisation of Chemicals	VP	Vice President
RoHS	European Union's Restriction on Hazardous Substances directive	VPP	OSHA's Voluntary Protection Programs
RT Centre	Reuse Technology Centre Ireland	WEEE	European Union's Waste from Electrical and Electronic Equipment directive
S&P	Standard & Poor's	WG3	Working Group 3
S/M/W/DBE	Small, Minority, Women and Disadvantaged Business Enterprises	WS1	Dell's Winston-Salem, North Carolina location
SAI	Social Accountability International	WW	worldwide
SAM	Sustainable Asset Management	XRF	X-Ray Fluorescence unit
SDoC	Supplier's Declaration of Conformity	YoY	year over year
SDRC	China State Development and Reform Commission		
SRI	socially responsible investors		
SRIC	Socially Responsible Investment Coalition		
TBBP-A	tetrabromobisphenol-A		



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