Dell Annual Meeting of Stockholders

July 15, 2011

8:00 – 9:00 am CT

Larry Tu
Senior VP and General Counsel

Michael Dell
Chairman and CEO

Brian Gladden
Senior VP and CFO

ANNOUNCER: Ladies and gentlemen, please welcome Dell's Senior Vice President and General Counsel Larry Tu.

LARRY TU: Good morning. Welcome to Dell's Annual Meeting of Shareholders. I'm Larry Tu, Dell's Senior Vice President, Secretary, and General Counsel. This meeting is being conducted online at VirtualShareholderMeeting.com/Dell, which is also available through our website, Dell.com/investor. I would also like to welcome those joining us online.

This meeting is now called to order.

Here with me today are Michael Dell, Chairman and CEO, and Brian Gladden, Senior Vice President and Chief Financial Officer.

I am pleased to report that members of our board are also present today, and are seated in the first few rows, along with other members of our management team. Also in attendance today are George Kennedy, and other representatives of PricewaterhouseCoopers, our independent auditor. After the meeting, he will be available to answer any questions you may have.

We have received an affidavit from Broadridge Financial Solutions, Inc., certifying that written notice of this meeting, along with related proxy materials, were timely mailed or made available on the Internet to the stockholders of record as of May 20th, 2011. Therefore, this meeting has been duly called.

A list of the holders of the company's common stock as of the record date for this meeting is available for examination by any stockholder present, or by any proxy representing a stockholder. As of the record date of this meeting 1,885,934,467 shares of common stock are outstanding and entitled to vote at this meeting.

Jennifer Flynn of Broadridge, and Robert Lindsey, corporate counsel, who are serving as the voting inspectors for today's meeting have certified that 1,611,079,720 outstanding shares representing approximately 85 percent of the outstanding shares entitled to be voted at the meeting are present or represented by proxy here. Therefore, a quorum is present. At this time we will consider the items of business on the agenda, an opportunity for questions will be provided later, so please hold your questions until that time.

We have several proposals to consider today and to be voted on. Proposal one, election of directors, our board currently consists of 10 director positions and the nominees for those positions are James Breyer, Don Carty, Michael Dell, Bill Gray, Gerard J. Kleisterlee, Tom Luce, Klaus Luft, Alex Mandl, Shantanu Narayen , and H. Ross Perot, Jr.

Each of these nominees is currently serving as a director. Biographical information about each nominee is set forth in our proxy statement. The board of directors has recommended that stockholders vote for all of the foregoing nominees. Our bylaws require that a stockholder provide advanced written notice to the company of his or her intent to nominate a person as a director. No such notice was received. Accordingly, I declare the nomination for directors closed.

Each nominee will be elected to the board if the nominee received affirmative votes from the holders of a majority of the shares eligible to be voted, proposal two, ratification of independent auditor. The audit committee of the board has selected PricewaterhouseCoopers to serve as Dell's independent auditor for Fiscal Year 2012. And the board is asking stockholders to ratify that selection. The board of directors has recommended that stockholders vote for that ratification. Approval of this proposal requires the affirmative vote of holders of a majority of the shares eligible to be voted.

Proposal three, advisory vote on named executive officer compensation, or otherwise referred to as say on pay.

In accordance with the recently adopted Section 14(a) of the Exchange Act, and the SEC rules promulgated there under, the board of directors is asking shareholders to approve on an advisory basis the compensation of Dell's named executive officers, as disclosed in this proxy statement. The board of directors recommends that stockholders vote for the approval of the compensation of our named executive officers. Approval of this proposal requires the affirmative vote of holders of a majority of the shares eligible to be voted.

Proposal four, advisory vote on frequency of holding future advisory votes on named executive officer compensation. Dell is required under the recently adopted Section 14(a) of the Exchange Act and the SEC regulations there under, to provide the previously discussed say on pay vote at least once every three years.

In accordance with these requirements the board is asking the stockholders on an advisory basis whether future advisory votes on named executive officer compensation should occur every one year, every two year, or every three years. The board recommends that stockholders vote for every one year as the frequency.

Generally a proposal presented to stockholders such as this one requires the affirmative vote of the holders of a majority of the shares eligible to be voted. However, because the vote on this proposal is not binding on the board, or on Dell, if none of the frequency options, every two years, or every three years, receives the required majority vote, the option of receiving the greatest number of votes would be considered to be the frequency preferred by the shareholders.

Stockholder proposal number one, independent chairmen, one of our stockholders, the American Federation of State, County, and Municipal Employees Pension Plan, has requested that a proposal asking that the board adopt a policy, that the board's chairman be an independent director, be presented for stockholders vote at this meeting. The exact text of the AFSCME pension plans proposal, along with its supporting statement appear in our proxy statement.

The AFSCME pension plan is represented here today by Ms. Lisa Lindsley and she will present the proposal to this meeting. Is she present? Thank you.

LISA LINDSLEY: Good morning. My name is Lisa Lindsley, I'm representing the AFSCME Employees Pension Plan, and our proposal co-sponsors the UAW Retiree Medical Benefits Trust. I hereby move stockholder proposal one, asking our company to adopt a policy that the chairman of the board be an independent director. I also note that we appreciate the dialogue with the company that we had on this issue.

Last year's settlement with the SEC related to accounting fraud raised serious questions about our board's leadership. As part of that settlement, Michael Dell agreed to pay a $4 million penalty and our company agreed to pay $100 million. In addition to the SEC charges, Mr. Dell's long tenure as Chairman and CEO raised serious board oversight and succession concerns.

Last year 25 percent of stockholders voted against Michael Dell, which we believe is a message that shareholders are ready for independent leadership. Michael Dell has served as Chairman for the company's entire history, and as CEO for all but two-and-a-half years. We, as shareholders recognize that Mr. Dell founded this company, and we wouldn't be standing here today if it weren't for him. But, this is a public company, not one person's private sandbox, even if that person is the founder.

An independent chair would transform our board's corporate governance structure from one in which one man is indispensable, to one with a system of checks and balances. A lack of an independent chairman, combined with six long-tenured directors raises concerns about our board's effectiveness in the face of under-performance. Studies show a combined Chair and CEO is associated with board entrenchment and less in oversight, which make it harder for a board to replace a poorly performing CEO. Poor performance is an issue here. Our company has under-performed its peers over 1, 3, and 5-year periods, based on total shareholder return.

Last year an article asking whether our company's diversification strategy was a day late and a dollar short, a Wharton professor summed up our company's problems. Dell has leadership issues, it has competitive advantage issues, and it has strategy issues. We agree and believe implementing an independent chairman would foster a more engaged and dynamic board, not overly influenced by senior management, while allowing our company's CEO to focus on executing strategy and restoring our company's former sterling reputation for customer service.

The board's role is to work on behalf of stockholders, and it's the CEO's job to do the same. Having an independent chair prevents any blurring of these lines. This is about maintaining a proper system of checks and balances. We believe this is sorely needed here, given the settlement with the SEC under performance and the challenge of managing our company's aggressive growth strategy of -- strategy of growth by acquisitions, including eight in the last year.

Proxy advisors ISS and Glass Lewis each support this proposal. ISS notes that our company's SEC settlement related to accounting fraud charges "indicates that the company may benefit from having the oversight of an independent chairman of the board." While Glass Lewis states that the separation of these two key roles eliminates the conflict of interest that inevitably occurs when a CEO is responsible for self-oversight.

We believe that independent board leadership is in our company's best interest, and we urge stockholders to vote for this proposal.

Thank you.

LARRY TU: Thank you, Ms. Lindsley.

As we noted in our proxy statement, the board of directors has recommended that stockholders vote against this proposal, and Dell included its statement in opposition in our proxy statement. Approval of this proposal requires the affirmative vote of holders of the majority of the shares eligible to be voted.

Stockholder Proposal Number Two, stockholder action by written consent. Another of our stockholders, Mr. James McRitchie, has requested that a proposal requesting the board to undertake such steps as may be necessary to permit the company's stockholders to act by written consent instead of at a meeting of stockholders be presented for stockholders for a vote at this meeting.

The exact text of this proposal, along with his supporting statement, appear in our proxy statement. Mr. McRitchie is represented here today by Ms. Lisa Lindsley, and she will present this proposal to this meeting.

LISA LINDSLEY: Thank you, Mr. Chairman.

On behalf of the proponents, I move the proposal for written consent.

LARRY TU: Thank you, Ms. Lindsley.

As we noted in our proxy statement, the board of directors has recommended that stockholders vote against this proposal, and Dell included its statement in opposition in our proxy statement. Approval of this proposal as well requires the affirmative vote of holders of a majority of the shares eligible to be voted.

Stockholder Proposal Number Three, declaration of dividends. Two of our stockholders, Ms. Linda Bush, and Mr. Paul Schwarzbach, have requested that a proposal requesting the board to declare a quarterly dividend be presented for a stockholder vote at this meeting.

The exact text of this proposal along with their supporting statements appear in our proxy statement. Ms. Bush, and Mr. Schwarzbach are represented here today by Ms. Bush, and she will present the proposal to this meeting.

LINDA BUSH: Hi, again, I'm Dividend Lady. I've been Dividend Lady for quite a number of years, and I suppose it will stick with me for a considerable more long time. We believe Dell has matured to a point that it is no longer a high growth public company requiring growth capital in lieu of dividends. And its cash generation and holdings are sufficient to justify payment of a cash dividend.

We further believe a cash dividend is in the best interest of long-term shareholders due to the following, tangible values, the Dell owners would receive cash without transaction costs at favorable U.S. income rates, and would not be obliged to sell the shares to realize cash. And right now, our U.S. income tax rate is 15 percent. It should stay at that, or somewhere close to that, so that's giving a very, very good tax advantage. And it's also giving an incentive for people to buy Dell with its very, very good tax rate, also, mutual funds, et cetera.

Return of value to owners via quarterly cash dividend is dependently regular, and less subject to vagaries of share repurchase programs, which I will get into in just a minute or two.

Owner flexibility, owners get the flexibility to reinvest dividend proceeds for increased ownership, or use cash for alternate uses. Owner focus, dividend proceeds accrue to the long-term owners, such as myself, and many others in this room, and do not necessitate selling shares or paying cash as repurchase programs do.

Dell has considerably argued that share repurchases are superior to dividends. We refute this argument for the following reasons. There is no apparent benefit to share owners to past repurchase programs. In the last ten fiscal years, 2001 to 2010, Dell spent $33 billion repurchasing 1.0 billion shares average, 31.36 per share, which reduced diluted shares outstanding 28 percent. Yet, Dell's 12-31-10 share price was $13.55, and its market value was only $26.4 billion. Now, this is considerably below what they have paid to repurchase the shares.

Today, we have around $33 billion of share repurchases for the last ten years, and at yesterday's closing price, that is $31.7 billion versus $33 billion it took to repurchase it. Over ten years, Dell has repurchased more than 100 percent of company's recent market value at share prices lower than 130 percent higher than recent levels. We see now apparent value to long-term owners from historic share repurchases. Perhaps sellers at $31.36 did benefit, but not now. Conversely, a cash dividend accrues income to long-term owners irrespectively of share price movement.

Share repurchase programs are too inconsistent, and they're subject to short-term losses. In the past, Dell argued that share repurchases offer superior flexibility to share holders wishing to convert shares into cash. However, Dell has not consistently repurchased shares. They didn't repurchase it in 2008, 2009, 2010 they repurchased $800 million, and in 2011 only $400 million, and these are the lower rates, but at these lower rates they're not repurchasing. So, consequently, the average is way high up there, and why they're not repurchasing, I don't know, but I think they should look at the power of dividends.

Dividends reduce subjectivity for use in cash. Dell has previously, 2006 and 2007, stated that foregoing a dividend enabled reinvestment for growth. Yes, some of these aforementioned investments, like the Poland facility, have subsequently been shuttered. I understand it's still running, but not a lot of contribution to growth. They took some right off the top, I believe, I'm not sure of that. But, also the Ireland factory has been closed, and the North Carolina has been closed, factory.

So, anyway, this is what our money is going for to have them build and have them close down. I don't know exactly where the new factories are going to be, but I do know that the competitor, HP, has several in China. So, I assume that's what we're going to do. I do not know. But I do question that somewhat as to the political climate.

So, anyway, yet the historic record of high technology acquisition is quite suspect, and Dell risks pursuing expensive acquisitions that will not meet expectations or increase shareholder value. There was an acquisition, 3PAR, the acquisition that they were bidding on aggressively with Hewlett-Packard, and then after Hewlett-Packard won the bid, Michael Dell effectively admitted to bidding too much for 3PAR. Anyway, they were bidding right along with Hewlett-Packard, and so that was admitted, and he can refute that, but I don't care. He did admit it. Or he can rebut that, but he did admit that they were paying too much in the bidding. And that's why they finally stopped. So, I want to ask you people to think about that.

In recent years, many respected tech companies embraced dividends, including Intel, Microsoft, Hewlett-Packard, IBM, Qualcomm, Oracle, and Applied Materials. Each did so without abandoning growth ambitions. There is still enough money left there for growth. Most of these acquisitions are not the high priced, or the paying too much that 3PAR was -- that was indicated in the 3PAR situation. However, we don't know if they're paying too much or not.

All we want to see is an increase in stock price. We want to see respectability here. We want to see that we're a mature company. We want other companies to invest in Dell. We do not want companies that don't care about dividends, most of those companies that don't care about dividends just go and invest anyway. And we want other companies who care about dividends and growth, because now our nation wants the growth, and they want the dividends. And the companies who pay the dividends consistently now try to increase their dividends year after year to show stability, to show growth, and consistency. We need to have a little bit more of that, and I also believe that the power to do more with Dell should be dividends.

Thank you.

LARRY TU: Thank you very much, Ms. Bush.

As we noted in our proxy statement, the board of directors has recommended that stockholders vote against this proposal, and Dell included its statement in opposition in our proxy statement. Approval of this proposal requires the affirmative vote of the holders of a majority of the shares eligible to be voted.

It is now 8:23 a.m. Central Daylight Time, and the polls are open. If you are present and in person and have not yet voted your shares, you should make your way to the voting inspector's table just outside this room. If you are participating in the meeting online, and are entitled to vote your shares, and have not yet voted them, please cast your vote electronically in accordance with the instructions posted on the website.

And let me remind you that if you have already voted by proxy, there is no need for you to cast a ballot unless you wish to change your vote that you put on the proxy. The proxy holders will vote your shares as indicated on your proxy.

I would now like to ask Michael to give his perspective on our company, and our strategy, and then Brian will offer a few thoughts on our financial performance and goals. But, before we turn to the presentations, I would like remind you that all statements during this meeting, and that relate to future results and events, including those described in our press release, this presentation, and on our website, are forward-looking statements that are based on our current expectations, actual results could differ materially from those projected in the forward looking statements because of a number of risks and uncertainties which are discussed in our annual and quarterly SEC filings, and in the cautionary statements in this presentation and on our website. And we assume no obligation to update our forward-looking statements.

Please also note that during today's meeting, we will be referring to non-GAAP financial measures. These measures are reconciled to the most directly comparable GAAP measures in our press releases and related slide presentations posted on Dell.com/investor, and in our associated Form 8-K filings with the SEC.

I would now like to turn this over to Michael.

MICHAEL DELL: Okay, thank you very much, Larry, and welcome, everyone, and I'm pleased to also welcome you to our shareholders' meeting.

You know, this past year was a great year for Dell, and we made significant progress, if you look particularly over the last 18 months, in implementing the strategy that we discussed with you last year. We believe it's the right strategy, and one whose outcome is resulting in a steady stream of increasing operating income and cash flow over time.

Last year for us was really about growing our solution and services portfolio, and we think we've made some nice progress there. It was also about optimizing our supply chain. And what you see now is the company is much healthier and more competitive than it was a year to two ago.

We're focused on enterprise solutions that provide efficiency to our customers. You hear us talk a lot about open, capable, and affordable solutions. This is a distinct strategy that Dell has been following for many years. We're also very focused on what we call the mid-market. And I'm going to explain that in just a few minutes. There also are three solution areas, or solution domains that we like to focus on, and you see some of those solutions as you get a chance to look around the room at some of our offerings. These are next generation computing, the next generation data center, and intelligent data management. We're very focused on services, security, IT security, and the cloud, and end user computing. We're in the business of selling productivity, and business is good. We're creating solutions that customers value.

Now, last year, we committed four things to you. We said that we were going to develop and acquire key intellectual property, and build our sales capability to be able to go sell those intricate solutions. We were going to deliver solutions that customers really value. We were going to grow our earnings by capturing a growing share of the IT profit pool. And that would result in growing operating income and cash flow.

The results this year, we've really changed the conversation with our customers to be one focused on solutions. In the last year, we've made eight acquisitions, each adding significant intellectual property, and we've committed a billion dollars of investment in organic growth inside the company, and innovation.

Our solutions and services revenue is up 27 percent to $18 billion. We've made significant, and we believe sustainable improvements in our supply chain, and our profits are up across all of our product lines. We believe we're also systematically identifying the key inflection points in our industry and allocating capital in a disciplined way while building our portfolio, building our capabilities, which well positions Dell for continued strong profit growth.

Now, a big part of our differentiation remains our connection with our customers. And what I've shown here on this chart is really the entire industry. And what you see is that it's a $2.7 trillion industry and what I would draw your attention to is that the largest part of that 2.7 trillion is really right in the middle, it's those small and medium-sized businesses, large businesses, and what we call the public sector, all government organizations, healthcare, and education.

And this is really where Dell starts its design focus for new products and new offerings. Now, we sell for every customer, and our endeavor is to sell to every customer within that $2.7 trillion, but we really start in the middle.

What you also see is that that mid part of the market, is the largest and fastest growing part of the market. Think about all of the newly emerging companies, think about all the growth in emerging countries in the world. Dell has built tremendous businesses in fast-growing countries like China, India, Brazil, Southern Asia, the Middle East, these are fast-growing areas of our business.

The needs of these customers are often also less complicated in many respects, and they are earlier adopters of new technology, and we like that very much. It's also a historical and structural strength for Dell to be able to address those customers. Our competitors typically do not or have been unable to focus as much on those mid-market customers, and either focus on, let's say, the largest or the smallest.

We also believe that new solutions often start with these fast adopting mid-market customers. Think about the adoption of X86 servers, or microprocessor-based servers. It actually didn't start with the biggest companies in the world. IT started with smaller companies, and then worked its way up, and continues to work its way up into all aspects of the data center. Other technologies, like virtualization, cloud computing, social computing, these often start with smaller companies, and then work their way up into larger companies.

We also have a responsibility to be a good corporate citizen for our customers, for our shareholders, and for the planet that we all share. Last year, Dell recycled more than 150 million pounds of e-waste. And we're going to eliminate over 20 million pounds of packaging by 2012 by using innovative organic materials, like bamboo and mushrooms. We have saved our customers roughly $6 billion in energy costs since 2006. And recently Newsweek named Dell the number one greenest company in America.

Our Youth Connect program addresses a million under-served children annually. And for the seventh year in a row, we have received a perfect score from the Human Rights Campaign. So, we're proud of our results. There's more for us to do. And we'll continue to stay focused on doing it.

I'm going to now turn it over to Brian Gladden, who is going to give you a little more in-depth view on the company's results, and focus.

Thank you.

BRIAN GLADDEN: Thanks, Michael.

I'll share a few charts this morning that attempt to summarize our financial results that we've seen over the last year, as well as the progress that we're making. So, first, let's take a quick look at a summary of the key points.

First, I would say we're focused on executing our long-term growth strategy. And if you look at what we've done over the last year, I would say we've seen some strong success. And Michael outlined some of that. We obviously have a lot to do, but financially we're delivering very solid results.

Our notebook and desktop business, the client business for us, is actually doing very well. We've made some pretty fundamental changes in that business in terms of the supply chain, in terms of the product offerings, and I would say that that business is very competitive today. We believe that we can sustain good profitability in this business, and grow this business going forward. We're changing the shape of the company, and that really starts with how we think about resource allocation, and the strategy that we use around where we spend our capital.

We've taken significant cost out over the last couple of years in our cost of goods sold, in G&A, and even in our notebook and desktops R&D spend. This has enabled us to spend and allocate strategic resources around the key priorities Michael spoke of, including enterprise growth, and our services business from an R&D standpoint as well as selling capacity. These are areas like storage, networking services, and that's the important priority for us from an investment standpoint.

Enterprise solutions and services, as we've said, is now an $18 billion business. It's growing very quickly. And we've basically doubled this business over the past five years. We have a great storage business. And we have a strong services platform as a result of organic and inorganic investments that now are well-positioned to be continued big contributors to the portfolio.

And, finally, we're clearly financially approaching the targets that we laid out in FY '10 with our recent performance, our long-term value creation framework continues to be the priority. And when you look at our FY '12 outlook that we've provided over the last quarter, we believe that we're very close to delivering on this framework as we look at this year's performance.

To drill a little deeper, our notebook and desktop business is healthy, and it's growing, and it continues to be an important and strategic asset to the portfolio. The business is now contributing very strong margins. These margins and this profitability is helping to fund some of the investments that we're making in other parts of the business. It's a very strong cash-generation business. It continues to be so with a good cash conversion cycle, limited capital required to run this business. And it's more efficient from a cash standpoint than the overall company. So, we like that.

Last year, we grew the business 14 percent from a revenue standpoint, and we saw profitability grow even faster than that at 20 percent. As you know, this business is primarily a commercial business. It's partly consumer, only about 30 percent is sales to the consumer. The commercial client business grew at 18 percent last year, and in a market that was growing about 10 percent. So, we grew faster than the market, and gained some market share. We're well-positioned in the growth markets as well. And when you think about the growth rates that are occurring in markets like India, China, Brazil, these are places where we grew significantly faster than the market. We have good scale, and this will help us continue to perform well in those markets.

We also see this as an important strategic asset over the long-term. And when you think about the value of this client business, many of those growth opportunities in the mid-market that Michael talked about, really begin with client relationships. You sell these customers desktops and notebooks, and those relationships grow. And, being the preferred partner on the client side of the business serving those kinds of needs really does give us an edge as we begin to serve them broader solutions, and more complicated capabilities.

From a resource allocation standpoint, we've made a very dramatic shift in where we allocate our capital. Over the last few years, we've cut our G&A costs, we've reduced our client R&D spend, we've restructured and improved the profitability of our consumer business, and that is now performing well. And we've really changed the cost structure of the company over the last few years. You would have seen between FY '08, Fiscal Year '08, and Fiscal Year '10, our OPEX costs go down by $1 billion and actually more.

We've significantly reduced the amount of CAPEX that's required to support our supply chain, and this has really enabled us to reallocate these dollars, and invest in the kinds of opportunities that we've talked about with enterprise products and services, adding sales specialists that are focused across this entire portfolio, as well as R&D capability.

On the upper right-hand side of this chart, you can see that we've dramatically shifted where we invest from a research and development standpoint, and building intellectual property around the enterprise is clearly the priority. It also shows the increases that we've made in selling headcount, or team members across the team that really aligns with the strategy. Having more salespeople in the field selling these new products and solutions is a critical priority, and you can see we're adding people there. Last year alone, we added almost 5,000 sales, R&D, and enterprise focused, and services focused team members to the team across Dell.

At the bottom of the chart, you can also get a sense for the differentiated levels of research and development that we're putting into the enterprises businesses. And when you put a scale around the levels of investment in things like the storage business, that would be very competitive levels of research and development dollars invested in that business. We're clearly spending significantly higher levels here than we have in the past, and we think that's an important element of the transformation that will bode well for us as we move forward.

Enterprise solutions and services, as we said, is an $18 billion business. We've seen substantial growth in this business over the last several years, and we would expect that this will continue to be a growth engine for the company. This is really the heart of where the data center is, and where IT is headed, and we're focused squarely in areas where we can provide open, capable, and affordable solutions to our customers. We have today an $8 billion server business that is number one in the U.S. and number two globally. We have a storage business today that's $2 billion and growing very quickly. This has very, very quickly become a core competency and core element of our portfolio. We're number one in iSCSI SAN storage, and we expect to see tremendous growth from our recent acquisition of the Compellent Fibre Channel SAN Storage product portfolio.

We have an $8 billion services business that is number one in IT healthcare support, and also has a lot of opportunity for growth as we think about geographic expansion, as well as expansion in other parts, and other offerings of service.

So, these are the three areas that are ultimately driving strong revenue and profit growth for the company, areas that you will continue to see us make significant investments for the future that I think will be critically important.

You can see the results. Our enterprise solutions and services business and growth has been accelerating already. The revenue here has basically doubled over the past five years, and now represents almost 30 percent of our consolidated revenues for the company at much higher profitability levels. These revenues were up 27 percent last fiscal year.

When you think about the dramatic shift in gross margins, or profitability within the business, this enterprise solutions and services business now represents about half of our gross margins and profitability. And client has moved from over 50 percent of our gross margins to today about 36. So, you see a very dramatic shift in the portfolio, and those investments that we're making are beginning to pay off. This is a trend that we would expect to see continue, and that enterprise solutions and services business will continue to be a key element, and a place where you see us grow faster.

As you'll recall we laid out some financial targets two years ago in what we called the long-term value creation framework. It really involved revenue growth targets of 5 to 7 percent. It involved operating income on a GAAP basis at greater than 7 percent as a target. And we said that we could always grow our cash flow from operations at a multiple of our net income, so greater than net income.

What we would say is, if you look at our Fiscal Year '11 results, and similarly even into the first quarter that we've reported in May, that we've made great progress here versus this framework. When you think about from a revenue standpoint, last year we grew revenue at 16 percent. That was via inorganic and organic activities, acquiring and adding resources across the business, especially in services, investing in server and storage products and capabilities, and growing aggressively in markets like China, India, Brazil, where you see much faster than market growth. But, also taking advantage of a very good market and a commercial refresh around the server and the client products that sell strong demand.

When you look at profitability, clearly we've executed well in notebooks and desktops, and improved our consumer business profitability, in the first quarter generating over four points of operating income, made dramatic improvements in the supply chain capabilities, a strong focus on moving to higher value products and services, as well, to higher value products and services, as well, moving enterprise mix with more intellectual property that we own, where we would have higher margins. We've also pruned significant low-margin business across the portfolio, and we will continue to do that. And we had very strong performance in our commercial businesses, where we saw great profitability.

At the same time, we've improved and held very strong working capital, efficiency across the business. We generated strong cash flow. When you look at the trailing 12 months cash flow from operations for the business it's at 4.2 billion. This continues to be very strong and it allows us to have a solid balance sheet and a solid cash position today.

When you look at the full-year results last year from a GAAP operating income standpoint. We were at 5.6 percent versus that 7 percent target. And when you look at a trailing 12-month basis, so include the first quarter of this year, we're now at 6.7 percent, so approaching that 7 percent target very closely.

On a non-GAAP basis, operating income for the total year last year was approaching 7 percent, and if you look at it on a trailing 12-month basis it was actually over 7, at 7.6 percent. So, in summary when you think about this framework, we remain committed to deliver on this financial framework, and we shared this framework two years ago. And I would say we're increasingly optimistic about how we're doing and progressing towards those targets.

So, we continue to shift the mix of the company to higher margin and higher growth products and solutions. And we continue to believe that we have a chance to drive more consistent, and recurring revenues across the portfolio. We're allocating our resources in a disciplined way, specifically around those areas that are going to drive higher profitability, and more growth. And we believe this is a solid plan for building the contemporary IT solutions company of the future, but also for delivering very solid results today.

So, with that I'll turn it back over to Larry Tu.

LARRY TU: Thank you very much, Brian. It is now approximately 8:45 a.m. central daylight time, and the polls are now closed. The voting inspectors have informed me of the preliminary results on each of the proposals. The final results will be filed and reported in a Form 8K file with the SEC.

Proposal one, election of directors: The number of shares voted for each nominee was a majority of the shares eligible to be voted. Therefore each of the named nominees has been elected to serve on the board until next year's annual meeting.

Proposal two, ratification of an independent auditor: The number of shares voted for the proposal was approximately 84 percent of the shares eligible to be voted, therefore the stockholders have approved and ratified the selection of PricewaterhouseCoopers as Dell's independent auditor for the current fiscal year.

Proposal three, advisory vote on named executive officer compensation. The shares voted for this proposal was approximately 72 percent of the shares eligible to be voted. Therefore the stockholders have approved the advisory vote on named executive officer compensation.

Proposal four, advisory vote on frequency of holding future advisory votes on named executive officer compensation: Annually, or every one year, received the highest percentage of votes, with 68 percent of the votes. Therefore, going forward we will hold these say-on-pay votes on an annual basis.

With respect to stockholder proposal number one, independent chairmen. The number of shares voted for this proposal was approximately 28 percent of the shares eligible to be voted. Therefore, stockholder proposal number one has not been approved by the shareholders.

Stockholder proposal number two, stockholder action by written consent. The number of shares voted for this proposal was approximately 33 percent of the shares eligible to be voted. Therefore, stockholder proposal number two has not been approved by the shareholders. And finally, stockholder proposal number three, declaration of dividends. The number of shares voted for the proposal was approximately 2 percent of the shares eligible to be voted. Therefore, stockholder proposal number two has also not been approved by the stockholders.

With that report this now concludes our official business, and I'll declare the official meeting to be adjourned. But, before we leave I would like to ask Mr. Alex Mandl, our lead director to come up to the front and he, along with Michael and Brian, would like to take this opportunity to take some questions from you. So, for those of you here in the room, if you have a question please raise your hand and we will bring a Microsoft to you. For those of you who are participating online you can submit your questions via the Web portal.

I think there will be mikes going around the room.

QUESTION: Thank you. Could you just confirm that all the members of the board of directors are present today, or name any who are not.

LARRY TU: Yes, they're all present. I think we had a question right here in the third row.

QUESTION: It was mentioned earlier that the Securities and Exchange Commission had discovered some, revealed some fraud activities in the company. Why didn't our auditing agency discover that, or did they?

LARRY TU: Well, as we have reported previously in various SEC fillings, we actually conducted a full audit committee investigation and reported the findings and conclusions, and restated our financial statements in connection with that. And that filing discussed the manner in which the issues were identified and resolved. And it also discussed the role of the external auditor in that process. So, that was a full investigation by the board's audit committee.

QUESTION: Yes, could you explain cloud computing a little bit, so we'll understand a little better?

MICHAEL DELL: Sure. The idea behind cloud computing is that instead of having servers and computing on-premise, or inside your organization, these are basically shared resources that are available on-demand. And so this can take many, many forms. You see -- I would tell you that the idea of cloud computing has gotten to be so popular that in some cases the term is may be overused a bit to refer to a wide variety of things. But, there's no question that the ability to build shared pools of compute power, computing power, that are available to businesses of all sizes, consumers, small businesses, large businesses, is extremely powerful.

So, for example, think about a mid-sized business that would have to implement an IT system. It has to, first of all, have IT people. And then it has to understand what application it's trying to deploy, it has to design the application, it has to build a data center, and it has to manage the data center, put the infrastructure in place. The idea behind cloud computing is that those businesses can now subscribe to that, and pay for it on demand. And we're providing many cloud computing services today to our customers.

So, one interesting example is medical imaging. You're probably familiar with x-rays, and there's something called PAX, which are another sort of more sophisticated reference to the billions of medical images that are being stored by various hospitals and doctors and clinicians, and various clinics out there.

It's a big challenge for both patients and caregivers to deal with all this information. So, one of the services we provide is a cloud-based archive with these medical images, and we now have over 4 billion of these medical images in our cloud-based service that we provide to doctors and hospitals of all sizes. So, that's a very easy way for those care-giving organizations to have that information available without having to go build out that capability itself.

We also see the rise of you've probably heard about fast growing companies like Facebook, or Twitter, or Zynga in other countries around the world there are unique companies. These are our customers and they're building clouds of a different type, using the servers and storage technology and capability that Dell is providing. So, we're participating in this in a wide variety of areas. It's an area of significant investment for the company. You'll see us with a number of announcements in the coming quarters, as we bring more cloud-based services to our customers of all types.

QUESTION: Good morning. My name is Stacy Guidry; I'm program director with the Texas Campaign for the Environment. I'm here on behalf of Robin Schneider, our executive director, who is on vacation in Africa inspecting some e-waste dumps in Ghana. Yes, she is still working on her vacation.

I would like to commend Dell for actually being one of the very few OEMs to publicly support the federal export bill. What is Dell willing to do to help us pass the federal export bill? And can we count on Dell using its D.C. lobbying staff to help the export bill pass?

This Congress is very responsive to the needs of the business community, and having a letter from you, Mr. Dell, CEO of an industry leader, would be significant measure of Dell's support for this very important legislation.

Also, on a side note, we are having our 20th anniversary party in September, which you are cordially invited to. It's a trash to fashion makeover show in North Austin, and if you wife Susan would like to be a celebrity judge, she is invited as well.

Thank you.

MICHAEL DELL: Sounds like fun. I'm not familiar with that specific legislation. I think we should go take a look at it. We are very involved in action about this topic. We think awareness is a big part of the opportunity. In fact, next week we're going to be having an event with the EPA here in Austin, where we're going to try to, again, raise awareness around the issue of e-waste, and make sure that customers of all sizes understand how to properly dispose of e-waste.

LARRY TU: Are there any further questions or any questions online?

QUESTION: I just want to be sure that I heard correctly that all of our directors are here physically? Is that correct?

LARRY TU: Yes, that is correct.

QUESTION: And could we know what percentage of votes each director received?

LARRY TU: I only have the preliminary results. I think if you will check outside the room with the voting inspector, they will have more information for you. And we'll certainly post the final tallies with our SEC filings.

Well, if there are no further questions, I'd like to close the meeting. Thank you all for coming, and for your continued support.

See you next year. (Applause.)

END