



They're all over the world, inspiring our most innovative thinking.



Fiscal 2005 in Review





Operating Results

(in millions, except per-share data)

| FISCAL-YEAR ENDED | JAN. 28, 2005 | JAN. 30, 2004 | % GROWTH RATES |
|--|---------------|---------------|----------------|
| Net revenue | \$ 49,205 | \$ 41,444 | 18.7% |
| Gross margin | \$ 9,015 | \$ 7,552 | 19.4% |
| Operating income | \$ 4,254 | \$ 3,544 | 20.0% |
| Pro-forma net income ⁽¹⁾ | \$ 3,323 | \$ 2,645 | 25.6% |
| GAAP net income | \$ 3,043 | \$ 2,645 | 15.0% |
| Pro-forma earnings per common share ⁽¹⁾ | \$ 1.29 | \$ 1.01 | |
| GAAP earnings per common share | \$ 1.18 | \$ 1.01 | |
| Weighted average shares | 2,568 | 2,619 | |
| Total cash and investments | \$ 14,126 | \$ 11,922 | |
| Total assets | \$ 23,215 | \$ 19,311 | |
| Long-term debt | \$ 505 | \$ 505 | |
| Total stockholders' equity | \$ 6,485 | \$ 6,280 | |

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands.

(1) Results for the period ended Jan. 28, 2005, exclude the impact of a \$280 million tax charge for the anticipated repatriation of earnings at a one-time favorable tax rate pursuant to the American Jobs Creation Act of 2004.



They're our customers.

To Our Customers, Partners, Shareholders and Colleagues:

Our fiscal 2005 was distinguished by best-ever operating results, and by the increasing reliance of customers on Dell as a diversified information-technology provider and partner.

Our shipments, revenue, operating profit and cash from operations were all company records. Product shipments increased 21 percent and revenue grew 19 percent to \$49.2 billion. Operating income rose 20 percent to \$4.3 billion, representing 8.6 percent of revenue, our highest rate in four years. We are well

established as the world's top supplier of computer systems, and achieved strong growth in every region, customer segment and product category.

Dell's exceptional performance again demonstrated the dedication and superb execution of a better way of doing business by our people around the world. Our business is a model for customer focus, growth and profitability. We ended the year well ahead of our plan to achieve annual revenue of \$60 billion by the end of fiscal 2007. Never satisfied, we've already set a new goal, and are following a plan to reach \$80 billion in sales.





◀ **Kevin B. Rollins**
President and Chief Executive Officer

We're proud of both *what* we're accomplishing and *how* it's being done. We begin and end every day working to deliver a superior customer experience. We're developing the capabilities of our people. We're sustaining and raising our tradition of working and succeeding as a team. And we're winning the right way, with a high level of integrity, on behalf of customers, investors, ourselves and others who hold stakes in Dell.

Dell directly receives feedback from millions of customers every day. That knowledge is the basis of where, when and how we act on their behalf. No other technology company listens to customers, collaborates with partners, adds its own significant layer of innovation and delivers relevant technology more efficiently and effectively than Dell.

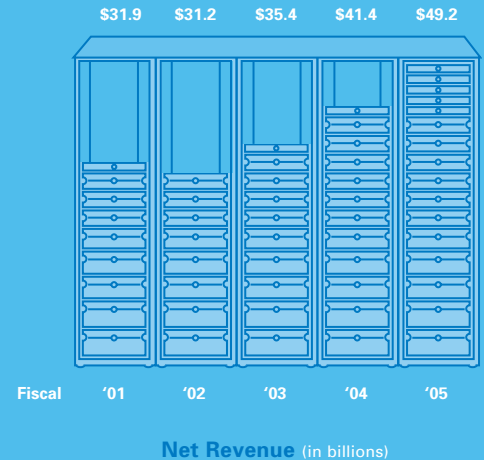
The priorities resulting from that customer-focused approach are defined by Dell's four, multiyear strategic corporate initiatives: driving **Global Growth**, achieving **Product Leadership**, enhancing the **Customer Experience** and developing our **Winning Culture**.

Michael S. Dell ▶
Chairman of the Board

“No other technology company listens to customers, collaborates with partners, adds its own significant layer of innovation and delivers relevant technology more efficiently and effectively than Dell.”



“Our growth in printing and imaging represents the most successful new-product entry in Dell history, and is the latest example of how prices drop and customer value increases when we enter a product segment.”



Global Growth

More customers in more places than ever are realizing the benefits of Dell's lean, direct business. Our growth last year, representing about 5.5 million computer systems, would have ranked No. 7 in worldwide share.

It's our objective to lead in all the regions we serve. The foundation of our success is the same in the United Kingdom and France, China and Japan, Canada and other countries. Customers want technology products and services that are relevant to them, offer great value and can be easily purchased and used. That's what our team around the globe consistently delivers.

In the United States, Dell continues as the preferred technology provider to businesses of all sizes, educational institutions, and consumers at home. Our U.S. growth was more than twice the rate of the rest of the industry.

In the largest countries outside the United States, Dell's growth was more than 30 percent, double the combined rate of other companies. The global applicability of our direct approach has never been clearer: our share

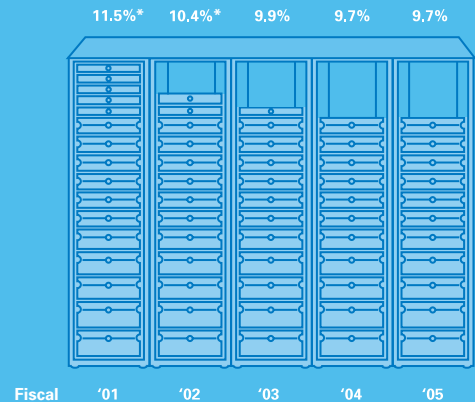
of customer demand in every region exceeds what our U.S. share was after a comparable number of years.

We're also significantly broadening the global base from which we serve customers. During the last year, Dell opened, expanded or disclosed plans for operations in Winston-Salem, N.C.; Oklahoma City, Okla.; West Chester, Ohio; Waco, Texas; Edmonton, Alberta, Canada; Glasgow, Scotland; Mohali and Hyderabad, India; and San Salvador, El Salvador. Last year alone, the company created 9,200 new jobs worldwide.

Product Leadership

While personal computing is an essential part of our heritage and future, Dell's capabilities now reach deeply into enterprise computing, enhanced services, and printing and imaging. Customers increasingly rely on us for an extensive range of products and services to improve their businesses and personal lives. Mobility products, network servers, storage systems, services, printers and related accessories now account for more than half of our revenue and an even greater portion of our operating income.

“The global applicability of our direct approach has never been clearer: our share of customer demand in every region exceeds what our U.S. share was after a comparable number of years.”



Operating Expenses (as a percent of net revenue)

*Pro-forma; FY '01 and '02 were 11.8 and 11.9 percent, respectively, on GAAP basis

Dell's innovation is apparent across all of our products and services, in the way we engage and manage relationships with customers, and in our world-class manufacturing capabilities and services.

For example, corporate and institutional customers remain strongly inclined toward our PowerEdge servers, and PowerVault and Dell | EMC storage systems, which allow them to expand their networks and data centers with the needs of their organizations. Such a “scalable enterprise” provides great flexibility, performance and reliability at a fraction of the cost of systems built on proprietary technology.

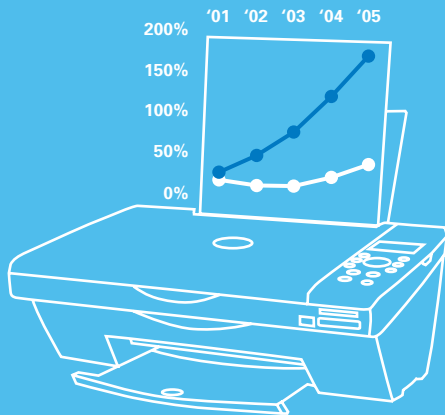
Our growth in printing and imaging represents the most successful new-product entry in Dell history, and is the latest example of how prices drop and customer value increases when we enter a product segment. Less than two years after introducing our first printers, we accounted for almost 12 percent of U.S. printer demand. Printing and imaging revenue last year reached nearly \$1.3 billion.

Customers and others acknowledge Dell's product leadership. Among honors last year, *PC Magazine* named the PowerEdge 2850 “Best Enterprise Server,” *InfoWorld* called the Dell | EMC AX100 storage system SAN “Technology of the Year,” and *PC World* recognized the Dell 3000cn color laser printer as a “Best Buy.”

Customer Experience

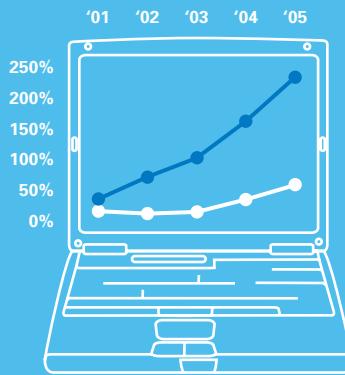
Product leadership helps attract new customers to Dell. But their subsequent experience is critical to returning again and again for their technology needs.

Meeting unique customer requirements is our responsibility and commitment. While doing so is complex and demands our constant attention, those requirements follow simple themes: provide quality products and services, resolve issues when they arise, and show customers how highly they're valued at Dell. For each of those areas, we persistently track and act in response to how customers say we're performing against a variety of specific standards.



(cumulative change)
Worldwide Growth
 (in Product Shipments)

Dell ● Industry ○



(cumulative change)
Worldwide Growth
 (in Standards-Based Server Shipments)

Dell ● Industry ○



(cumulative change)
U.S., Canada, and Latin America Growth
 (in Product Shipments)

Dell ● Industry ○

Importantly, the degree to which we achieve objectives for customer satisfaction is directly tied to the compensation of people throughout our organization.

Among other benefits, to customers and Dell, such information helps identify and address issues earlier. In one example, Dell has been a leader in educating customers about the existence and severity of computer security risks, including software viruses and Internet spyware, and developed services that help protect systems from unwanted software and “clean” computers already infected.

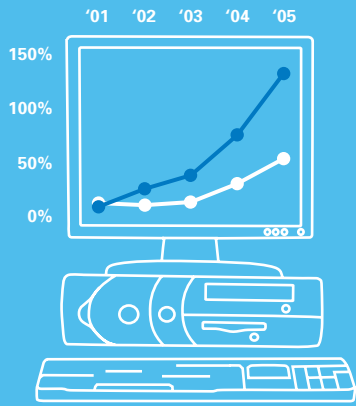
Demand by enterprise customers for Dell’s enhanced services has resulted in revenue growth of nearly 40 percent annually for three consecutive years. We expect services sales to grow at a rate faster than the company average as we further expand capabilities based on customer requirements. For instance, we now have Enterprise Command Centers in the United States, Ireland, China and Japan to monitor and respond to real-time needs of enterprise customers around the world, around the clock.

Winning Culture

Dell’s commitment to customers is matched only by our determination to make ours a truly great global company. That continuous pursuit includes cultivating our unique winning culture.

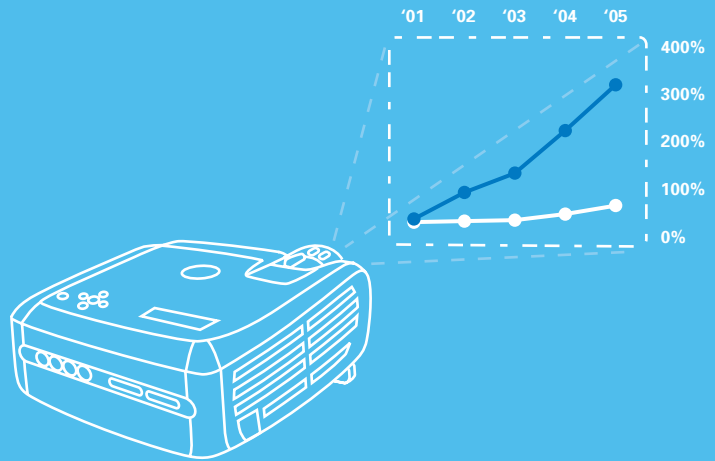
We work relentlessly to develop leadership skills at all levels within the Dell team. We are encouraging personal accountability for customer satisfaction and company performance. We are maintaining a higher standard of integrity and ethical behavior. And we are building and developing a workforce that is diverse in background, skill, thought and potential.

We also know that Dell’s role as a global corporate citizen extends well beyond the products we build and the services we deliver. That’s why we’re increasingly influencing social issues of importance to our people and our customers. We are active in global coalitions working to address HIV and to advance workplace principles with suppliers, as examples.



(cumulative change)
Europe, Middle East and Africa Growth
 (in Product Shipments)

Dell ● Industry ○



(cumulative change)
Asia-Pacific/Japan Growth
 (in Product Shipments)

Dell ● Industry ○

Last year we had record participation in our “One Dell: One Community” initiative, with nearly 18,000 Dell employees worldwide volunteering in their communities. The substantial financial contributions of our people included more than \$2 million to the Asian tsunami relief effort. In the United States, Dell was recognized with a national award for our work with food banks to combat hunger.

Our work on behalf of the environment is considerable. Dell-sponsored programs and company services last year accounted for the recycling of nearly 33,000 tons or 30 million kilograms of computers and related products. We’re redesigning our systems for the environment, reducing the volume and original content of supplies used in manufacturing and distribution, and recycling paper, plastic and other resources in our operations worldwide.

Dell accomplished a great deal during its 21st year. Our people understand that and are justifiably proud. We are humbled and honored when others make note of what

we’ve done, including *Fortune* magazine, which recently named Dell America’s Most Admired Company and ranked us No. 3 worldwide.

However, we see fiscal 2005 as simply the first of our next 20 years. We see our obligation to customers growing every day. And we see extraordinary opportunity for Dell and its stakeholders, through existing and new customers, products and services.

The future holds great challenge and promise for Dell. While we approach our future respectfully, we also do so confidently. It’s a view we like very much. And our intention is to fully realize what it offers over time.

Michael S. Dell Chairman of the Board

Kevin B. Rollins President and Chief Executive Officer



Direct relationships help Dell focus research and development efforts to best meet the needs of global customers such as DaimlerChrysler.

We listen, and then innovate.

At Dell, innovation is based on a simple philosophy: listening to and efficiently meeting the real-world needs of customers.

Every day, we interact personally and directly with millions of customers. No other information-technology company can make that claim. Throughout the world, customers tell us what they need today, and how those requirements are evolving and growing over time.

Our global teams meet regularly with customers, including most of the world's largest companies—companies such as ExxonMobil, General Electric and 3M. Feedback also is captured from small-business and institutional customers who interact with Dell online and through account teams, and by home customers

who configure and order customized systems through www.dell.com or with individual sales representatives.

This unfiltered, direct customer contact helps us focus our research and development efforts on technologies that have the greatest impact. We see trends as—even before—they happen. Small- and medium-sized businesses requiring storage-area networks they can afford and install themselves. Large, global businesses needing remote update and server-management features. Printing and imaging products that are easier and less costly to purchase and use.

Innovation that benefits customers is ultimately the only kind that matters.



▲ *Engineers in Dell's Enterprise Systems Test laboratory help customers configure data centers and integrate customized hardware and software.*

▼ Collaboration between Dell and its partners includes product testing, such as the ability for mobile computers to withstand extreme temperatures in thermal chambers at Dell's Highly Accelerated Life Test laboratory.





Honeywell and other customers rely on Dell's shared knowledge and expertise with Intel, Oracle, EMC, Red Hat and other leading companies to deliver the latest, most relevant products and services.

We surround ourselves with the best.

More than ever, the most important technologies are the collaborative work of dozens of companies large and small.

Dell recognized early that it is costly and inefficient—for customers and for shareholders—to recreate work others have done very well. That's why we foster an open environment of partnerships that brings together the best talent from across the industry. The result is we are able to deliver a collective research-and-development investment of more than \$20 billion annually to meet real customer needs.

Dell engineers share their unique knowledge and expertise with counterparts at Intel, Oracle, EMC,

Red Hat and other leading innovative companies. Then they assemble technologies from those companies and add a significant layer of innovation to create more powerful, more reliable and less expensive products and services. Customers overwhelmingly are choosing Dell systems in network and personal computing, and are showing similar preferences in network storage, printing and imaging, and consumer electronics.

Dell customers get the latest and most relevant technology at an unmatched value. For Dell, the approach is pragmatic and sustainable, generating more than \$9 in operating income for every dollar invested in research and development.



Rigorous product testing has helped the National Center for Supercomputing Applications at the University of Illinois–Urbana Champaign and NASA’s Jet Propulsion Laboratory build some of the world’s most powerful supercomputers.

We design.

The work of Dell engineers is at the fingertips of hundreds of millions of people worldwide.

More than 4,000 Dell electrical, industrial-design, software and other engineers in the United States, China, Singapore and other global facilities are taking customer feedback and creating new functions and features for a broad array of technology products and services. The patented intellectual property we are creating is substantial and growing.

State-of-the-art laboratories test all aspects of product durability, including heat dissipation, impact absorption, system noise and performance in extreme temperatures. Industrial designers develop prototype rack and blade servers, lightweight mobility products and more. Test laboratories for enterprise systems replicate elaborate data centers to help customers appropriately select hardware purchases as their businesses grow.

Through these facilities, Dell engineers have helped: Extend battery life in mobile computers, while shortening the average time needed to recharge these batteries by 75 percent. Deliver blade servers with greater density, performance and compatibility with future designs that together drive down costs for customers. Develop a high-performance cluster of Dell servers that was the fourth most powerful supercomputer in the world. And make storage-area networks that are easier to install and configure for businesses of all sizes, and that cost customers 60 percent less.

Customers ultimately decide what’s innovative and what isn’t by how they spend their money. Large businesses are overwhelmingly choosing standards-based technology—designed by Dell—that is more powerful, more reliable and less expensive than ever.



▲ *Dell engineers painstakingly measure and improve product quality and reliability, including noise generated by PowerEdge servers in acoustics laboratories.*

▼ *Dell's manufacturing facilities around the world efficiently build computer systems to customer specifications.*





Dell's logistics expertise makes complex technology easier to deploy and manage in hundreds of locations around the globe at substantial savings for businesses such as **United Technologies Corporation.**

Our manufacturing innovation.

Dell is studied by customers worldwide for its expertise in manufacturing.

The company's core products—servers, storage systems, mobile and desktop computers—are made to order by Dell employees in six manufacturing locations around the world. The company continues to invest in manufacturing, this year expanding its U.S. operations with its newest and largest facility, the company's seventh overall, in North Carolina.

In these factories, ever-improving Web-based applications help control the flow of customer orders and components necessary to fulfill them. Dell maintains inventory levels of only four days, even as it serves more customers with more products in more

markets every day. The company continues to improve productivity, increasing output by nearly 400 percent over the past four years. And our employees continually search for and remove unnecessary costs from operations—\$1.9 billion over the past year alone.

No other major computer-systems company—and few, if any, in any industry—manages its supply chain or uses it as a customer and competitive advantage as effectively as Dell. Process improvements benefit Dell and customers through lower costs, better quality and better overall customer experience. At a time when the technology industry continues to consolidate, and most companies outsource the design and manufacture of their products, Dell continues to expand and enhance its innovative manufacturing capabilities.



Companies such as China telecom manufacturer, Huawei Technologies, require Dell's highest level of enterprise services, including support from its Enterprise Command Centers, to ensure non-stop operation of its mission-critical business systems.

Customer experience second to none.

Innovation that matters is measurable in the number of customers who purchase it.

Dell works every day to delight a broad range of customers—from large, global businesses to public institutions to home consumers—with an equally diversified range of products and services. Among them: eighth-generation PowerEdge servers with exceptional heat dissipation and remote management features, and Latitude mobile computers that weigh less than four pounds and can deliver nearly all-day computing on a single battery charge. Soon, high-end Dimension gaming systems and Dell Precision workstations will implement dual-core processor technology to enable users to simultaneously run numerous complicated tasks.

Dell's associated services are equally impressive. Enterprise Command Centers in the United States, Ireland, China and Japan track meteorological and other threats to provide around-the-clock support for the networks of corporate customers. The company's enhanced services help businesses more quickly and efficiently implement new technology. And Dell's leading global technical-support operations consistently differentiate it from other companies.

The growth in customers selecting Dell is telling. With strong double-digit increases in all Dell product categories and regions of the world, the feedback loop we listen to—and innovate based on—grows larger every day.

▼ Representatives in Dell's Enterprise Command Centers provide 24-hour support to customers.





▲ **Enterprise Systems.** Dell's standards-based **PowerEdge** servers are designed to provide customers affordable performance, reliability and scalability. Options include high-performance rack, tower and blade servers for enterprise customers and aggressively priced tower servers for small organizations and workgroups/remote locations. **OpenManage 4** systems management software makes it easy to deploy, manage, and monitor servers from any location. **PowerVault** and **Dell | EMC** are comprehensive storage product portfolios that allow customers to cost-effectively store, serve and protect data. The lines include external storage, tape-backup products, network-attached storage, fibre-channel arrays, storage-area networks, and rack solutions. **PowerConnect** switches, which connect computers and servers in small- to medium-sized networks, offer customers enterprise-class features and reliability at a low cost.



▲ **Corporate Computer Systems.** **OptiPlex** desktop computers are for corporate and institutional customers who demand highly reliable, stable, manageable and easily serviced systems within networked environments. **Latitude** mobile computers deliver powerful performance for a variety of business and organizational needs and range from wireless-ready, highly expandable full-featured models to thin, light ultra-portable models. **Dell Precision** workstations with wide-screen LCD monitors run highly complex applications, such as three-dimensional computer-aided design, digital content creation, software development and financial/economic modeling.

▲ **Printers.** Dell printers range from photo printers for consumers to color lasers for corporate workgroups. The Dell printer product line is focused on making printing easier to buy, own and use. All Dell printers include the **Dell Ink Management System** or **Dell Toner Management System**, which simplify ink and toner replacement, and other features that deliver great overall value.

▼ **Software and Peripheral Products.** Dell's consumer electronics are a natural extension of the company's computer systems. Products include Dell plasma and LCD TVs, projectors, **Dell Digital Jukebox** and **Pocket DJ** music players, and **Axim** handheld computers. Dell also offers a multitude of competitively priced software and peripheral products from more than 900 manufacturers, including software, monitors, mobile computing accessories, networking and wireless products, memory, digital cameras and scanners.



▲ **Consumer Computer Systems.** **Inspiron** mobile computers are for customers who want powerful systems at leading prices. Dell's high-performance **Dimension** desktops with **UltraSharp** LCD monitors meet the productivity and entertainment needs of small businesses and home users. **Dimension** and **Inspiron XPS** products are for high-end multimedia and gaming enthusiasts.

Services. Tying all Dell products together are a comprehensive suite of customized services and support programs tailored to meet specific customer requirements. **Dell Professional Services** are end-to-end solutions that help businesses get the most of their technology investments. **Dell Managed Services** assist customers in planning, deployment, maintenance, asset management, on-site field services and other related services. **Deployment** services are designed to rapidly configure and deploy Dell systems and products into IT environments and include custom-factory integration, asset management and recovery, custom delivery, installation, managed deployment and image management services. Additionally, Dell provides a variety of customized **support services** from the highest level of enterprise assistance for server and storage systems to the **Dell Solutions Center**, which offers warranties, security protection, 24-hour telephone and online technical support and at-home services for consumer customers. Dell's **training and certification** programs offer courses for consumers, business and IT professionals.

Operating Results (in millions, except per-share data)

| FISCAL-YEAR ENDED | JAN. 28, 2005 ⁽¹⁾ | JAN. 30, 2004 | JAN. 31, 2003 | FEB. 1, 2002 ⁽²⁾ | FEB. 2, 2001 ⁽³⁾⁽⁴⁾ |
|-------------------------------------|------------------------------|---------------|---------------|-----------------------------|--------------------------------|
| Net revenue | \$ 49,205 | \$ 41,444 | \$ 35,404 | \$ 31,168 | \$ 31,888 |
| Gross margin | \$ 9,015 | \$ 7,552 | \$ 6,349 | \$ 5,507 | \$ 6,443 |
| Pro-forma operating income | \$ 4,254 | \$ 3,544 | \$ 2,844 | \$ 2,271 | \$ 2,768 |
| GAAP operating income | \$ 4,254 | \$ 3,544 | \$ 2,844 | \$ 1,789 | \$ 2,663 |
| Pro-forma net income | \$ 3,323 | \$ 2,645 | \$ 2,122 | \$ 1,780 | \$ 2,310 |
| GAAP net income | \$ 3,043 | \$ 2,645 | \$ 2,122 | \$ 1,246 | \$ 2,177 |
| Pro-forma earnings per common share | \$ 1.29 | \$ 1.01 | \$ 0.80 | \$ 0.65 | \$ 0.84 |
| GAAP earnings per common share | \$ 1.18 | \$ 1.01 | \$ 0.80 | \$ 0.46 | \$ 0.79 |

Percent of Net Revenue

| FISCAL-YEAR ENDED | JAN. 28, 2005 ⁽¹⁾ | JAN. 30, 2004 | JAN. 31, 2003 | FEB. 1, 2002 ⁽²⁾ | FEB. 2, 2001 ⁽³⁾⁽⁴⁾ |
|-------------------------------------|------------------------------|---------------|---------------|-----------------------------|--------------------------------|
| Pro-forma operating income | 8.6% | 8.6% | 8.0% | 7.3% | 8.7% |
| GAAP operating income | 8.6% | 8.6% | 8.0% | 5.8% | 8.4% |
| Pro-forma net income | 6.8% | 6.4% | 6.0% | 5.7% | 7.2% |
| GAAP net income | 6.2% | 6.4% | 6.0% | 4.0% | 6.8% |
| Pro-forma income tax rate | 25.2% | 29.0% | 29.9% | 28.0% | 30.0% |
| GAAP income tax rate | 31.5% | 29.0% | 29.9% | 28.0% | 30.0% |
| Net revenue, by region | | | | | |
| Americas | 67% | 69% | 71% | 70% | 72% |
| Europe | 22% | 21% | 19% | 21% | 20% |
| Asia-Pacific and Japan | 11% | 10% | 10% | 9% | 8% |
| System net revenue, by product line | | | | | |
| Desktops | 50% | 51% | 53% | 53% | 53% |
| Notebooks | 29% | 27% | 27% | 28% | 29% |
| Enterprise | 21% | 22% | 20% | 19% | 18% |

(1) Pro-forma excludes the impact of a \$280 million tax charge for the anticipated repatriation of earnings at a one-time favorable tax rate pursuant to the American Jobs Creation Act of 2004.

(2) Pro-forma excludes a pretax charge of \$742 million. Approximately \$482 million related to employee termination benefits, facilities closure costs and other asset impairments and exit costs, while the balance of \$260 million related to other-than-temporary declines in the fair value of equity securities.

(3) Pro-forma excludes a pretax charge of \$105 million related to employee termination benefits and facilities closure costs.

(4) Effective Jan. 29, 2000, Dell adopted the Securities and Exchange Commission Staff Accounting Bulletin no. 101, Revenue Recognition in Financial Statements ("SAB 101"), as amended. It resulted in a change in the method of accounting for certain product shipments. The cumulative effect of this change was \$59 million, net of taxes, and had no material effect on Dell's previously reported revenue or quarterly earnings (other than the cumulative effect) during fiscal 2001.

(5) Days of sales outstanding include the effect of product costs related to customer shipments not yet recognized as revenue that are classified in other current assets. At Jan. 28, 2005; Jan. 30, 2004; Jan. 31, 2003; Feb. 1, 2002; and Feb. 2, 2001, days of sales outstanding included days of sales in accounts receivable and days of in-transit customer shipments of 29 and three days; 28 and three days; 24 and four days; 25 and four days; and 27 and five days, respectively.

Financial Position (in millions)

| FISCAL-YEAR ENDED | JAN. 28, 2005 | JAN. 30, 2004 | JAN. 31, 2003 | FEB. 1, 2002 | FEB. 2, 2001 |
|--|---------------|---------------|---------------|--------------|--------------|
| Total cash and investments | \$ 14,126 | \$ 11,922 | \$ 9,905 | \$ 8,287 | \$ 7,853 |
| Total current assets | \$ 16,897 | \$ 10,633 | \$ 8,924 | \$ 7,877 | \$ 9,726 |
| Property, plant and equipment, net | \$ 1,691 | \$ 1,517 | \$ 913 | \$ 826 | \$ 996 |
| Total assets | \$ 23,215 | \$ 19,311 | \$ 15,470 | \$ 13,535 | \$ 13,670 |
| Total current liabilities | \$ 14,136 | \$ 10,896 | \$ 8,933 | \$ 7,519 | \$ 6,778 |
| Long-term debt | \$ 505 | \$ 505 | \$ 506 | \$ 520 | \$ 509 |
| Stockholders' equity | \$ 6,485 | \$ 6,280 | \$ 4,873 | \$ 4,694 | \$ 5,622 |
| Total liabilities and stockholders' equity | \$ 23,215 | \$ 19,311 | \$ 15,470 | \$ 13,535 | \$ 13,670 |

Key Ratios

| FISCAL-YEAR ENDED | JAN. 28, 2005 | JAN. 30, 2004 | JAN. 31, 2003 | FEB. 1, 2002 | FEB. 2, 2001 |
|--|---------------|---------------|---------------|--------------|--------------|
| Current ratio | 1.20 | 0.98 | 1.00 | 1.05 | 1.44 |
| Quick ratio | 1.01 | 0.81 | 0.81 | 0.82 | 1.16 |
| Days of supply in inventory | 4 | 3 | 3 | 4 | 5 |
| Days of sales outstanding ⁽⁵⁾ | 32 | 31 | 28 | 29 | 32 |
| Days in accounts payable | 73 | 70 | 68 | 69 | 58 |
| Cash conversion cycle | (37) | (36) | (37) | (36) | (21) |

Other Data (*in millions)

| FISCAL-YEAR ENDED | JAN. 28, 2005 | JAN. 30, 2004 | JAN. 31, 2003 | FEB. 1, 2002 | FEB. 2, 2001 |
|---------------------------------------|---------------|---------------|---------------|--------------|--------------|
| Employees | 55,200 | 46,000 | 39,100 | 34,600 | 40,000 |
| Average total revenue per unit | \$ 1,570 | \$ 1,600 | \$ 1,720 | \$ 1,830 | \$ 2,170 |
| Shares issued and outstanding* | 2,485 | 2,556 | 2,579 | 2,602 | 2,601 |
| Weighted average shares outstanding* | 2,568 | 2,619 | 2,644 | 2,726 | 2,746 |
| Closing stock price (NASDAQ: DELL) | \$ 41.06 | \$ 33.44 | \$ 23.86 | \$ 26.80 | \$ 25.19 |
| Market capitalization* | \$ 102,000 | \$ 85,500 | \$ 61,500 | \$ 69,734 | \$ 65,563 |

Senior Officers

Michael S. Dell
Chairman of the Board

Kevin B. Rollins
President
and Chief Executive Officer

William J. Amelio
Senior Vice President,
Asia-Pacific and Japan

Paul D. Bell
Senior Vice President,
Europe, Middle East and Africa

Francesca L. Brockett
Vice President,
Corporate Strategy

Jeffrey W. Clarke
Senior Vice President,
Product Group

Martin J. Garvin
Senior Vice President,
Worldwide Procurement
and Global Customer Experience

Alexander Gruzen
Senior Vice President,
Product Group

Michael A. George
Chief Marketing Officer
and Vice President,
U.S. Consumer Business

John S. Hamlin
Senior Vice President,
U.S. Consumer Business
and Dell International Services

Joan S. Hooper
Vice President,
Corporate Finance,
and Chief Accounting Officer

Joseph A. Marengi
Senior Vice President,
Americas

Paul D. McKinnon
Senior Vice President,
Human Resources

John K. Medica
Senior Vice President,
Product Group

Randall D. Mott
Senior Vice President
and Chief Information Officer

Glenn E. Neland
Senior Vice President,
Worldwide Procurement
and Global Customer Experience

Rosendo G. Parra
Senior Vice President,
Americas

James M. Schneider
Senior Vice President
and Chief Financial Officer

Lawrence P. Tu
Senior Vice President,
General Counsel
and Secretary

Lynn A. Tyson
Vice President,
Investor Relations
and Corporate Communications

Thurmond B. Woodard
Vice President,
Global Diversity,
and Chief Ethics Officer

Board of Directors

Michael S. Dell
Chairman of the Board

Donald J. Carty
Retired Chairman
and Chief Executive Officer,
American Airlines Inc.
Committee: Audit (Chair)

William H. Gray III
Former President
and Chief Executive Officer,
United Negro College Fund
Audit, Governance and Nominating

Judy C. Lewent
Executive Vice President
and Chief Financial Officer
President,
Human Health Asia
Merck & Co. Inc.
Compensation, Finance

Thomas W. Luce III
Former Founder
and Managing Partner,
Hughes & Luce, LLP
Audit, Finance

Klaus S. Luft
Owner and President
MATCH - Market Access
for Technology Services
GmbH, and Vice Chairman/
International Advisor,
Goldman Sachs Europe Ltd.
Compensation

Alex J. Mandl
President
and Chief Executive Officer,
Gemplus International S.A.,
Finance (Chair)

Michael A. Miles
Special Limited Partner,
Forstmann Little & Co.,
and Former Chairman of the Board
and Chief Executive Officer,
Philip Morris Companies Inc.
*Compensation (Chair), Governance
and Nominating*

Samuel A. Nunn, Jr.
Former U.S. Senator
and current Co-Chairman and
Chief Executive Officer,
Nuclear Threat Initiative
*Audit, Governance and
Nominating (Chair);
Presiding Director*

Kevin B. Rollins
President
and Chief Executive Officer
Dell Inc.

Investor Data

Dell's common stock is traded on The Nasdaq National Market under the symbol "DELL."

The company's stock was initially offered to the public on June 22, 1988, at \$8.50 per share. Following is a roster of subsequent stock splits:

| | |
|----------------|---------|
| April 1992 | 3-for-2 |
| October 1995 | 2-for-1 |
| December 1996 | 2-for-1 |
| July 1997 | 2-for-1 |
| March 1998 | 2-for-1 |
| September 1998 | 2-for-1 |
| March 1999 | 2-for-1 |

Example: One hundred shares of Dell stock at the IPO was equal to 9,600 shares at the end of fiscal 2005.

Extensive investor information, including Dell's Fiscal 2005 in Review and SEC filings, can be found on the World Wide Web at www.dell.com/investor.

For printed copies of the annual report on Form 10-K (without exhibits) for fiscal-year 2005, or other investor data, contact:

Investor Relations
Dell
One Dell Way, Round Rock, TX 78682-2222
512-728-7800
Investor_Relations_Fulfillment@dell.com
www.dell.com/investor

The company's 2005 annual shareholders meeting will be held at 8 a.m. on Friday, July 15, at the Austin Convention Center, 500 E. Cesar Chavez St., Austin, Texas.

Information about stock certificates, changing an address, consolidating accounts, transferring ownership or other stock matters can be obtained from:

American Stock Transfer and Trust Company
40 Wall St., 46th Floor, New York, NY 10005
www.amstock.com
800-937-5449

Independent Accountants: PricewaterhouseCoopers LLP, Austin, Texas

Regional Headquarters

Americas

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

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

Asia-Pacific

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

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

Manufacturing Centers

Dell manufactures its computer systems in six locations:

Austin, Texas, United States
Nashville, Tennessee, United States
Eldorado do Sul, Brazil
Limerick, Ireland
Penang, Malaysia
Xiamen, China

A seventh location—the largest facility in Dell's global operations—to open fall 2005 in Winston-Salem, N.C.

Corporate Governance

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 its stockholders. The Board has adopted Corporate Governance Principles, 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 its interactions with others. A copy of Dell's Corporate Governance Principles can be found at www.dell.com/commitment.

Sustainability

At Dell, being a great global company is demonstrating social and environmental responsibility. Dell's approach to stewardship incorporates every stage of the product life cycle, from product concept and design, to manufacturing and operations, to customer ownership experience, and finally, to disposal of end-of-life equipment. By offering recycling and donation options for businesses and consumers, Dell makes it easy and affordable for customers to responsibly dispose of their unwanted computer equipment. This fiscal year, Dell made computer recycling free with purchase to U.S. consumers, and set a voluntarily aggressive goal to increase global product recovery by 50 percent. The company also developed a forest stewardship program to incorporate recycled content in catalogues, encouraging other corporations to follow suit. These activities helped earn Dell the 2004 award for environmental progress from *Business Ethics* magazine.

Dell's commitment to global leadership extends to social issues. This year the company joined the Global Business Coalition on HIV/AIDS and endorsed the Calvert Women's Principles. Dell has demonstrated that the company can continue to grow profitably while being socially and environmentally responsible. A full account of Dell's objectives and performance is available in the Fiscal 2005 Sustainability Report, which can be found at www.dell.com/environment.

Global Diversity

Diversity is essential to maximizing our customers' experience and creating a winning culture that fosters excellence and continuous improvements throughout the company. Today, more than half of our U.S. employment is represented by women and minorities and more than one-third are managers. We provide online diversity and multi-cultural training, networking groups, mentoring, career coaching and work/life effectiveness programs to ensure we're recruiting and retaining the best and brightest talent in the industry.

Dell remains committed to supplier diversity. Since 2001, Dell has steadily increased its spending with Minority and Women Business Entrepreneurs (MWBE) by more than 66 percent. Last year, we estimate \$1.5 billion in spending with MWBEs, and ranked No. 7 on the Div50 listing, the highest ranking among technology companies. We continue to partner extensively with diverse organizations such as: Congressional Black Caucus Foundation and the Congressional Hispanic Caucus Institute; historically black colleges and universities; National Urban League; United Negro College Fund; Catalyst; National Society of Black and Hispanic MBAs; National Council of La Raza; Out and Equal; and the Asian, Native American, Hispanic and African-American Chambers of Commerce. For more information on Dell's diversity initiatives, visit: www.dell.com/diversity.

Community Engagement

Globally, Dell employees are dedicating thousands of hours and donating millions of dollars every year to organizations such as International Red Cross, Habitat for Humanity, United Way, Second Harvest and Earth Share. Through the company's One Dell: One Community program, employees combine team building and volunteerism to benefit local communities. Last year, the program culminated with Global Community Involvement Month when nearly 18,000 employees from 28 countries volunteered time in their communities. During the year-end holidays, U.S. Dell employees donated 545,000 pounds of food, which provided more than 716,000 meals for hungry families. Employee food-bank support helped earn the company the Group Volunteer of the Year Award from America's Second Harvest, the nation's largest hunger relief organization.

The Dell Foundation, the company's corporate giving division, offers several grant opportunities which provide funds for health and human services, education, literacy and technology access programs for youth around the world. More information about Dell's community activities can be found at www.dell.com/dellfoundation.



Dell, the Dell logo, PowerEdge, PowerVault, PowerConnect, Dell Precision, Inspiron, Latitude, OptiPlex, Dimension and Axim are trademarks of Dell Inc. Other trademarks and trade names used in this document refer either to the entities claiming the marks and names, or to their products. Dell disclaims proprietary interest in the marks and names of others.

Statements in this report that relate to future results and events are based on the company's current expectations. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including general economic and business conditions; the level of demand for the company's products and services; the level of intensity of competition in the technology industry and the pricing pressures that have resulted; the company's ability to timely and effectively manage periodic product transitions, as well as component availability and cost; the company's ability to develop new products based on new or evolving technology and the market's acceptance of those products; the company's ability to manage its inventory levels to minimize excess inventory, declining inventory values and obsolescence; the product, customer and geographic sales mix of any particular period; the company's ability to effectively manage its operating costs; and the effect of armed hostilities, terrorism, natural disasters or public-health issues on the economy generally, on the level of demand for the company's products and services and on the company's ability to manage its supply and delivery logistics in such an environment. Additional discussion of these and other factors affecting the company's business and prospects is contained in the company's periodic filings with the U.S. Securities and Exchange Commission.

©Dell Inc.

Design: Perich + Partners Ltd. Photography: Bob Stevens Photography, Wyatt McSpadden and Bryan Kuntz. Printer: SandyAlexander Inc.



www.dell.com

Dell is an Equal-Opportunity/Affirmative-Action Employer