

June 2009



To Our Customers, Shareholders, Partners and Colleagues:

I started Dell 25 years ago with the simple idea that listening directly to customers, understanding their needs, and providing great technology, service and value would be compelling to them and successful for us. It has been, on both counts. No company in our industry has grown organically over its first 25 years as fast as Dell. We are proud to be part of the lives of hundreds of millions of customers all over the world.

Information technology has changed tremendously since 1984, a lot of it created or led by Dell. This constant and accelerating advancement has been very good for customers, who continue to benefit from ever more powerful technology, which they use to change the world.



Dell has a unique ability to quickly learn, adapt and evolve to ever-changing customer requirements. We showed that again in our fiscal 2009, even as we were transforming our own business. Our solid operating performance in the first two quarters was muted by the soft global economic environment in the second half of the year, which caused many customers to defer technology purchases. Even so, customers who continued to invest in technology increasingly asked Dell to help them reduce the cost and complexity of IT.

Within the company, we turned our focus to increasing efficiency, ensuring profitability, and carefully managing our balance sheet and cash flow. For the full year we generated revenue of \$61.1 billion, more than \$3 billion in operating income and earnings of \$1.25 per share. We ended the year with \$9.5 billion in cash and investments; by the close of our most recent quarter, that had grown to \$10.7 billion. You will find details about our fiscal 2009 performance on the [Download Center](#) page of the Year in Review.

While last year's financial results were solid given the economic environment, we are not satisfied. Our operating philosophy remains focused on balancing liquidity, profitability and growth over time. In the first quarter of this year, we completed our reorganization into four global business units—Large Enterprise, Public, Small and Medium Business, and Consumer—each focused specifically on the needs of distinct customer groups. The new structure puts us closer than ever to customers and enables us to reach new levels of performance and efficiency. We recently increased our target for annualized cost

reductions by the end of fiscal 2011 from \$3 billion to \$4 billion, and will remain vigilant in looking for ways to more efficiently serve our customers.

There is enormous room for growth from products and services already in our portfolio, including our best-ever range of mobile computer systems. Growth opportunities exist across our four business units and in all regions, especially in the world's rapidly emerging economies—including China, India, Brazil, and Russia, where Dell's combined growth has outpaced the overall industry for more than two years.



Reaching the full potential of our core business, accelerating execution against our operating-agenda priorities and intensifying our focus on cost competitiveness will fuel Dell's future growth. Spending more efficiently on our current business increases our ability to invest in both developing our own capabilities and acquiring new ones, particularly in servers, storage, services and software. Customers are taking us deeper into enterprise computing, where we are helping them build the data center of the future today: secure, energy-efficient virtualized servers; high-performance, standards-based storage solutions optimized for virtualization; new managed and Internet-based cloud services; and infrastructures for other cloud providers.

We are also transforming Dell from within. We already sell one of every four standards-based servers worldwide, we have quadrupled revenue from EqualLogic storage systems in less than 18 months, and we have grown our enhanced-services business to more than \$5 billion annually. We continue to enjoy strong alliances with other leaders in our industry, such as EMC, Microsoft and Intel. We are making it easier for customers of all types to choose Dell, by making our products available through 40,000 commercial sales partners and in 30,000 consumer retailers. And we are earning broad recognition for our leadership in corporate responsibility, including environmental and other sustainability initiatives.



Taken together, the company is extremely well positioned for the start of our next 25 years. While it is uncertain when growth in IT spending will return to historical levels, we are preparing for a powerful replacement cycle. As that occurs, strong relationships with customers across our direct, partner, and retail channels will remain fundamental to Dell, and continue to distinguish us from competitors.

We are proud of our accomplishments since 1984. However, our strong and dedicated team is focused on the future, and the role that technology plays in solving the world's biggest challenges. We are helping the largest governments and corporations to simplify and become more efficient. We are empowering schools to provide better education, and health-care providers to deliver better care. We are driving small businesses, the global

economic backbone. And we are giving families everywhere access to essential technology tools, so that they can fully participate in the digital millennium.

Our future will take us from the desktop, to the data center, to the cloud, and into the hands of billions of potential new customers who are carrying the Internet—essentially the world—with them everywhere they go.



This is what excites us about the next 25 years.

Michael Dell

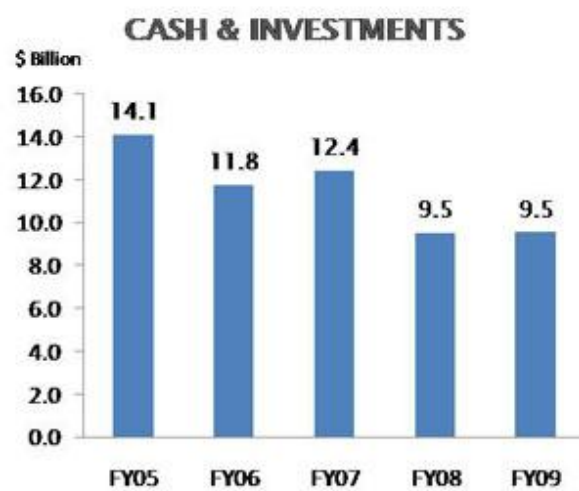
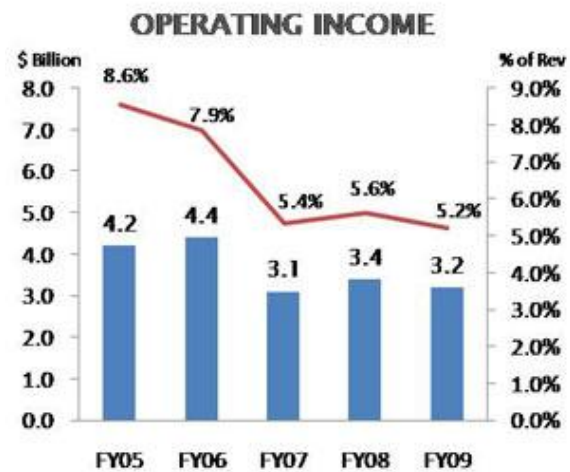
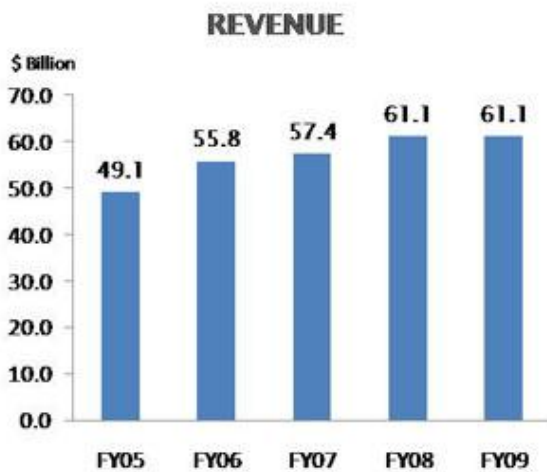
A handwritten signature in black ink that reads "Michael Dell".

Chairman of the Board  
and Chief Executive Officer

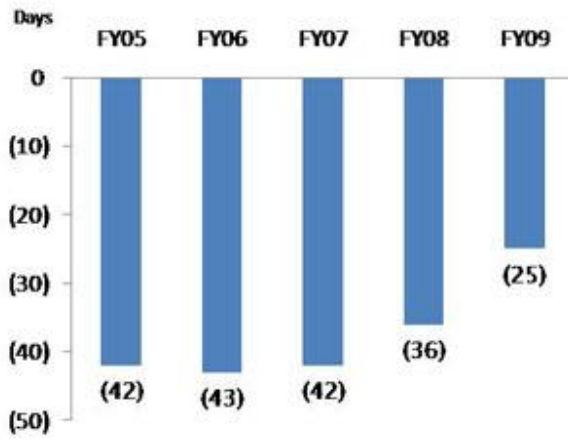
## FY09 COMPANY HIGHLIGHTS

- Dell grew units 11% versus 9.7% for the industry
- Dell's total commercial units outgrew the industry by more than 2 percentage points
- Consumer grew at 1.9X the industry, while improving profitability
- BRIC countries units grew 43% versus industry growth of 6%
- Reduced Opex ahead of downturn
- \$1.4 billion of annualized costs out

## FY09 FINANCIAL HIGHLIGHTS



**CASH CONVERSION CYCLE**



**CASH FLOW FROM OPS**

