# Dell 2004 Annual Meeting of Stockholders

**Austin, Texas**

**July 16th, 2004**



# Special Note

- This presentation may contain forward-looking statements, including statements about the outlook and prospects for company and industry growth, as well as statements about the company's future financial and operating performance.
- These and other statements that relate to future results and events are based on Dell'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 products and services Dell offers
  - The effect of armed hostilities, terrorism or public health issues on the global economy generally, on the level of demand for Dell's products and services and on Dell's ability to manage its supply and delivery logistics in such an environment
  - The level and intensity of competition in the technology industry and the pricing pressures that have resulted
  - Dell's ability to timely and effectively manage periodic product transitions, as well as component availability and cost
  - Dell's ability to develop new products based on new or evolving technology and the market's acceptance of those products
  - Dell'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
  - Dell's ability to effectively manage its operating costs
- More information about these and other factors affecting Dell's business and prospects is contained in Dell's periodic filings with the Securities and Exchange Commission.
- Dell's CCC operating metric is considered a non-GAAP financial measure under Regulation G and should be read in conjunction with the accompanying slide footnotes contained herein.



# Michael S. Dell
# Chairman

**Annual Meeting of Stockholders**

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# Key Topics:

- The Dell Model: 20 years of success
- Dell's new CEO Kevin Rollins
- Consistent financial performance
- Growth strategy



# The Dell Model:
## 20 Years of Success

DELL SINCE 1984
20th ANNIVERSARY

### Then




Turbo 8088 PC (1985)



316LT Portable (1989)

### Now




Dimension XPS



Latitude X300



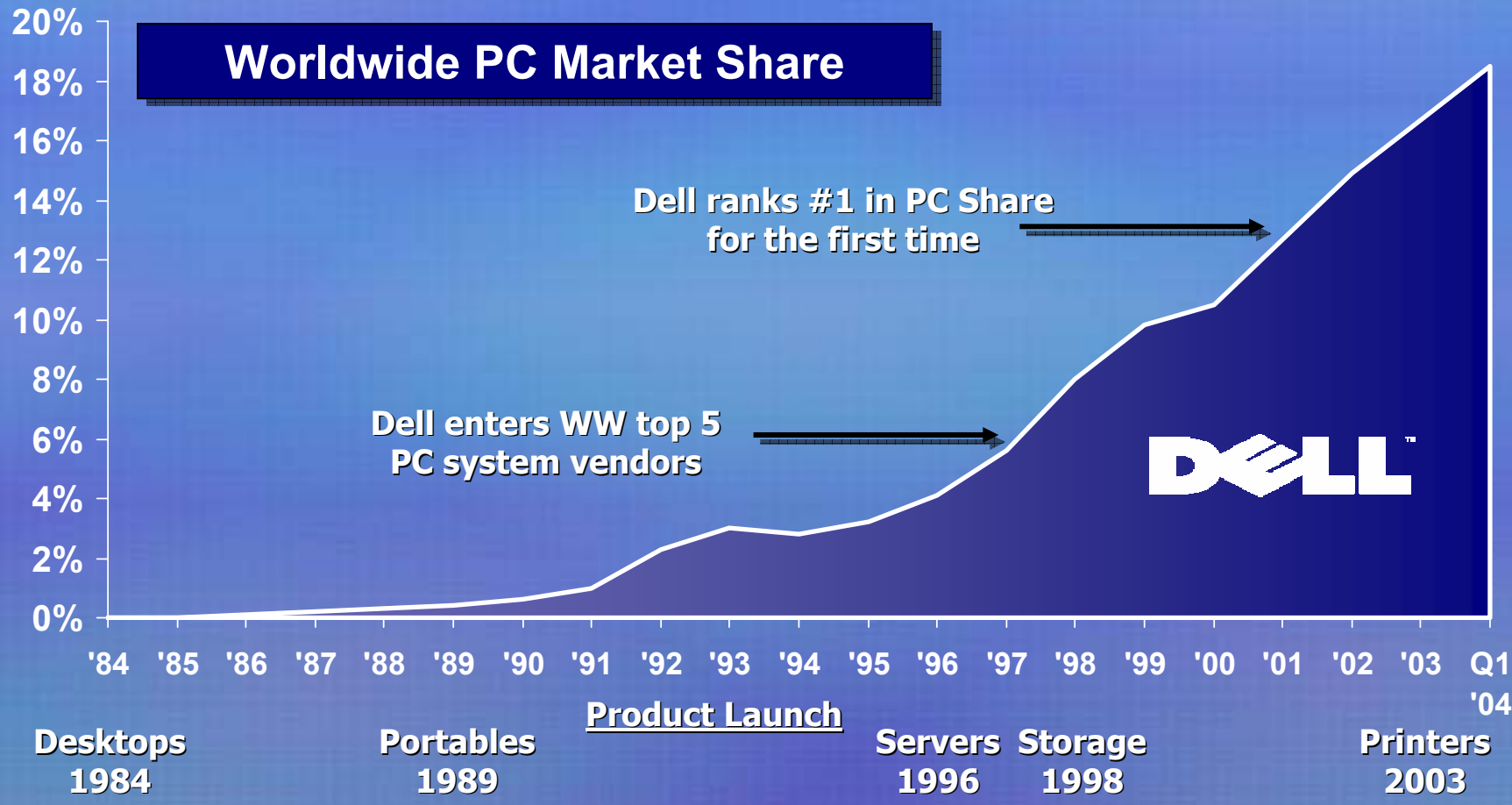
A960 All-in-One Printer



PowerEdge 2650 Server



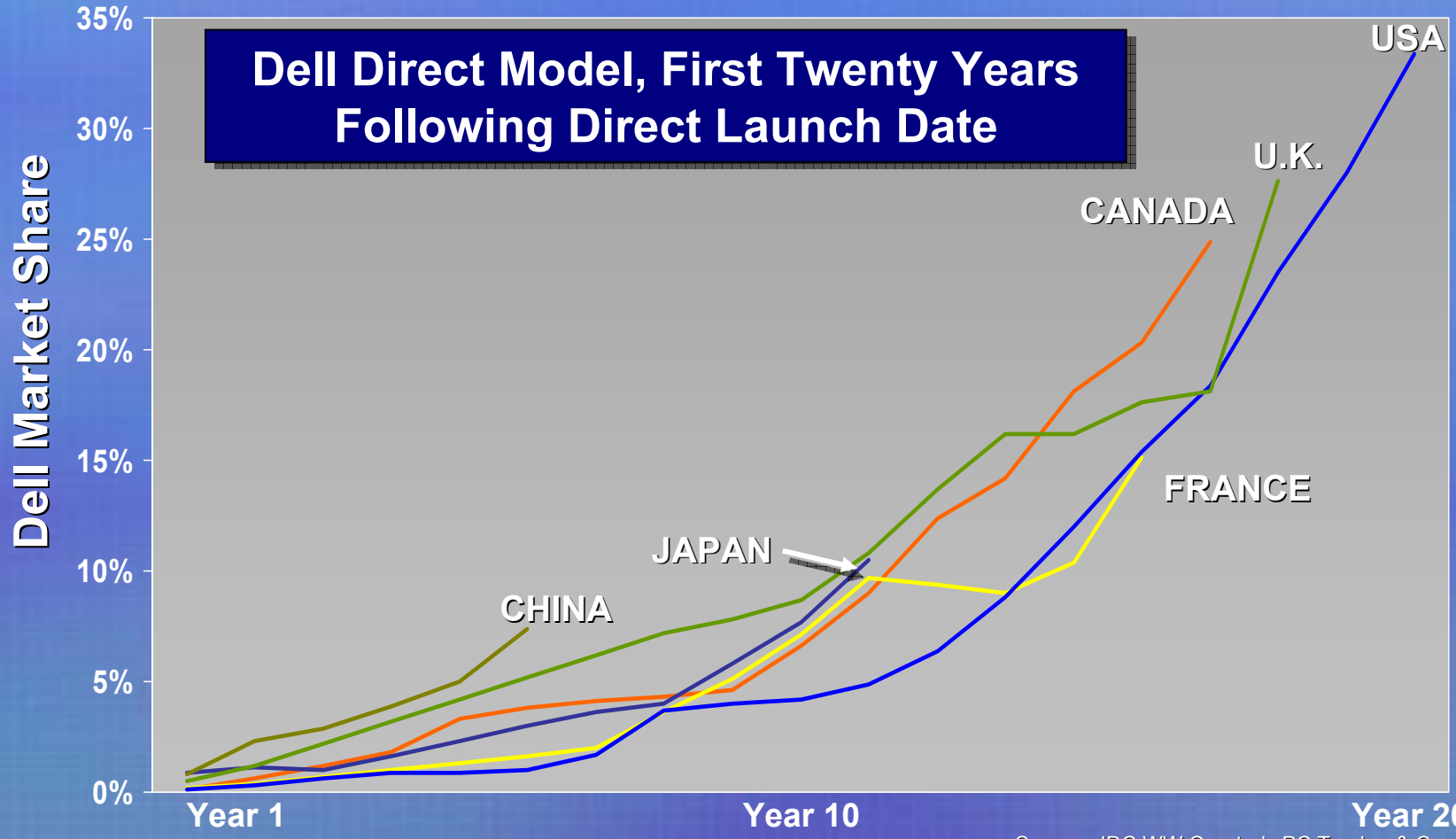
# 20 Years of Success:
## Expanding Product Portfolio




Source: IDC WW Quarterly PC Tracker, May 2004.PCs include desktops, portables, and x86 servers
Share position prior to May 02 represents CPQ and HP separate.



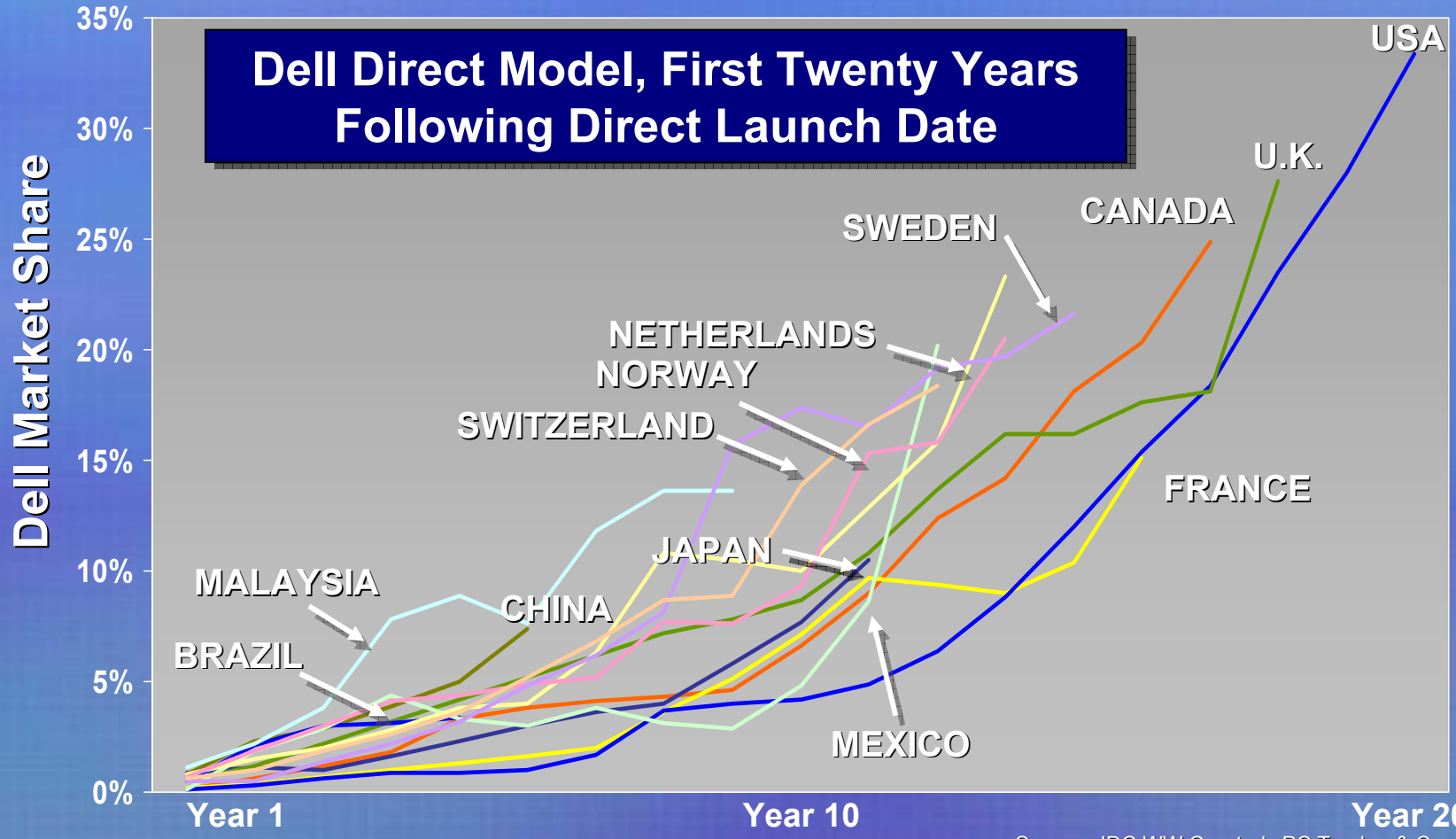
# 20 Years of Success:
## Expanding Global Presence




Source: IDC WW Quarterly PC Tracker & Company estimates



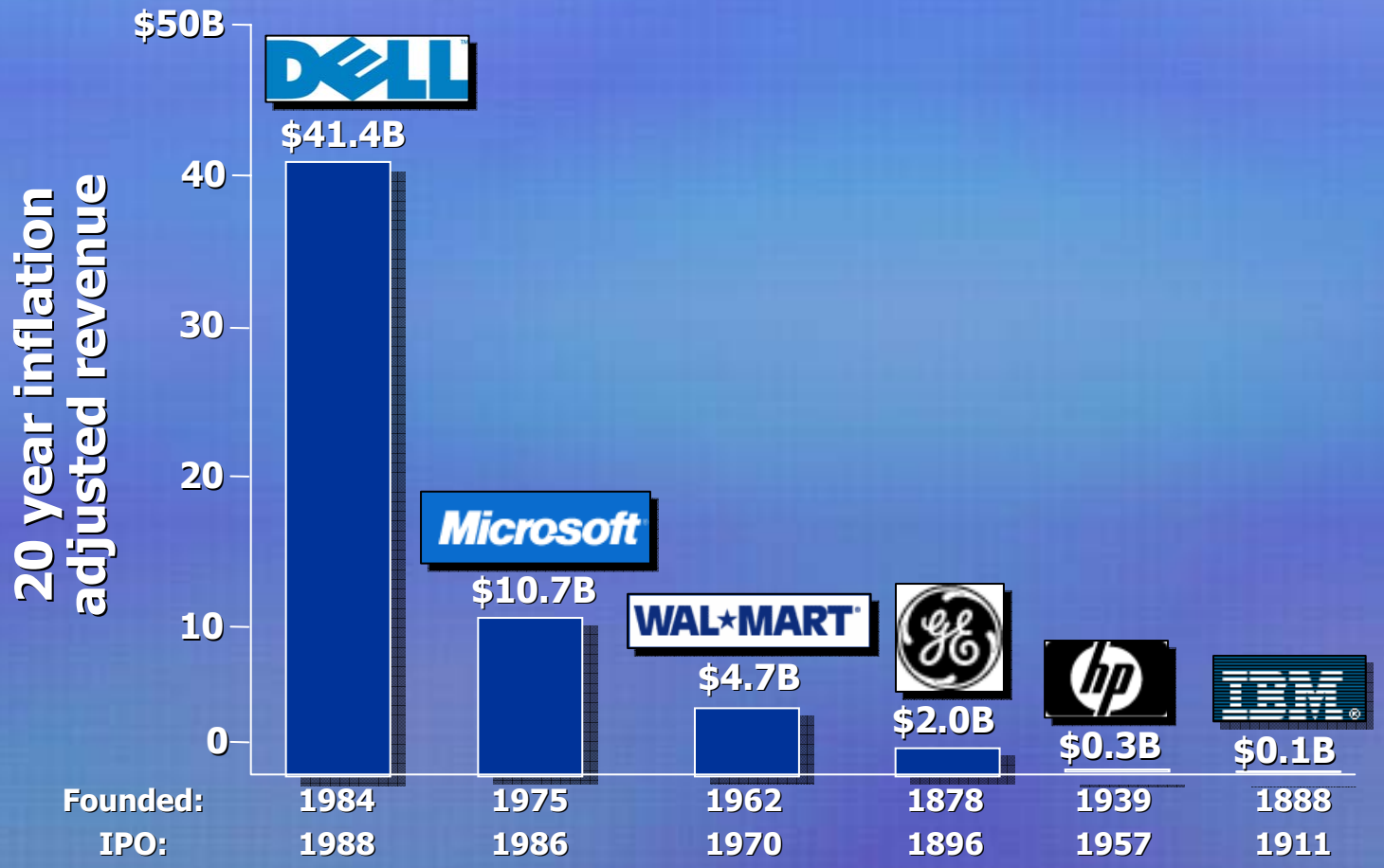
# 20 Years of Success:
## Expanding Global Presence




Source: IDC WW Quarterly PC Tracker & Company estimates



# 20 Years of Success:
## Differentiated Growth




Note: 20th year revenue: GE's = $22M (1898);Walmart's = $2.4B in (1982);Microsoft's = $9B (1995);HP's = $48M (1959); IBM's = >$5M (1908);
Source: Company archives, websites and annual reports; Fortune.com; Inflation rates from Bureau of Labor Statistics (BLS)



# 20 Years of Success:
## Exceptional Stock Appreciation

**Total Returns From Dell IPO**

| | |
|---|---|
| DELL | 39,561%* |
| Microsoft | 6,174% |
| WAL★MART | 1,458% |
| GE | 1,180% |
| S&P 500 | 491% |
| hp | 348% |
| IBM | 287% |

Returns from June 22th, 1988 through July 8th, 2004

* IPO on June 22nd, 1988



# 20 Years of Success:
## Growing Global Citizenship

**Community**
- Digital Inclusion
- Global Volunteers
- Healthy/Literate Children



**Accountability**
- Global Ethics
- Diversity
- Suppliers & Ethical Trade

**Sustainability**
- 157% Recycling Increase
- 20% reduction in lead shipped
- Climate Change Policy

www.dell.com/commitment

# The Dell Model:
## Performing in All Environments

**Dell**

**Ownership of the value chain**




**Demand linked to supply; Build to order**

**Competitor Model:**

**Loss of control over product and information flow**




**Outsourcing** **Channel**



# Congratulations to Dell's New CEO: Kevin Rollins



- Recognition of exceptional leadership and contribution
- Kevin elected to the Board
- Continue successful partnership



# Kevin B. Rollins
# President & CEO

## Annual Meeting of Stockholders
## July 16th, 2004

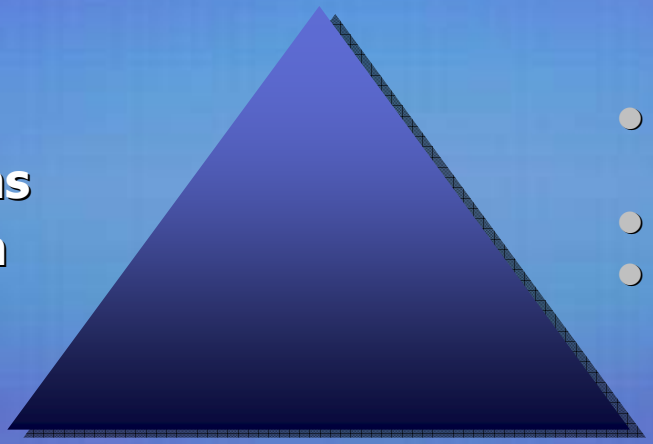


# Consistent Performance:
## Fiscal 2004

- Delivered $1.01 EPS * and $41.4 billion revenue *
- Repurchased 63 million shares of stock

**LIQUIDITY**

- $3.7 billion in cash flow from operations
- $11.9 billion in cash & investments *
- CCC -36 days[1]



**GROWTH**

- Dell units up 26% market ex-Dell up 9%
- 17% Rev growth
- 26% EPS growth

**PROFITABILITY**

- Gross margin = 18.2%
- OPEX percent of revenue = 9.7% *
- Operating income dollars = $3.5B *

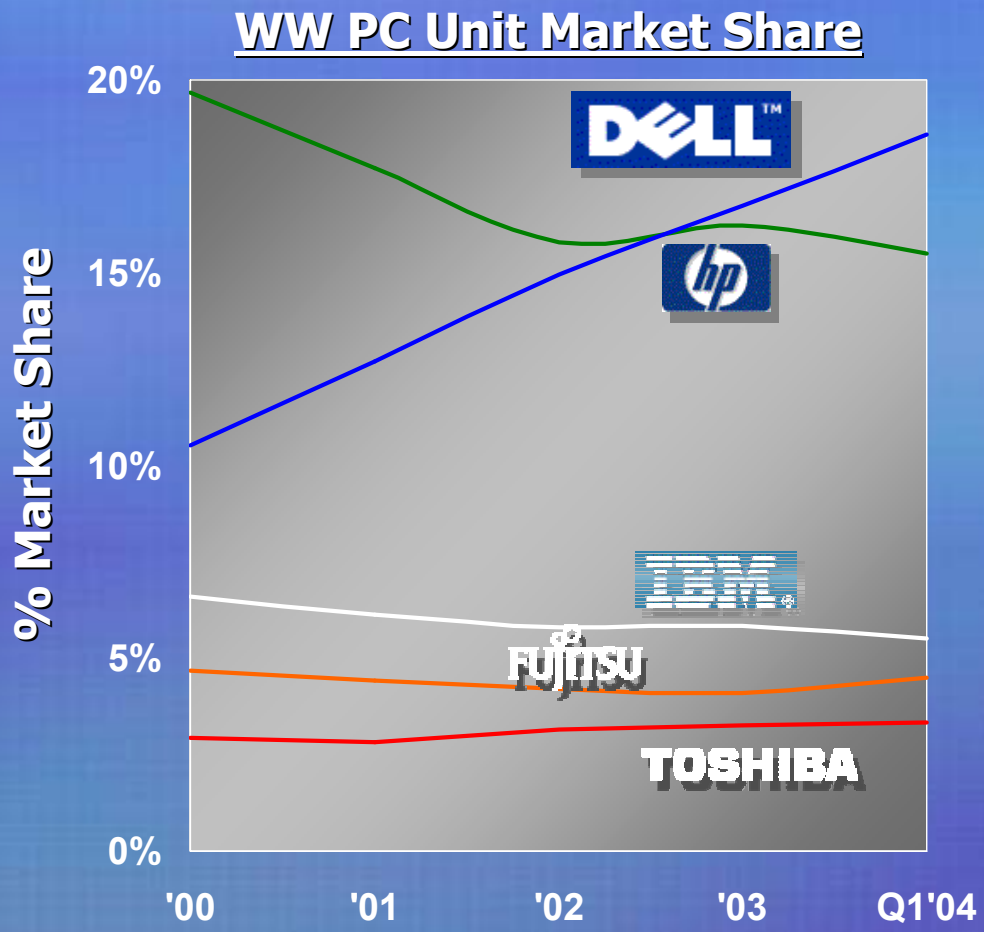
* Met or exceeded company record
1. CCC would have been -39 days excluding the effect of in-transit customer shipments in DSO

Source: Market info is based on IDC WW PC Tracker, May 2004
Note: Growth rates Y/Y unless otherwise noted



# Consistent Performance:

## Gaining Share in all Products, Segments and Regions




**World Wide Rankings:**

- #1 in PCs
- #1 in Desktops
- #1 in Notebooks
- #2 in x86 Servers

**U.S. Rankings:**

- #1 all PC Products
- #1 all Segments

Source: IDC WW Quarterly PC Tracker, May 2004
PCs Include desktops, portables, and x86 servers



# Growth Strategy:
## Key Drivers

- Global Expansion
- Enterprise Products and Services
- Printing and Imaging



# Global Expansion:
## Increase PC Market Share in Focus Countries

**EMEA**
Dell share 13%
Rank #2

**APAC**
Dell share 7%
Rank #4

**U.S.**
Dell share 33%
Rank #1



**JAPAN**
Dell share 10%
Rank #3

**Dell has just 11% share in 67% of the market**

Source: IDC WW Quarterly PC Tracker, May 2004
PCs Include desktops, portables, and x86 servers



# Enterprise Products & Services:
## Drive Deeper into the Enterprise

**Servers & Storage**

- Expanding partnerships with EMC, Oracle, and SAP
- Dell|EMC$^2$ revenue up 25% WW in Q1, 62% in Europe
- Q1 server units up 24%
- WW server market share +2.9 points to 26%

**Services**

- Enhanced services revenue up 41% in Q1; $3 billion run-rate
- Performance outside of the Americas exceeding 70% growth
- Customer demand for standardized services

* Enhanced services includes managed, professional, and deployment services

Source: IDC WW Quarterly Server Tracker, May 2004



# Printing & Imaging:

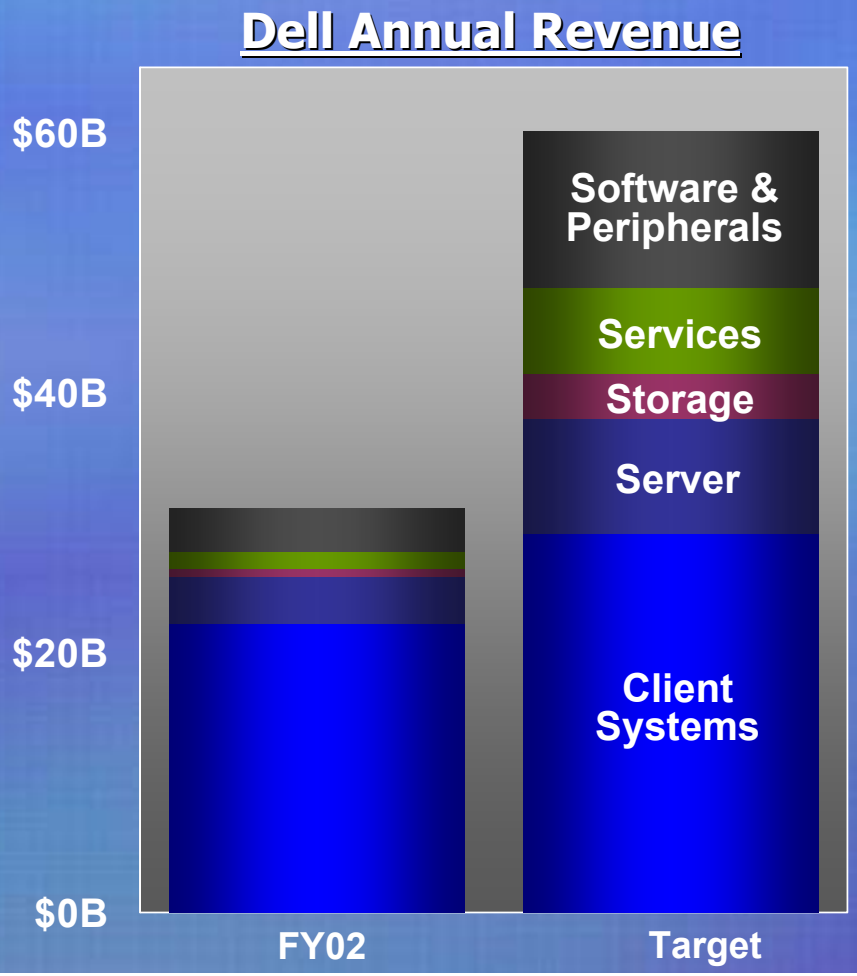
## Printers - Fastest Growing Product Line in Dell's History

- Impressive U.S. share gains in 1st year
  - Q1 Inkjet market share 10.9%
  - Q1 Inkjet All-in-One share 19.2%
  - Q1 SMB Inkjet AIO share 23.3%
- Launched new printers and added new partners this year
- Expanding globally
- Customers embracing direct consumable replenishment model



Source: IDC U.S. Printer and HCP Trackers, June 2004
Market share for Q1 '04

# Long Term Growth Target:
## Ahead of Schedule for $60B




- Launched an aggressive goal to double our revenues back in FY02
- Exceeded internal forecast goals in FY03 and FY04
- Continue to drive standards in the enterprise and services markets



# Summary:

- Focused on the customer
- Delivering consistent profitable share gains
- Driving key growth opportunities



# Presentation of Voting Results



# Questions & Answers

