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# 2011 Dell Analyst Meeting

June 29, 2011

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Welcome

**Rob Williams**

Vice President, Investor Relations

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# Forward-looking statements

## **Special Note on Forward Looking Statements:**

*Statements in this presentation that relate to future results and events (including statements about Dell's future financial and operating performance, operating strategies, strategic investments, sales volumes, stock repurchases, pricing, and product mix, as well as the financial guidance with respect to revenue and non-GAAP operating income) are forward-looking statements and are based on Dell's current expectations. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "could," "estimate," "expect," "intend," "confidence," "may," "plan," "potential," "should," "will" and "would," or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including: intense competition; Dell's cost-cutting measures; Dell's ability to effectively manage the growth of its distribution capabilities and add to its product and services offerings; Dell's ability to effectively manage periodic product and services transitions; weak global economic conditions and instability in financial markets; Dell's ability to generate substantial non-U.S. net revenue; weak economic conditions and additional regulation affecting Dell's financial services activities; Dell's ability to achieve favorable pricing from its vendors; Dell's ability to deliver consistent quality products and services; Dell's reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; successful implementation of Dell's acquisition strategy; Dell's product, customer, and geographic sales mix, and seasonal sales trends; access to the capital markets by Dell or its customers; loss of government contracts; the risk of temporary suspension or debarment from contracting with U.S. federal, state and local governments as a result of settlements of an SEC investigation by Dell and Dell's Chairman and CEO; customer terminations of or pricing changes in services contracts, or Dell's failure to perform as it anticipates at the time it enters into services contracts; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; information technology and manufacturing infrastructure disruptions or breaches of data security; Dell's ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; counterparty default; unfavorable results of legal proceedings; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; Dell's ability to attract, retain, and motivate key personnel; Dell's ability to maintain strong internal controls; changing environmental and safety laws; the effect of armed hostilities, terrorism, natural disasters, and public health issues; and other risks and uncertainties discussed in Dell's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for its fiscal year ended Jan. 28, 2011. In particular, Dell's expectations with regard to revenue and non-GAAP operating income for the full fiscal year ending Feb. 3, 2012 assume, among other matters, that there is no significant decline in economic conditions generally or demand growth specifically, no significant change in product mix patterns, Dell's ability to realize its pipeline opportunities, no supply chain disruptions, and no significant adverse component pricing or supply movements. Dell assumes no obligation to update its forward-looking statements.*



# Forward-looking statements

## Non-GAAP Financial Measures

*This presentation includes information about non-GAAP operating income (the “non-GAAP financial measure”), which is not a measurement of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the historical non-GAAP financial measure to the most directly comparable GAAP measure in the slides captioned “Supplemental Non-GAAP Measures.” Non-GAAP operating income growth as projected for Fiscal 2012, which is a forward looking non-GAAP financial measure, excludes the following items, some of which Dell cannot forecast with certainty or accuracy due to their inherently indefinite and contingent nature, thereby preventing Dell from reconciling its projections to GAAP: acquisition related charges, amortization of purchased intangible assets related to acquisitions, and severance and facility action costs. A detailed discussion of our reasons for including the non-GAAP financial measures and the limitations associated with those measures is presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations - Non-GAAP Financial Measures” in Dell’s annual report on Form 10-K for the financial year ended January 28, 2011. We encourage investors to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.*



# Agenda

## Part I – Strategy & Financial Model

7:00 – 7:05 am	Welcome
7:05 – 7:15 am	Executing Our Growth Strategy
7:15 – 7:40 am	Financial Model
7:40 – 7:55 am	Strategy to Win in the Virtual Era
7:55 – 8:30 am	Founders Panel

Rob Williams  
Michael Dell  
Brian Gladden  
Dave Johnson  
Michael Dell  
Bob Moul  
Rob Meinhardt  
Phil Soran  
Mike Cote

Vice President, Investor Relations  
Chairman and CEO  
SVP, Chief Financial Officer  
SVP, Corporate Strategy  
Chairman and CEO  
General Manager, Dell Boomi  
General Manager, Dell KACE  
Vice President, Dell Compellent  
Vice President, Dell SecureWorks

8:30 – 8:45 am      Break

## Part II – Solutions Domains

8:45 – 9:00 am	End-User Computing Solutions
9:00 – 9:15 am	Success in the Enterprise
9:15 – 9:30 am	Dell Services
9:30 – 10:10 am	Q&A
10:10 – 10:25 am	Break

Jeff Clarke  
Brad Anderson  
Steve Schuckenbrock  
Jeff, Brad and Steve

Vice Chairman, Global Operations & End-User Computing  
SVP, Enterprise Solutions Group  
President, Dell Services

## Part III – Customer Relationships

10:25 – 11:00 am	Customer Panel
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Karen Quintos  
Brad Thompson  
Becky Sykes  
Aaron Beasecker  
Claus Moldt  
Paul Bell  
Steve Felice  
Karen, Paul and Steve

SVP, Chief Marketing Officer  
Director, IT Infrastructure Engineering, Target  
SVP, Chief Information Officer, Catholic Health Partners  
VP, Information Technology, Lopez Foods  
Global CIO and SVP, Service Delivery, Salesforce.com  
President, Public and Large Enterprise  
President, Consumer, Small & Medium Business

11:00 – 11:15 am	Public & Large Enterprise Review
11:15 – 11:30 am	Consumer, Small & Medium Business
11:30 – 12:00 pm	Q&A

## Part IV – Lunch & Closing

12:00 – 1:15 pm	Executive Luncheon
1:15 – 2:00 pm	Q&A

All  
Michael and Brian





**The power to do more**

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# Executing Our Growth Strategy – Efficient IT Solutions

**Michael Dell**

Chairman and CEO

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# Dell today...

## Our growth strategy

### Efficient IT solutions

Open, capable and affordable  
with a mid-market design focus

- Next Gen Computing Solutions and Intelligent Data Management
- Services, Security & Cloud
- End-User Computing

### Long-term value creation

- Balanced liquidity, profitability and growth





# Our commitment

## Delivering results, investing for growth and building on our strengths

Develop & acquire key IP  
and sales capabilities

- 8 acquisitions in last 12 months
- \$1B committed to organic growth & innovation

Deliver solutions  
that customers value

- \$18 billion enterprise solutions and services in FY11
- New strategic solutions alignment

Capture growing share  
of IT profit pool

- Significantly improved client profitability
- FY11 server, storage & networking gross margin dollars up 32%

Grow operating income  
and cash flow

- FY11 Non-GAAP operating income up 40% to \$4.1B
- 1Q'12 TTM cash flow from ops up 24% Y/Y to \$4.2B



# Dell's differentiation...

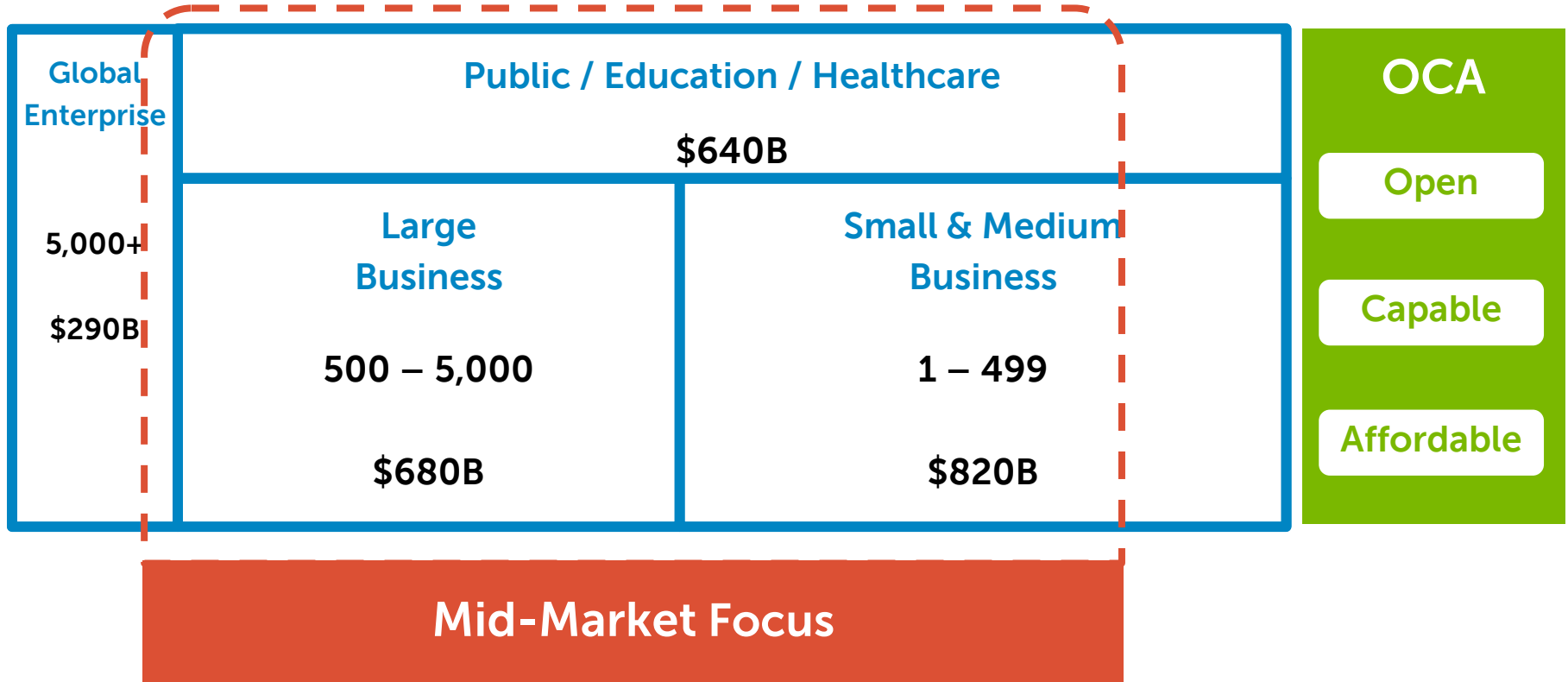
## Unwavering focus on our customers

Global Enterprise	Public / Education / Healthcare		Consumer
	\$640B		
	Large Business	Small & Medium Business	
5,000+	500 – 5,000	1 – 499	\$220B
\$290B	\$680B	\$820B	



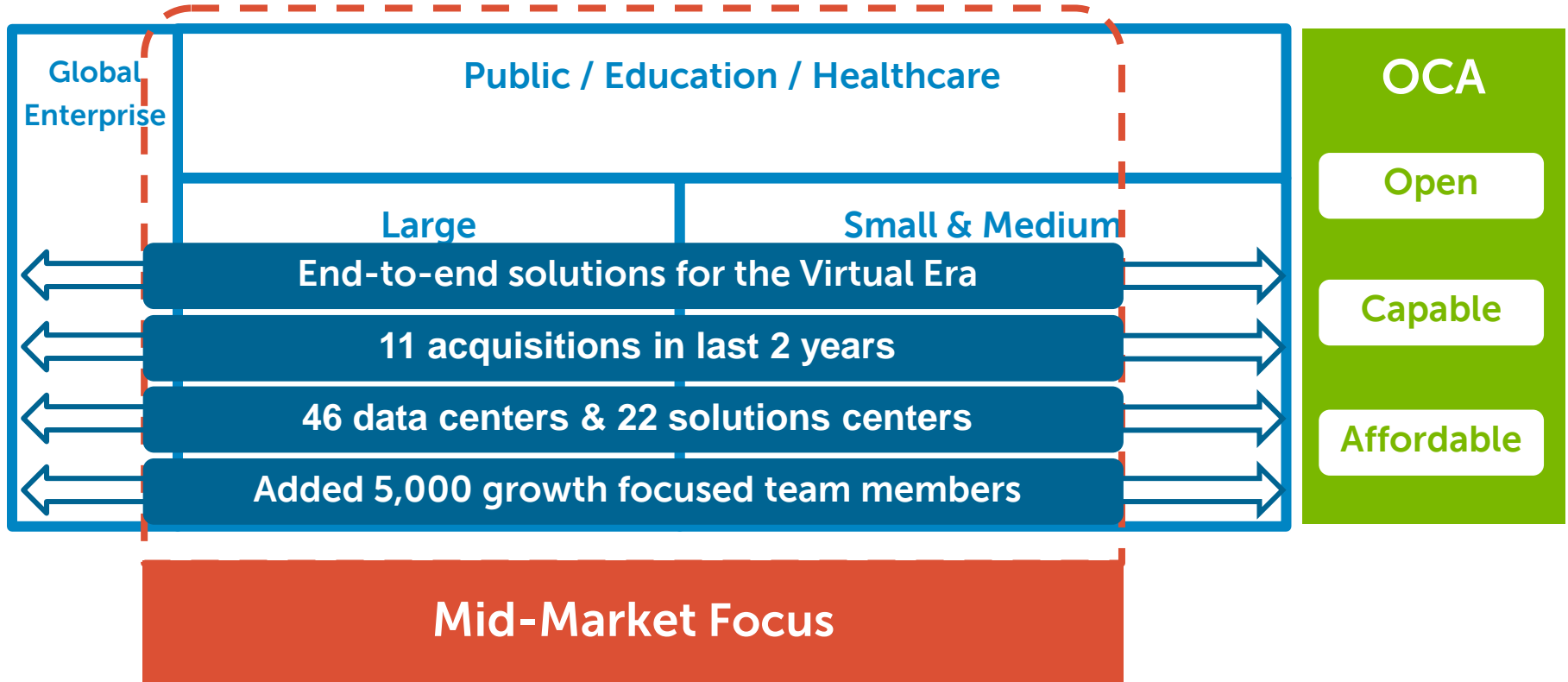
# Dell's differentiation...

Two lenses—mid-market and open, capable and affordable



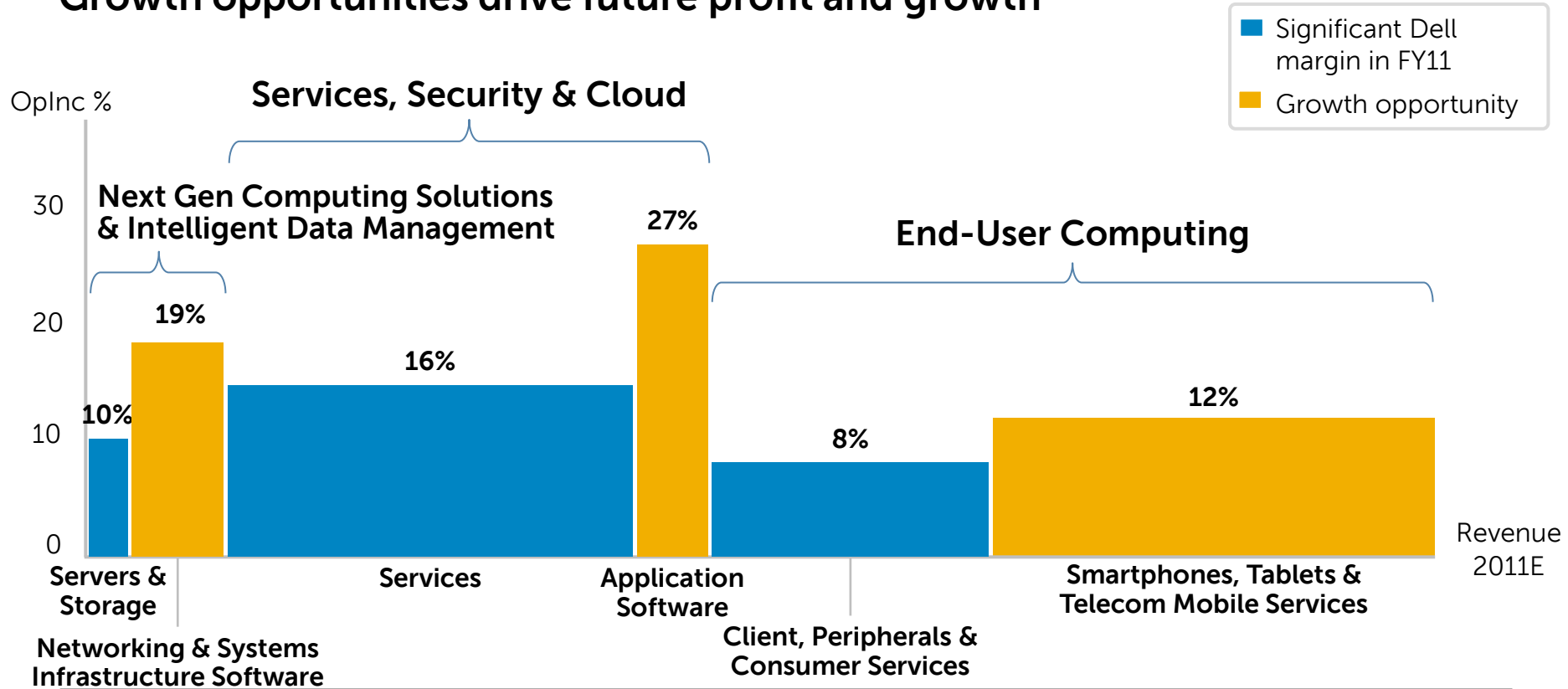
# Dell's differentiation...

Two lenses—mid-market and open, capable and affordable



# Refining strategy to focus on key solutions domains

Growth opportunities drive future profit and growth



Source: IDC & company estimates

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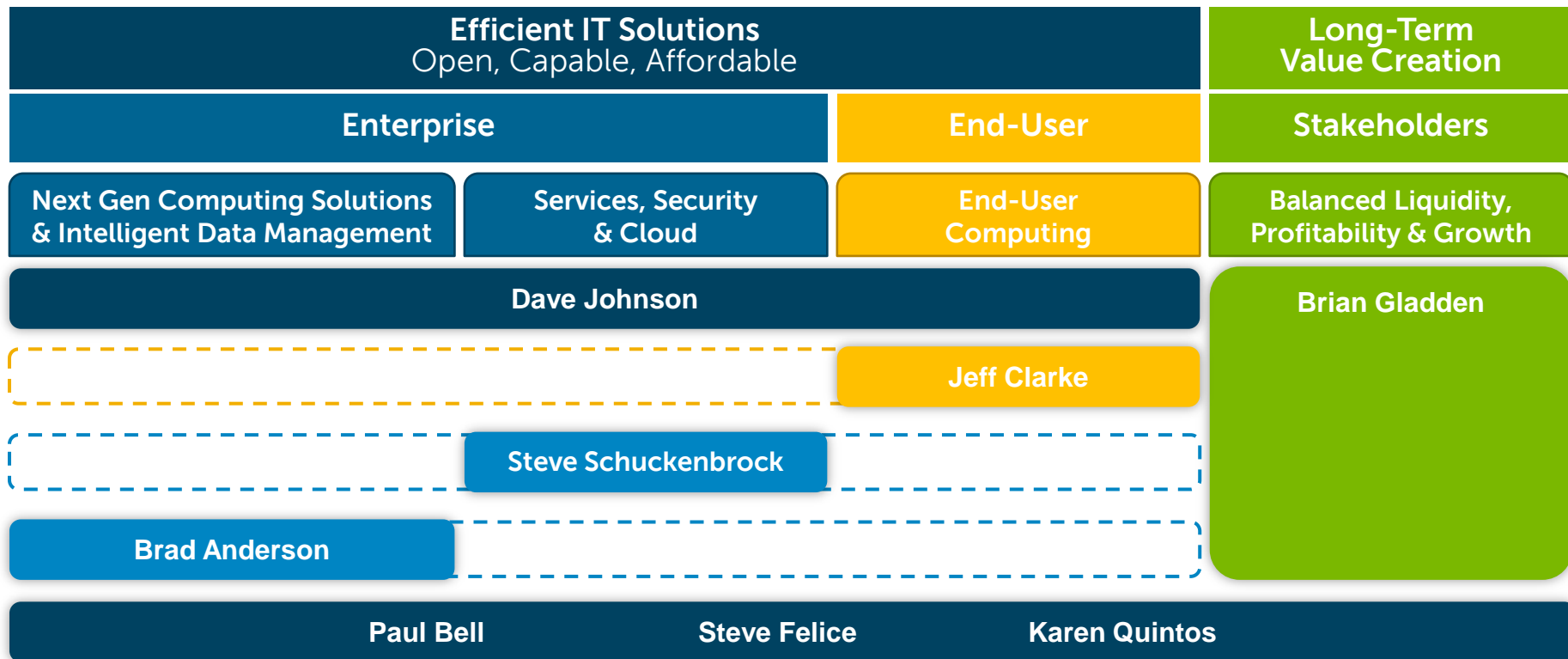
# Locked on our strategy

## Building enterprise solutions that drive efficiency and flexibility for the Virtual Era

Efficient IT Solutions Open, Capable, Affordable		Long-Term Value Creation	
			
Enterprise		End-User	Stakeholders
Next Gen Computing Solutions & Intelligent Data Management		End-User Computing	Balanced Liquidity, Profitability & Growth
Virtualization, vStart, AIM Systems Management, Modular Data Centers, Networking Fluid Data Architecture, SAN & Scale-out NAS, Deduplication		Flexible & Optimized Value Chain Mobility Solutions Tablets & Smartphones Desktop Virtualization	> 5-7% Rev. Growth 7%+ GAAP OpInc CFOps > Net Income

# We are executing a growth strategy...

**Built on enterprise solutions that drive efficiency and flexibility for the Virtual Era**





**The power to do more**



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## Financial Model

**Brian Gladden**

SVP, Chief Financial Officer

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# Key messages

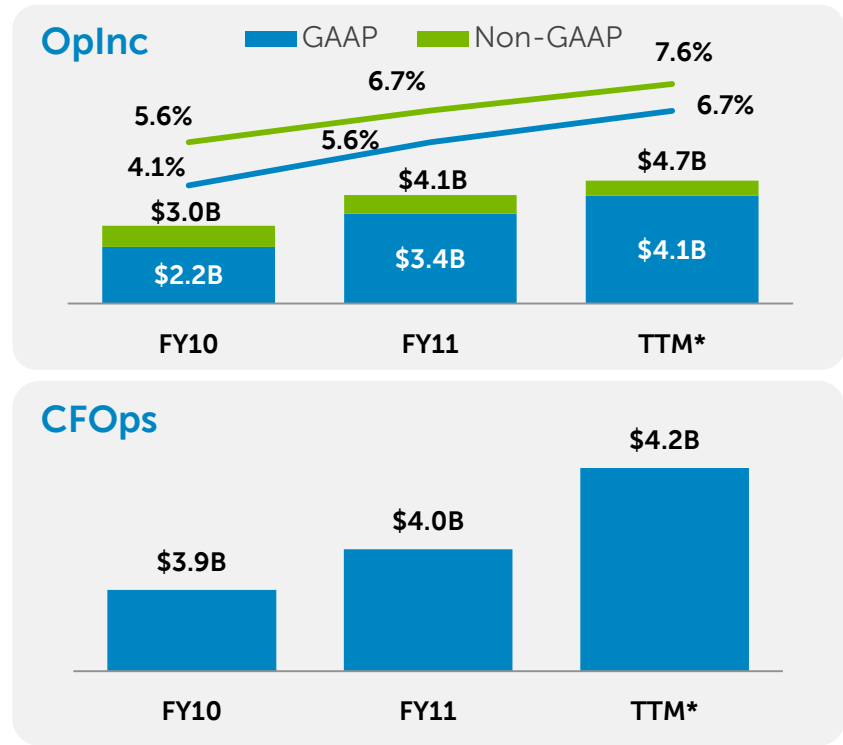
- Company executing well on long-term strategy
- Client business doing very well ... driven by cost, products and execution
- Disciplined resource allocation ... fueling significant investment in sales capabilities and innovation
- Enterprise growth accelerating ... storage and services positioned to drive profitable growth
- Financial results progressing toward value creation framework



# Executing our long-term value creation framework...

## Significant progress toward improving and sustaining profitability

Long-Term Value Creation	FY 11 result
Revenue growth > 5-7%	Revenue \$61.5B, up +16% Y/Y
GAAP OpInc > 7%	GAAP OpInc 5.6%
CFOps > Net Income	CFOps \$4.0B vs. N.I. \$2.6B



\* Trailing twelve months since 1Q'12

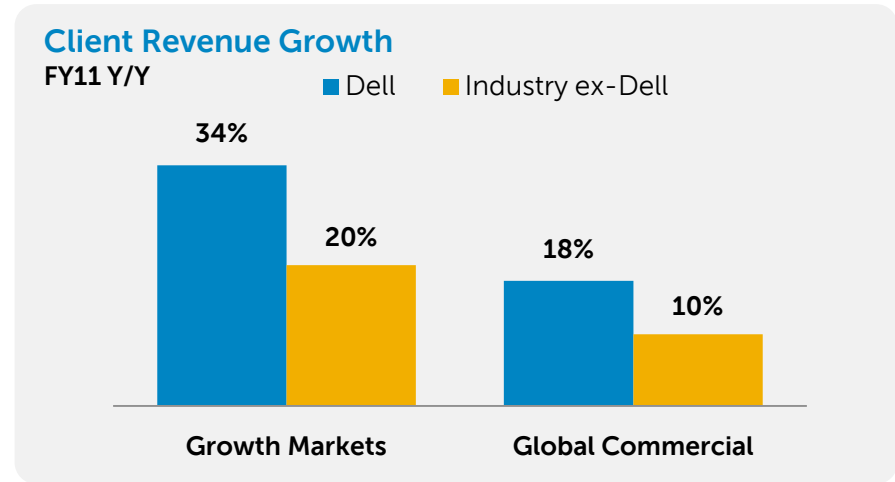
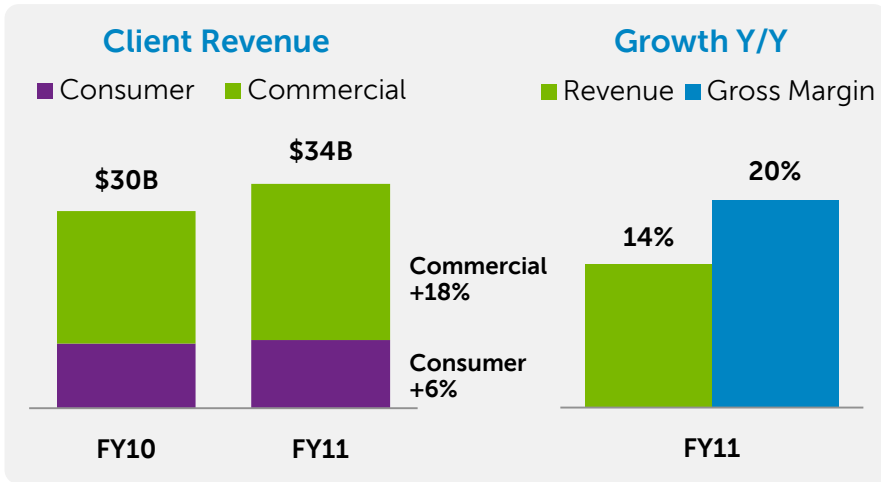
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# Great progress with client business...

## Outstanding cash flow & important entry point into adjacent profit pools

- **Positioned well for growth in commercial**
- **Strong progress in cost structure and supply chain** support continued confidence in client business
- **Efficient and asset light**... sustaining cash flow generation
- **Key to two big markets**... mid-market and growth markets\*
- **Enables conversations** about services and S&P
- **Drive opportunities for financing from Dell Financial Services**... generating an ROE >30%



Source: IDC & Company Estimates

\* Includes all regions with the exception of the US, Canada, Western Europe and Japan

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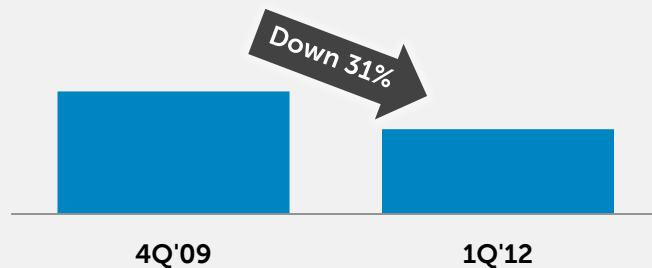
# Sustainable COGS improvements...

## Driving competitive cost structure, and can grow business from here

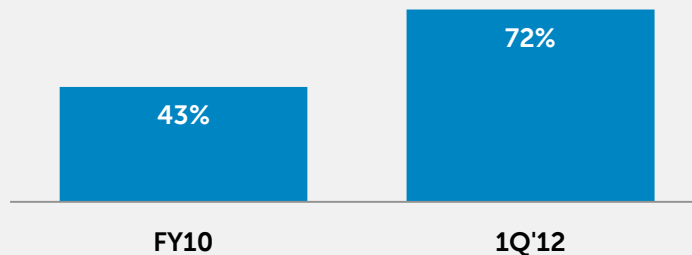
### Progress in COGS and gross margins

- **Reduced number of configurations...** resulting in materials reduction, faster time to market
- **Better products...** reduced warranty expense and less obsolete inventory
- **Improved supply chain...** lower transformation and freight costs
- **Organizational scaling...** reduced overhead
- **Better forecasting...** building and shipping in bulk... enabling ocean shipment
- **Improved planning...** matching product forecasting to retail seasonality
- **Better pricing...** selling to forecast, selling to segment value

### Transformation Cost\*



### Contract Manufacturing % of Total Units



\* Transformation cost includes manufacturing labor & overhead, logistics & obsolescence



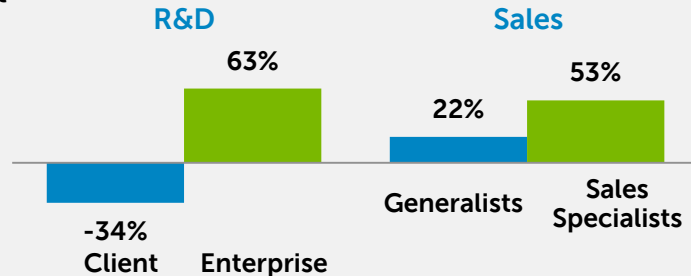
# Disciplined resource allocation...

## COGS and Opex discipline enabling investment in solutions

- **Margin performance allows us to invest** in sales and more focused R&D...
  - Sales specialists now make up nearly 30% of our sales spend
  - R&D spend on servers and storage is projected to be >70% of total R&D spend in FY12
- **World class levels of G&A** ... spend is about flat creating operating leverage as revenue growth accelerates
- **Investments tied to P&L progress** ... will modulate investments based on progress
- Teams aligned and incentivized to achieve targets around **revenue, operating income and cash earnings**

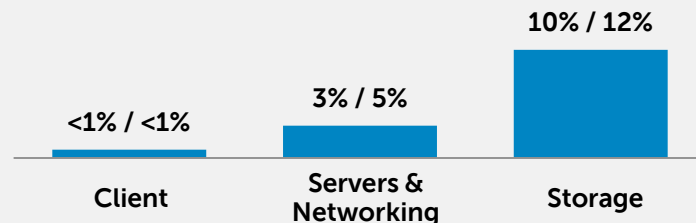
### R&D & Sales Spend

1Q'12 Y/Y



### R&D as % of Sales

Current/Target



# Enterprise growth is accelerating...

Strategically positioned in growing IT markets

Significant growth in the past year ...

Mix shifting to Dell-branded offerings

Strong growth

Higher margins

Solutions driven

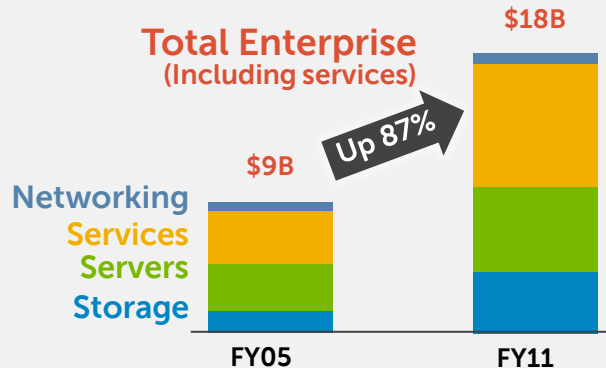
Focus Areas

Servers: \$8B

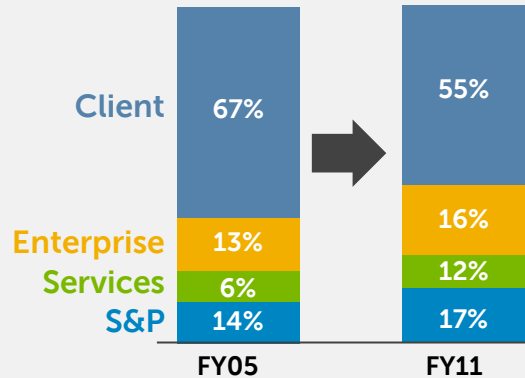
Storage: \$2B

Services: \$8B

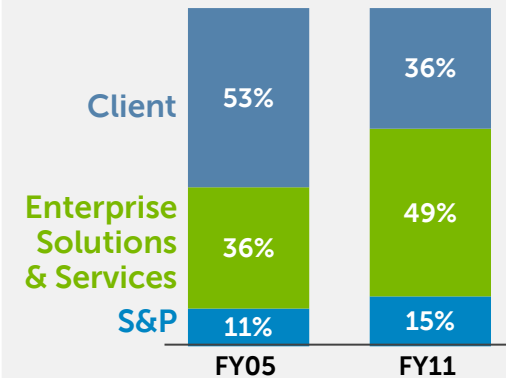
## Revenue



## Revenue Mix



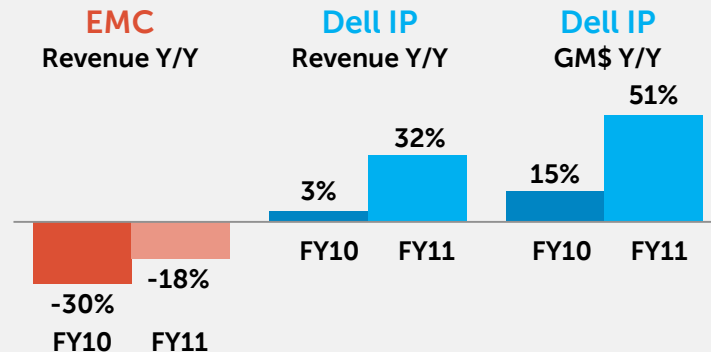
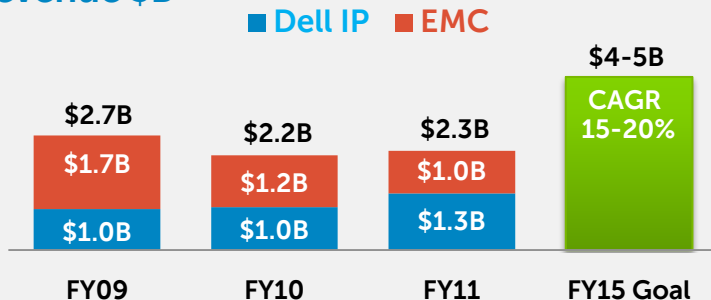
## Gross Margin Mix



# Dell Storage

## Strategic asset poised for growth

### Revenue \$B



## Key strengths

- **Mix shift opportunity ...** from lower margin reseller business to primarily Dell IP (storage gross margin 1Q'12 >40% vs. 1Q'09 <20%)
- **Full complement of SAN solutions...** PowerVault, EqualLogic (iSCSI) and Compellent (Fibre Channel) storage
- As of 1Q'12, **Dell IP** represents 70% of revenue and nearly 90% of gross profits; EMC revenue decreases to <10% for the rest of the year

## Updates

- **Compellent pipeline is up nearly 4x** since announcing acquisition, exceeding internal plans, and now sold in 29 countries
- **Introduced first of many NAS solutions** based on Exanet scale-out file cluster storage architecture

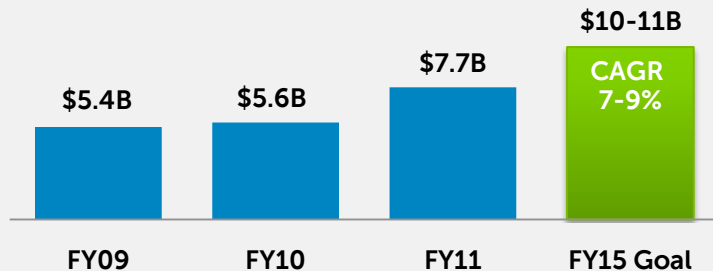




# Dell Services

## Strong platform for profitable growth

### Revenue \$B



### Services Backlog \$14.1B

as of 1Q'12



## Key strengths

- **Integrated service company**... support, cloud computing, managed services, data center services, application development and BPO
- **Preferred provider**... leveraging Dell's domain expertise horizontally, vertically & internationally
- **#1 in healthcare**... leading healthcare industry transformation... holistic "Health Information Exchange" portfolio (ARRA & Health Reform)

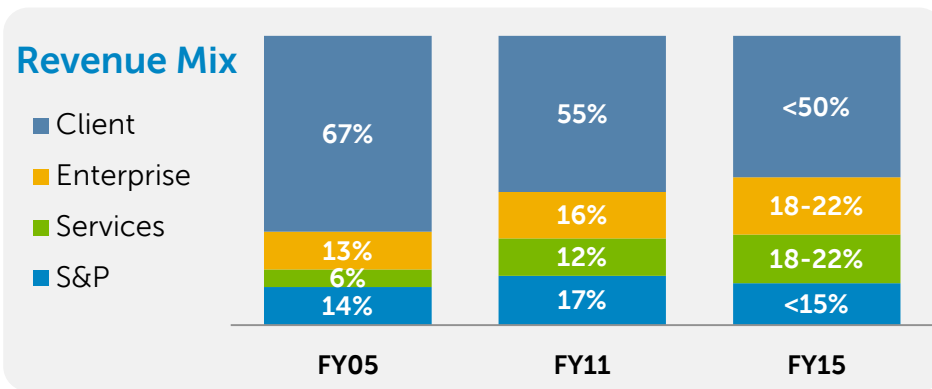
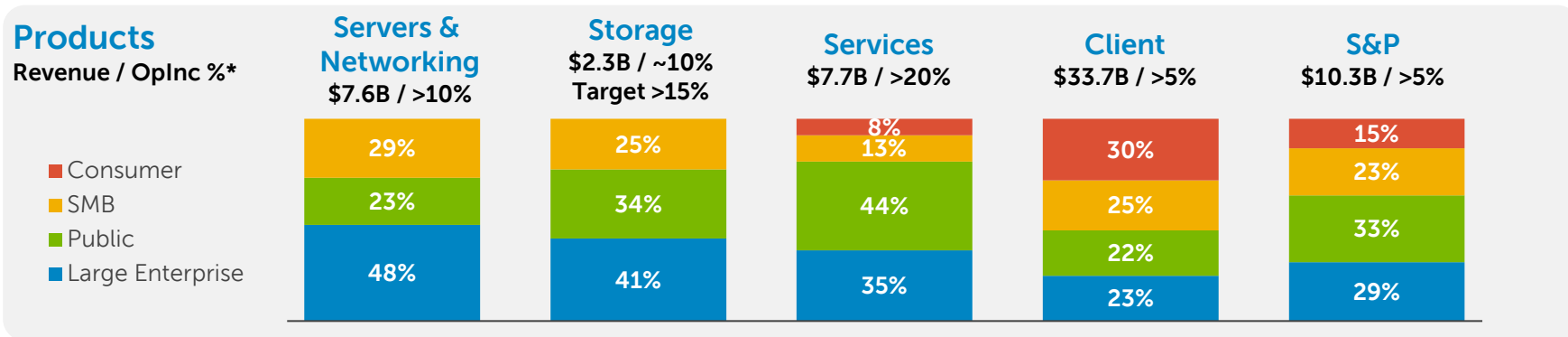
## Updates

- **Multi-vendor support** and remote delivery
- **Investing in private/public/hybrid clouds**... delivering secure, enterprise burst capacity
- **Security**... scaling & productizing SecureWorks
- **Focus on applications and BPO**... with focus on vertical expertise, optimized talent capabilities and technology migrations



# Broad portfolio well-positioned for the future...

## Generating solid returns and mixing to more profitable solutions



- Dell IP and innovation changing conversation with customers... focused on solutions that optimize efficiency and flexibility
- Product mix shift to enterprise solutions and services key to improved and sustained profitability long-term
- Executing well with profitable client and S&P business... sustaining structural cost improvement

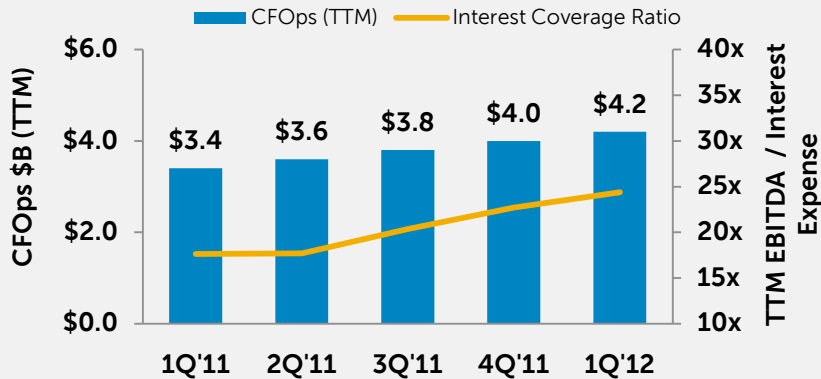
\* OpInc % approximate 1Q'12 actuals. Additionally, extended warranty support services is counted both in services and in each line of business.



# Solid cash generation & increasing strategic investments

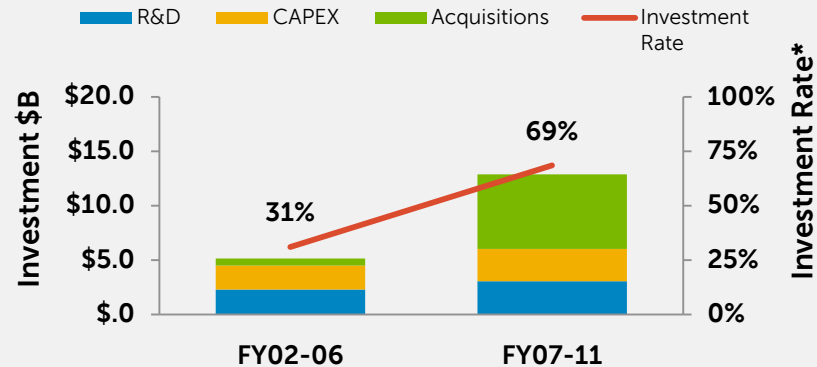
**Provides flexibility and fuels future growth**

## Cash Flow Generation



- **Strong cash flow generation** model
- **Target share repurchase at 10-30% of FCF**  
... resources to accelerate share repurchase selectively

## Strategic Investment Rate



- **Acquisitions will continue to be critical**  
focus of strategic investment activities
- **Shifting mix of investments in R&D**  
and Capex to align with strategic priorities

$$\text{*Strategic Investment Rate} = \frac{\text{Capital Expenditures} + \text{Acquisitions} + \text{R\&D}}{\text{EBITDA} + \text{R\&D} + \text{Rent} - \text{Taxes}}$$



# Company executing well on long-term strategy

## Delivering on our long-term valuation framework

### Long-term Value Creation

**Balanced Liquidity,  
Profitability & Growth**

Revenue Growth  
> 5-7%

GAAP OpInc %  
> 7%

CFOps  
> Net Income

### Key Drivers

#### Shifting Mix

Higher margins  
Improved growth rates  
More recurring revenues

#### Making key investments

Organic growth  
Prudent acquisitions

#### Improving value chain

Profit-share leader  
Disciplined cost  
management

### Key Changes

#### Focus on solutions domains

Next gen compute & IDM  
Services, security, cloud  
End user computing

#### Committed to being profit-share leader

All lines of business  
All customer segments

#### Growth premium in key lines of business

Storage  
Services





**The power to do more**

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# Dell's Strategy to Win in the Virtual Era

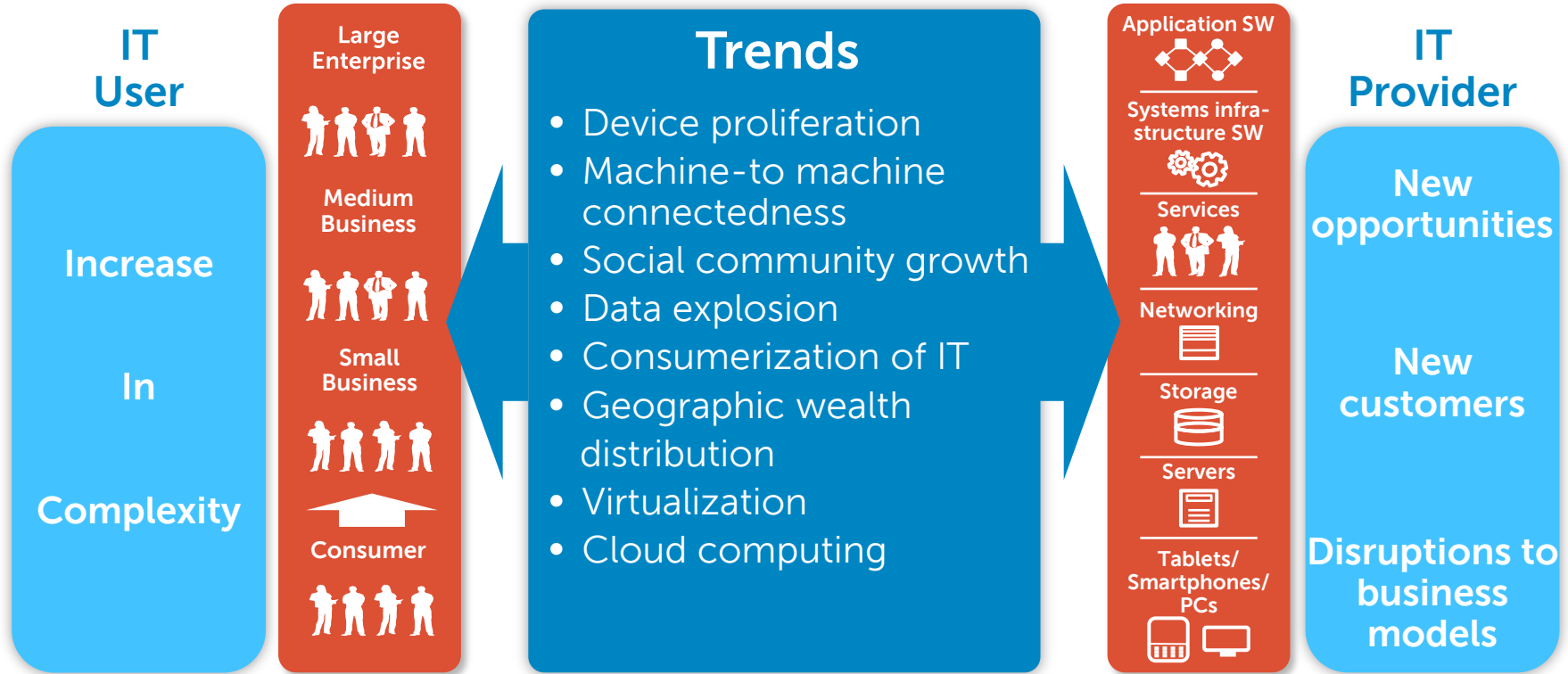
**Dave Johnson**

SVP, Corporate Strategy

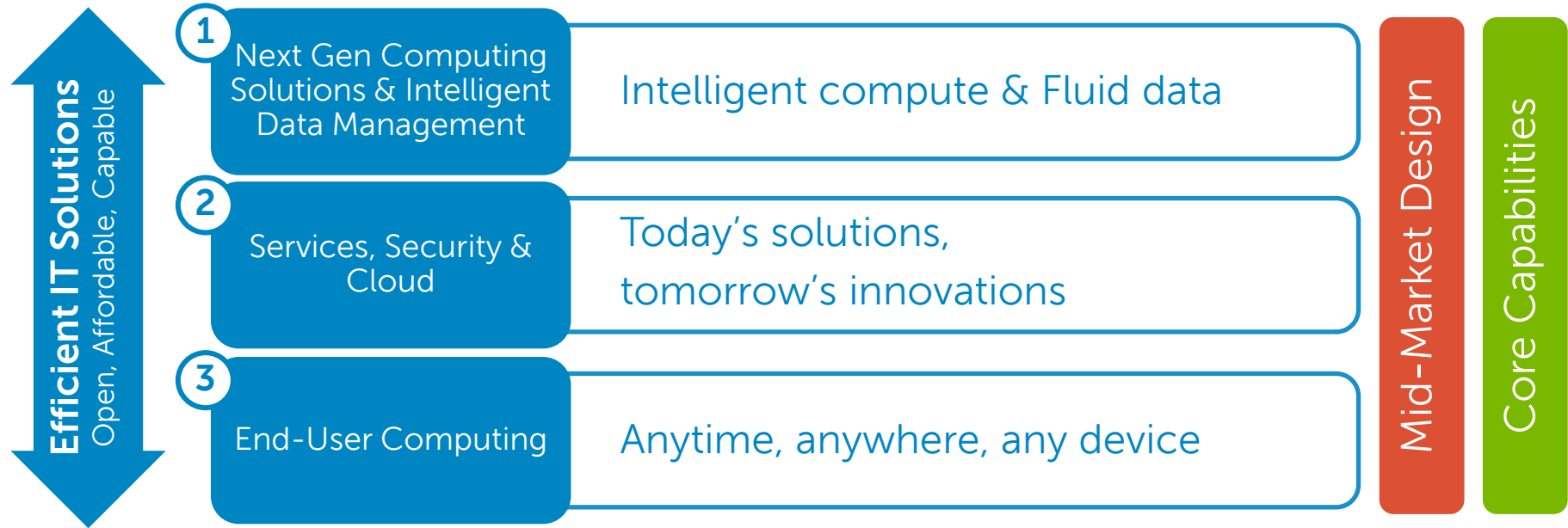
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# The Virtual Era presents challenges for both the IT user and provider



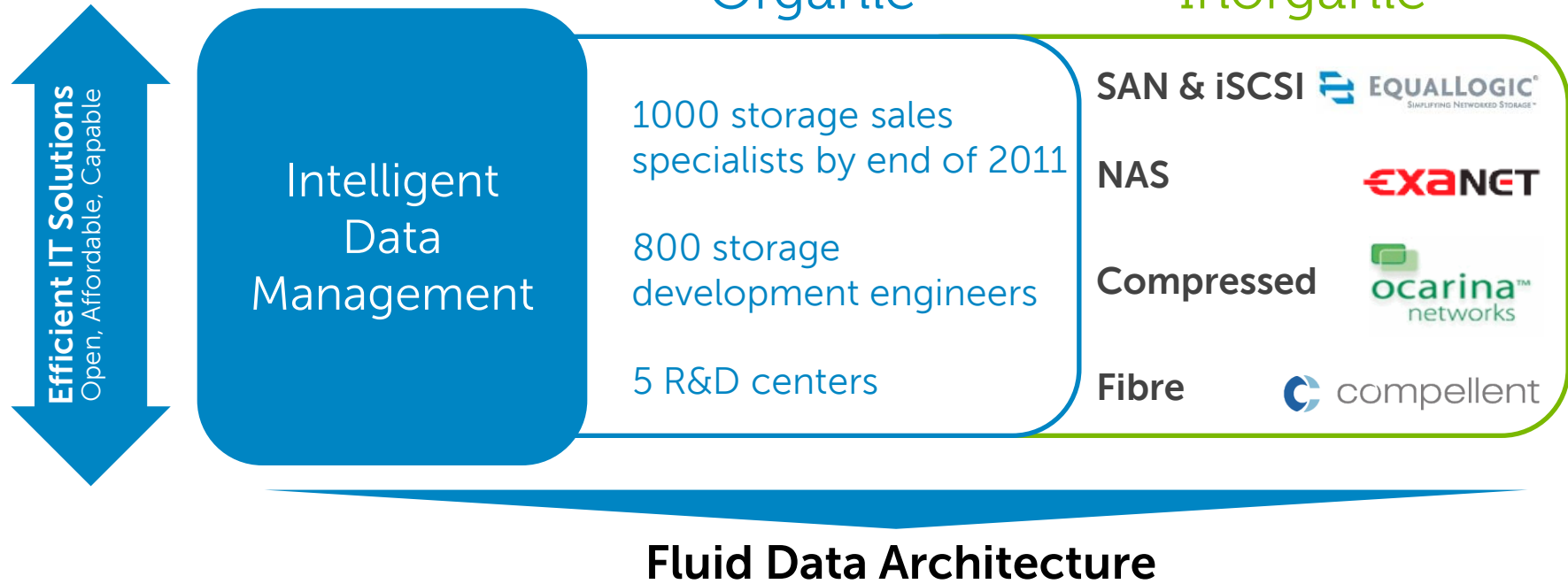
# To help customers address these challenges, our efficient IT strategy delivers simplicity in 3 solution domains





# Competing boldly in each of these solution domains requires organic and inorganic investments

One example:

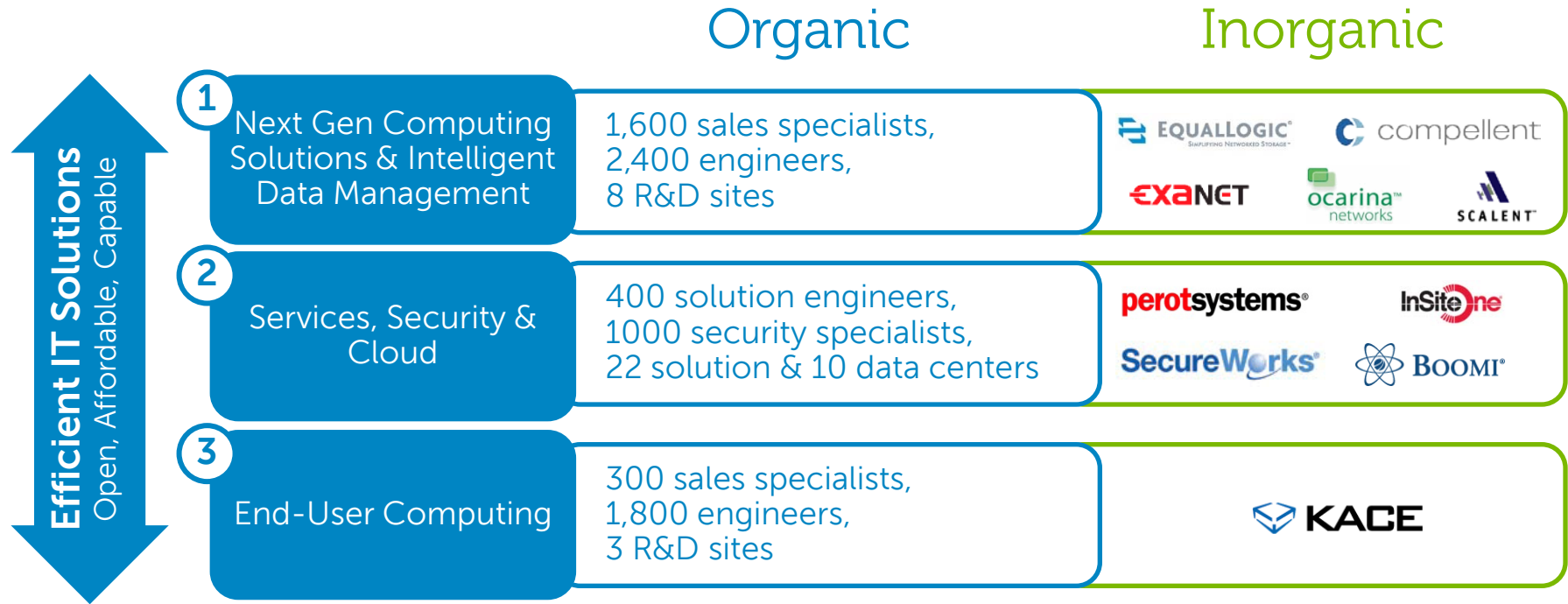


Note: Headcount is cumulative forecast for the exit of FY12

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# Similar organic and inorganic investments are being made across all 3 solution domains



Note: Headcount is cumulative forecast for the exit of FY12

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# We are taking a thoughtful, disciplined approach to acquisitions and integrations

Reinforcing our strategy

Disciplined financial criteria and diligence

Assessing cultural alignment

Preserving value through integration planning

Governing and overseeing constantly





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## Founders Panel

**Phil Soran**

Vice President, Dell Compellent

**Bob Moul**

General Manager, Dell Boomi

**Rob Meinhardt**

General Manager, Dell KACE

**Mike Cote**

Vice President, Dell SecureWorks





**The power to do more**

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## End-User Computing Solutions

**Jeff Clarke**

Vice Chairman, Global Operations & End-User Computing

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# "End-User Computing" is a trillion-dollar category

**Includes all solution elements – devices, data, software, services & peripherals**

## End-User Computing

CAGR

2011-2014

\$1.5T

\$1.4T

SP Voice 17%

Mobile Data 31%

Mobile Apps/Svcs 28%

Smartphone 13%

Tablet 20%

PC Mobile Data 21%

PC SW/Services 6%

Peripherals,  
Imaging Displays 3%

PCs 7%

\$1.0T

\$1.0T

\$0.5T

2011

2014

- End-User Computing includes the full continuum of computing devices, peripherals, and related services
- Category is growing at 11% per year, driven by device proliferation and the explosive growth in data consumption and creation
- New form factors and corresponding new usage behaviors creates opportunity – many more devices, greater spend "around the box," new solutions required





# \$34 billion End-User Computing solutions business...

**With significant growth potential**

## Strategic initiatives

### 1 Strengthen the core

- Reduce complexity to achieve competitive costs/lead times
- Refocus efforts toward higher value areas for Dell
- Establish "repeatable" processes to sustain gains

### 2 Deliver solutions

- Develop comprehensive solutions based on our deep understanding of customer needs
- Provide compelling devices plus the tools to secure and manage hardware, software and data

### 3 Expand our reach

- Add tablets, smartphones and solutions targeting Dell's core commercial/prosumer customer base
- Lead the development of new computing paradigms

## Enablers

**Superior customer insights**

**Repeatable operational model – standardize, simplify, scale**

**Innovation process to secure IP**



# Renewed competitiveness in our core business...

## Structural changes ahead of plan, delivering improved profitability

### Complexity reduction

- ✓ Most popular configurations, logically bundled
- ✓ Low complexity, low cost
- ✓ Industry standard service / support

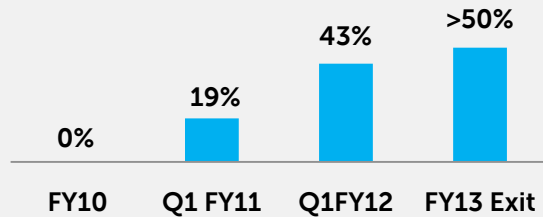
### Repeatable process

- ✓ Value chain aligned end-to-end
- ✓ Customer driven product and supply chain design
- ✓ Strong supply chain performance

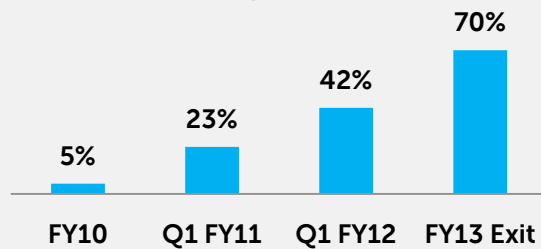
### Higher value focus

- ✓ High value product leadership
- ✓ Optimized complexity, better value
- ✓ Personalization / customization
- ✓ Premium care service and support

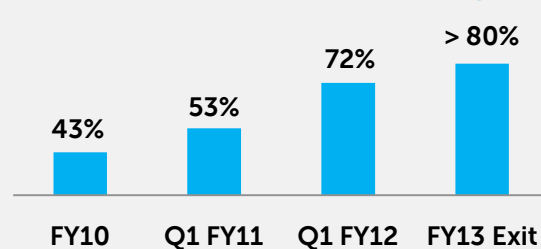
#### Popular, pre-configured offers



#### Consumer Eligible Ocean Ship



#### Contract Manufacturing



# Renewed competitiveness in our core business...

**We delivered on the commitments we made one year ago**

## What we said we would do...

- Simplified offerings aligned to customer buying characteristics (>99% fewer configurations) ✓
- Enhanced online ✓
- 98% next day shipment ✓
- Exactly what you want faster than anyone ✓
- >30% manufacturing cost reduction ✓
- 2+% COGS improvement due to commodity leverage and reuse ✓
- Revenue growth that outperforms the industry ✓
- Profitability of 5% OpInc ✓

# Deliver solutions for the End-User...

## Achieving an accretive revenue growth premium

### Growth markets and segments

- Focus on commercial customers and prosumers
- Win in growth markets where the PC penetration is lower but growing fast, and mobile growth is fastest in the world

### End-User solutions

- Define and design complete solutions by building on our deep customer relationships and targeting specific, emerging needs
- Capture greater share of wallet per customer

### Technology leadership

- Accelerate innovation that drives industry-leading form factor and solution design
- Invest in software and mobility solutions



# Expanding our reach in End-User Computing...

3

## Devices and solutions that complement the core and link to enterprise/services

### Expand the portfolio in mobile

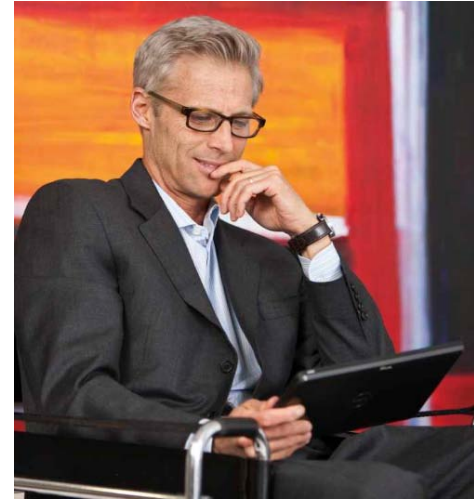
- Launch differentiated set of tablets and smartphones tightly linked to mobility solutions
- Focus on commercial and prosumer segments with enterprise-grade technology

### Build differentiated "around the box" solutions

- Target "Light IT" organizations with solutions that protect data and simplify the management of multiple devices
- Drive greater efficiency and lower cost across the entire End-User Computing portfolio

### Lead the development of new compute paradigms

- Investigate new or hybrid business models for computing
- Expand our portfolio of virtualization options targeting specific sub-segments





**The power to do more**

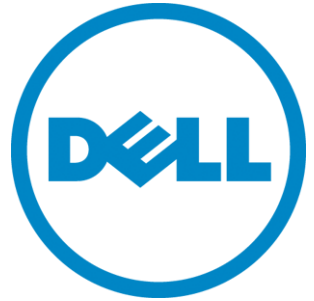
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## Success in the Enterprise

**Brad Anderson**

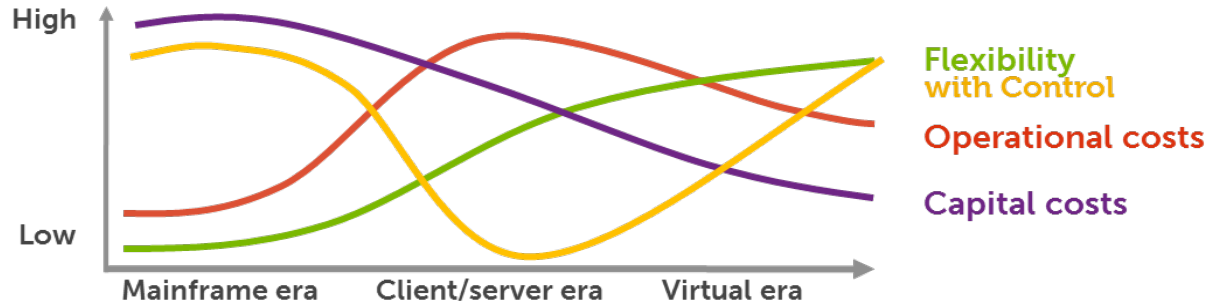
SVP, Enterprise Solutions Group

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# Strategy has not changed, our approach is differentiated

**Virtual Era offers an opportunity and we're taking advantage by driving differentiated innovation in IT operations and data management**



Customer challenge	Industry response	Dell response
VM explosion: more machines, more dynamic	Specialty tools that automate and optimize virtualization stacks	Streamlined IT processes <i>across</i> physical and virtual
Data explosion: more data, less structured	Focus on a new "tier" of storage for each usage model	Focus on an architecture that spans tiers fluidly and intelligently
Scale network to match data center virtualization requirements	Complex static networking topologies	Simplified, flat networks optimized for scale and virtual machine mobility
Agility: creating services from silos	Physically integrated "pods" that encapsulate complexity	Virtually integrated solutions that maintain choice and leverage



# Compelling value focused in a few key areas

Changing the economics of operations with 5 key initiatives that represent areas where Dell can offer unique and differentiated value

<u>Focus areas</u>	<u>Key initiatives</u>	<u>Dell's unique value</u>
Next Generation Architectures	Shared Infrastructure/Orchestration	<ul style="list-style-type: none"><li>• Designing and constructing systems to deliver ease of management, orchestration and automation</li></ul>
	System Mgmt for Virtual/Hybrid	<ul style="list-style-type: none"><li>• Addressing physical and virtual management holistically, enabling migration between deployment models</li></ul>
Manage Data to Extract Value	Information Centric Workloads	<ul style="list-style-type: none"><li>• Extending adoption for key technologies by packaging the right functionality with a level of intelligence, driving ease of use</li></ul>
	Unified Storage Architecture	<ul style="list-style-type: none"><li>• Developing an architecture that unifies storage subsystems and offers advanced functionality that can be used across them</li></ul>
	Fluid Data Architecture	<ul style="list-style-type: none"><li>• Coupling a unified architecture with intelligent policy engine that enables data movement and access while balancing costs</li></ul>



# Dell is uniquely positioned to deliver

**Building on our proven track record and investment in leading technologies**



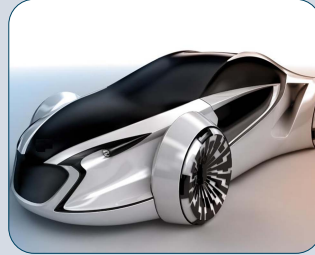
## Mid-market design point

- Proven track record in delivering technologies for the mid-market



## Proven acquisition strategy

- Invested in differentiated IP and accelerating customer adoption



## Delivering platforms of the future

- Investments are in platforms that support the Virtual Era



## Leading virtualization disruptors

- Leaders in key virtualization enablement technologies



## Free to innovate

- No legacy technologies to dilute focus on new technologies

# Success requires multi-dimensional innovation

**Continue innovation in best of breed technologies and leverage in integrated solutions that address key operational challenges**

## Optimized architectures

to address challenges in compute, networking, and storage environments

**Intelligent compute architecture**



**Virtual network architecture**

**Fluid data architecture**



## End-to-end solutions

to address the operational challenges of the Virtual Era

**Virtual Integrated System**

**vStart**

**Modular Data Center**

**Unified Clinical Archive**

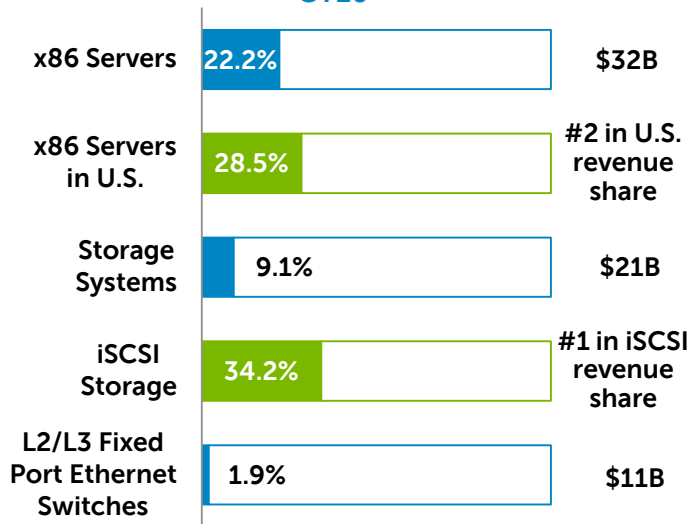


# The opportunity is clear, we're positioned to capitalize on it

We're harnessing the disruptors, leveraging our freedom to innovate, and capitalizing on our mid-market expertise ... *In fact, we have done this before*

## Opportunity

Industry Revenue Share  
CY10

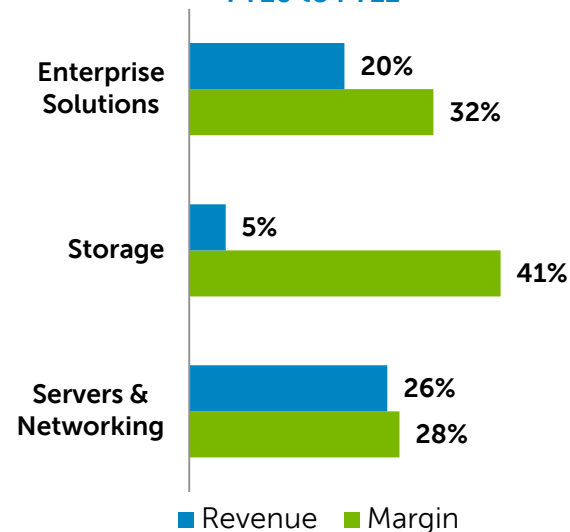


## Inflection

- **Virtualization** is forcing a new way of purchasing and operating IT infrastructure
- **Explosion of data** is forcing a focus on how data is used, effecting the architecture, interaction and access of data

## Momentum

Revenue & Margin Growth  
FY10 to FY11





**The power to do more**

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# Dell Services

## Integrating Today's Solutions with Tomorrow's Innovations

**Steve Schuckenbrock**

President, Dell Services

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# Virtual Era places extreme demands on IT

## Demand for Efficiency

### Increasing Value Focus

- Ongoing IT budget pressure
- Demand for business value
- Vendor pricing

### Drive to Improve Utilization

- High cost single-tenant application models
- Underutilization of dedicated hardware
- Suboptimal skill mixes

## Extreme Demands on IT

## Demand for Flexibility

### Increasing Pace of Innovation




- Mobility and Prosumer
- Anything, Anywhere, Anytime
- SaaS, Analytics and Social

### Need for Responsiveness

- Spikes in Demand
- Explosion of data
- Compressed Cycle Times
- Business Outcome Driven



# Disruptive next generation models create game changing opportunities

		Efficiency Impact	Flexibility Impact
Next generation models	 <b>Cloud Services</b> IT delivered as a service through private, public, and/or hybrid cloud models	<ul style="list-style-type: none"><li>• Dynamic workload shift to achieve 4-5X efficiency gain</li><li>• Pooled resources/multi-tenancy</li><li>• Simplified updates</li><li>• Cost linked to consumption</li><li>• Capital avoidance</li></ul>	<ul style="list-style-type: none"><li>• On-demand processing and storage capacity</li><li>• Easy provisioning</li><li>• SaaS Offerings – Speed to Value</li></ul>
	 <b>Next Gen Infrastructure</b> Designed to take advantage of modular, hyper-scale and high-density principles	<ul style="list-style-type: none"><li>• Dramatically lowered cost</li><li>• Reduced latency</li><li>• Simplified management</li><li>• Highly scalable</li></ul>	<ul style="list-style-type: none"><li>• Standardization equals speed</li><li>• 'Right-sized' capacity</li><li>• 'Just-in-time' capacity</li></ul>
	 <b>Talent Capabilities</b> High talent, low cost resources organized by an optimized workforce pyramid	<ul style="list-style-type: none"><li>• Optimized staffing pyramid leading to improved resource utilization</li><li>• Remote support from low cost locations</li><li>• Improved access to specialized skills and technical expertise</li></ul>	<ul style="list-style-type: none"><li>• Enhanced resource scalability</li><li>• Industry solution frameworks</li></ul>



# Solutions designed for the mid-market

## Broad Vertical Portfolio

Efficient/Flexible

### Support

Multi-Vendor

Deployment and  
Configuration

Industrialized  
Services

### Infrastructure

Cloud Services

RIMO

Consulting  
(Transformation)

### Applications

SaaS

Cloud  
Re-platforming

Consulting  
(Cloud Migration)

### BPO

BPaaS

Domain and Platform  
Solutions

Transformational  
KPO and Analytics

### Security

Security Management

Data Center &  
Cloud Security

Application &  
Network Security

Endpoint &  
Mobile Security

## Next Generation Solutions



# Dell SecureWorks

## THE WALL STREET JOURNAL.

Lockheed Martin Hit by Security Breach

Hacking at Citi is Latest Data Scare

White House Targeted in Gmail Hack

FT

Nintendo Gets Gamed By Hackers

Hackers Break Into U.S. Senate Computers

cnet

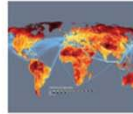
RSA Breach Puts APT Back in Spotlight

Core  
Assets

Services

Business  
Value

Global  
Visibility



CTU  
Research



Vertical  
Expertise



Purpose-Built  
Technology



5 SOCs



Expert Security  
Analysts



Managed Security

CTU Intelligence

Security & Risk  
Consulting

Threat  
Mitigation

Visibility

Flexibility

Cost  
Control

Compliance



# New scope services signings since start of FY12

- Approximately \$800 Million YTD
- 17 Public and 11 Large Enterprise
- 22 Americas, 5 EMEA and 1 LATAM
- Almost 200 for SecureWorks



## **Nuclear Regulatory Commission**

Full ITO, including Data Center  
Hosting and Support Services



## **Reid Hospital**

Full Outsourcing of Revenue Cycle,  
including Admitting, Coding/Health  
Information Management, Billing, and  
Collections



Global hospitality company - comprehensive  
IT services and solutions



U.S. based professional services firm - data center  
consolidation, infrastructure implementation and  
managed support services



Midwest university research hospital - EMR  
implementation and legacy applications  
modernization



Middle East academic and research foundation  
for children's hospital - prime source vendor to  
deliver a total healthcare IT solution



Large South American private bank - help  
desk and field support solution



# Dell Services – In Summary

**We are  
executing a  
growth  
strategy**



- Services is a growth business, and Dell is investing in strategic capabilities, including building a world class team
- We are leveraging Dell technology to capitalize on this disruptive inflection point in the industry
- Dell Services is developing and implementing reference architectures to accelerate movement to the cloud while designing open capable and affordable enterprise solutions





**The power to do more**

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# Q&A





**The power to do more**

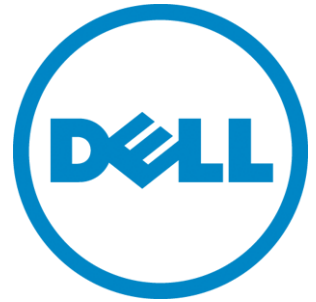
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## Customer Panel

**Karen Quintos**

SVP, Chief Marketing Officer

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## Customer Panel

### **Brad Thompson**

Director, IT Infrastructure Engineering  
Target

### **Becky Sykes**

SVP, Chief Information Officer  
Catholic Health Partners

### **Aaron Beasecker**

VP, Information Technology,  
Lopez Foods

### **Claus Moldt**

Global CIO and SVP, Service Delivery  
Salesforce.com





**The power to do more**

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# Public & Large Enterprise Review

**Paul Bell**

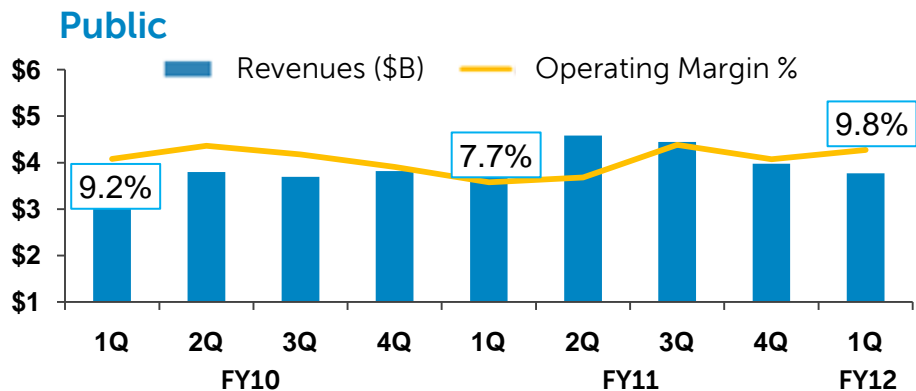
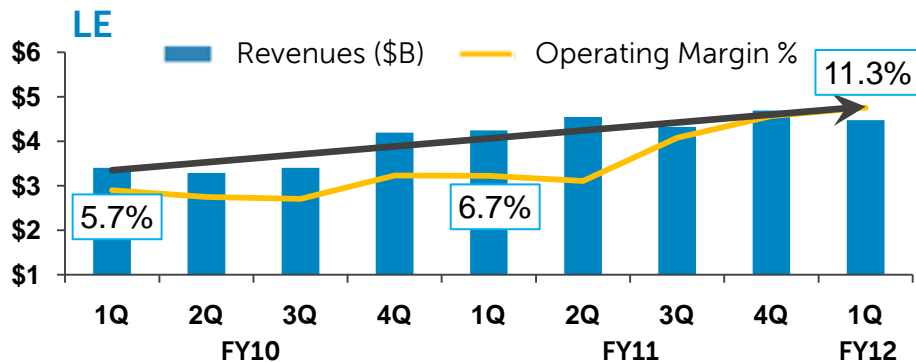
President, Public & Large Enterprise

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# PLE profitability: strategy resonating with customers

## Results reflects PLE momentum



### LE

- **Highest OPINC \$'s and % in history** .... gross margin the highest over past two years in all regions
- Continued **strength in corporate refresh** led by NB growth of 16% Y/Y
- Services up 7% Y/Y with double digit growth in projects, reflecting **expanded vertical services expertise**

### Public

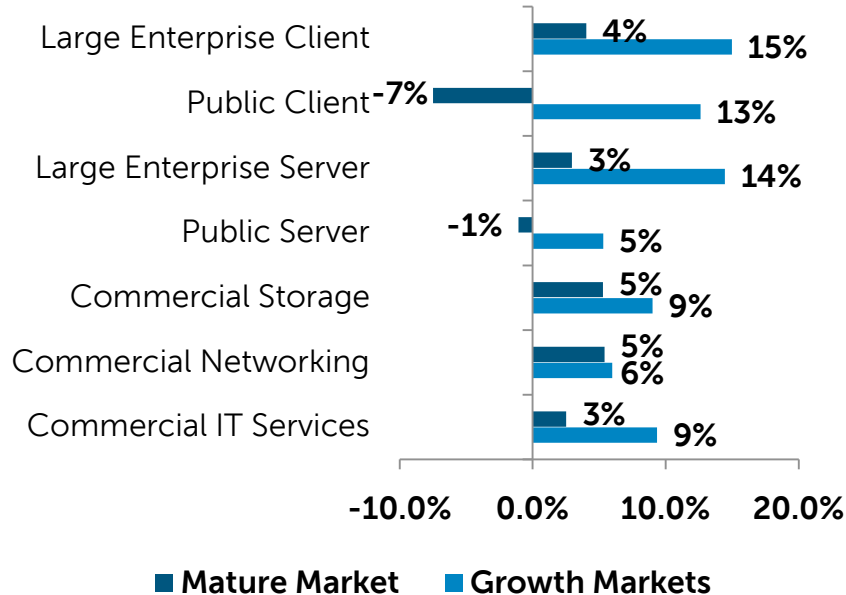
- OpInc up 24% Y/Y ... **higher mix of services, pricing discipline, and lower structural costs**
- **US Federal budgetary constraints and muted spending in Western Europe** impacted revenue.
- Revenue in **growth markets\*** increased **11% Y/Y**, led by China (+50% Y/Y)

\* Includes all regions with the exception of the US, Canada, Western Europe and Japan



# PLE go to market (GTM): positioned to win

## Industry Growth Rates (CY2011)



## GTM Differentiation

- Focused on mid-market opportunity
- Key IP/Technology innovation
- Open, capable and affordable solutions
- Unlock efficiency and move critical IT dollars to innovation
- Vertically relevant solutions

Note: Mature markets include the U.S., Canada, Western Europe and Japan;  
Total Commercial includes Large Enterprise, Public and SMB

Source: (1) IDC WW Quarterly PC Forecast Q1 2011



# Our focus: continue to transform our business to enable customers to do more

## Building Deeper Business Relationships

- **"Keep my sales rep"**  
Limit account transitions to critical few
- **"Know my business"**  
Sales Transformation and investment in sales teams to create customer value

545 sales people trained in CCV  
(Create Customer Value)

## Customer Experience

- **"Improve Business to Business Online"**  
Enable customers to maximize on-line experience, use Dell as a resource
- **"Free-up sales time"**  
Sales Process Reengineering improved efficiency program

63% improvement in loyalty scores over past 5 quarters

## Delivering Vertically-Relevant Solutions

- **"Give me solutions that address a key business challenge I'm facing in my industry"**  
Pre-configured solutions that address customer mission

North America Public vertical solutions increased +13% Q/Q

## Transforming GTM

- **"Increase hiring of specialists"** Strengthen sales expertise through training, specialist hiring
- **"Focus resources on growing mid-market opportunity"**

540 specialists trained or hired in FY 11; 825+ in FY12



# Enabling CIOs to unleash innovation from a position of strength

TOWERS WATSON



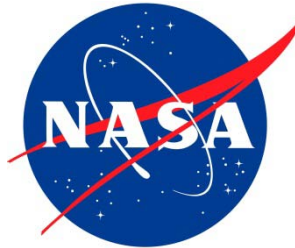
- Post-merger, optimize data centers globally
- Redesigned, consolidated, deployed and optimized global data centers
- Enabled transformation and managed services



- Streamline IT to ensure flawless execution of business critical work
- Designed and deployed end-to-end solution and services
- Cut costs, reduced complexity and ensured IT responded to business needs



- Business challenges with security, compliance, manageability of data,
- Data center strategy leveraging virtualization and data management technology
- Improved IT efficiency, responsiveness and productivity



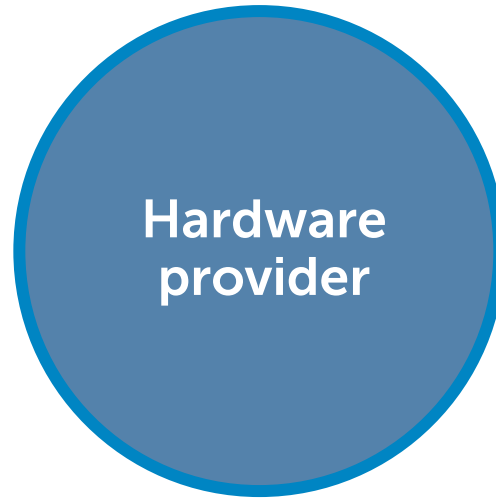
- Create first fully independent, government-operated cloud computing services
- Nebula's high-density architecture allows for a dramatically reduced data center footprint.
- Nebula is 50% more energy efficient than traditional data centers.



## Key takeaway

**Dell will enable CIOs to deliver more value and innovation**

### The Old Dell





# Key takeaway

**Dell will enable CIOs to deliver more value and innovation**

## Today's Dell





**The power to do more**

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# Consumer, Small & Medium Business Review

**Steve Felice**

President, Consumer, Small & Medium Business

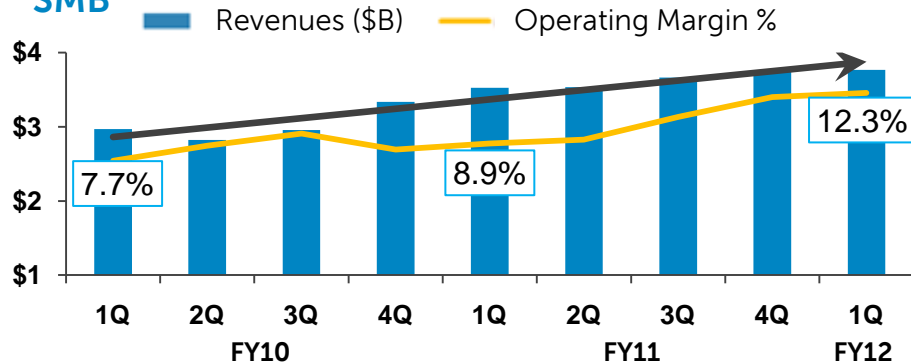
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# CSMB profitability ramping as mix improves...

## Results reflect stronger underlying economics

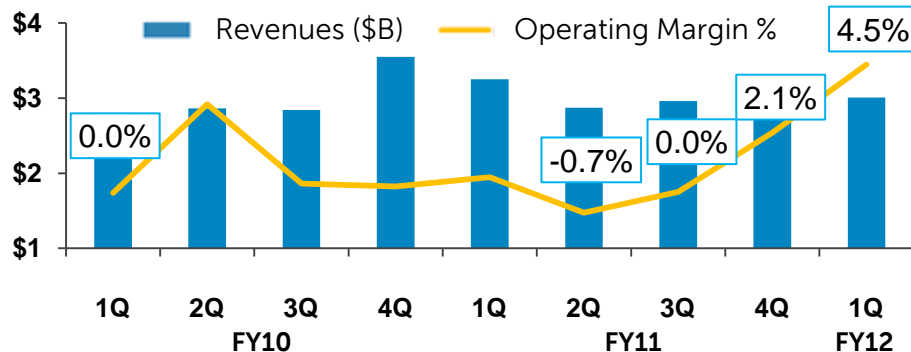
### SMB



### SMB

- **Record OpInc** driven by operational execution, pricing discipline and better mix
- **Improved mix** of servers, storage, networking and services... mix up 200+ bps and GM % up 300+ bps over past 2 years
- **Strong storage business**... Dell IP growth significantly outpacing market; Compellent quickly replacing EMC

### Consumer



### Consumer

- **Highest margin in two years** driven by brand simplification, customer satisfaction and improved pricing discipline
- **Higher value, more differentiated products**
- **Outstanding execution in growth markets\***

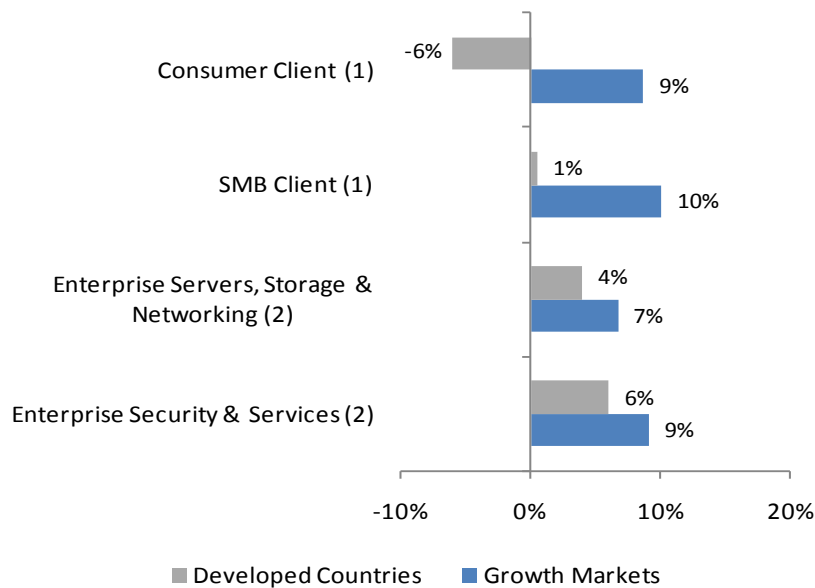
\* Includes all regions with the exception of the US, Canada, Western Europe and Japan



# CSMB go to market (GTM): a differentiated approach

**Localization of global strategy...make open, capable and affordable relevant in target geographies and channels**

## Industry Growth Rates (CY2011)



## GTM Differentiation

- Geographic coverage
- Channel approach (including Direct)
- Products & solutions
- Supply chain strategy
- Service and support
- Customer segmentation

Note: Mature markets include the U.S., Canada, Western Europe and Japan;  
FY11 revenue mix of growth markets was 31%, up from 25% in FY10 and 21% in FY09



# Our SMB GTM focus: meeting customer needs on their terms, and enabling their growth

## Growth Market Focus

- **Incredible momentum** in our brand position:
- Leading brand position in **China, India and Brazil**
- **Field coverage investments** targeting growth markets

### SMB Rev Growth (Y/Y)\*

Growth markets +28%  
Developed countries +12%

## Customer Experience

- Becoming the customer's "**trusted advisor**"
- Powerful combination of **direct & channel**
- **Operational execution** excellence
- Providing **highest quality**

### Customer Experience

45% Y/Y Improvement  
in loyalty scores

## Solutions & Solution Selling

- Solutions **relevant for SMBs**
- EqualLogic / Compellent – **Data Mgmt**
- KACE – **Secure IT asset Mgmt**
- Boomi – **enabling best of breed Cloud**

### Storage Results (Y/Y)\*

Dell IP Rev Growth: 33%  
Storage GM% +800 bps

## Coverage

- Expanding **Mid-market Field Coverage**
- Sales investments in **attractive markets**
- Optimizing sales account ratios
- Strengthening relationships with **certified VARs**

### MB Sales Headcount Growth

FY11: 850  
H1 FY12: 185



# Our consumer GTM focus: targeting opportunities in attractive customer and market segments

## Growth Market Focus

- Enhancing our **brand** position:
  - Brazil: #1
  - India: #1
  - China: Tied for #1
- Launching **XPS Streak 10 Pro** in China

## Customer Segmentation

- Targeted **marketing communications**
  - Example: XPS 15z "thinnest 15in PC on the planet"
- Focus on **key segments**:
  - Example: XPS 15z targeting **Prosumers**

## Profitability

- Strong **operational execution**
- **Disciplined pricing** approach
- Significant increase in **fixed configurations and ocean shipping** of eligible units

## Customer Experience

- Brand simplification
  - **Reduced sub-brands by 50%**
  - Alienware, XPS & Inspiron
- **Multi-channel distribution**
- XPS field **quality improved 46%** in FY2011

**Rev Growth (Y/Y)\***  
Brazil, China & India +33%  
Other Growth Markets +27%

**Q1 Share >\$800**  
+140 bps Q/Q

**Q1 Profitability (Y/Y)**  
+400 bps

**Customer Experience**  
75% Y/Y Improvement  
in loyalty scores



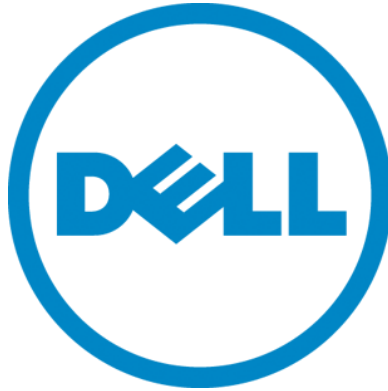
# Final thoughts

## Our CSMB Business...

- ... positioned to use **small and medium business strength and mid-market focus** as competitive differentiation
- ...has turned it's focus to selling solutions and leveraging **IP portfolio**
- ...will continue to focus on **attractive segments of the market** (e.g., growth markets)
- ...has **improved profitability** in our Consumer business; we plan to sustain healthy profits in this business over the long-term







**The power to do more**

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Q&A





**The power to do more**



**Michael Dell**  
Chairman and CEO

**Brian Gladden**  
SVP, Chief Financial Officer



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Q&A





**The power to do more**

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Thank you





**The power to do more**



# Supplement non-GAAP reconciliation

## DELL INC.

Reconciliation of Non-GAAP Financial Measures  
(in millions, except per share data and percentages)  
(unaudited)

	TTM April 29, 2011	Twelve Months Ended FY11 January 28, 2011	FY10 January 29, 2010	FY09 January 30, 2009
<b>GAAP operating income</b>	<b>\$ 4,126</b>	<b>\$ 3,433</b>	<b>\$ 2,172</b>	<b>\$ 3,190</b>
Non-GAAP adjustments:				
Amortization of intangibles	353	349	205	105
Severance and facility actions	91	129	481	282
Acquisition-related	131	98	116	-
Stock option accelerated vesting charges	-	-	-	104
Other <sup>(1)</sup>	-	140	-	-
<b>Non-GAAP operating Income</b>	<b><u>\$ 4,701</u></b>	<b><u>\$ 4,149</u></b>	<b><u>\$ 2,974</u></b>	<b><u>\$ 3,681</u></b>
<b>GAAP operating income</b>	<b>6.7%</b>	<b>5.6%</b>	<b>4.1%</b>	<b>5.2%</b>
Non-GAAP adjustment	0.9%	1.1%	1.5%	0.8%
<b>Non-GAAP operating income</b>	<b><u>7.6%</u></b>	<b><u>6.7%</u></b>	<b><u>5.6%</u></b>	<b><u>6.0%</u></b>

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

<sup>(1)</sup> Other for the fiscal year ended January 28, 2011 includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter, which are both recorded in operating expenses.

