



**The power to do more**

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# 2011 Annual Meeting of Stockholders

July 15, 2011

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Welcome

**Lawrence Tu**

Senior Vice President, General Counsel

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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, capital allocations, corporate responsibility initiatives, pricing, and product mix as well as the timing and magnitude of corporate product refresh) 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. 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 slide captioned “Supplemental Non-GAAP Reconciliation.” 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 measure.*



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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 PC 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		
5,000+	Large Business	Small & Medium Business	\$220B
\$290B	500 – 5,000	1 – 499	
	\$680B	\$820B	



# Dell's differentiation...

Two lenses: Mid-market and open, capable and affordable

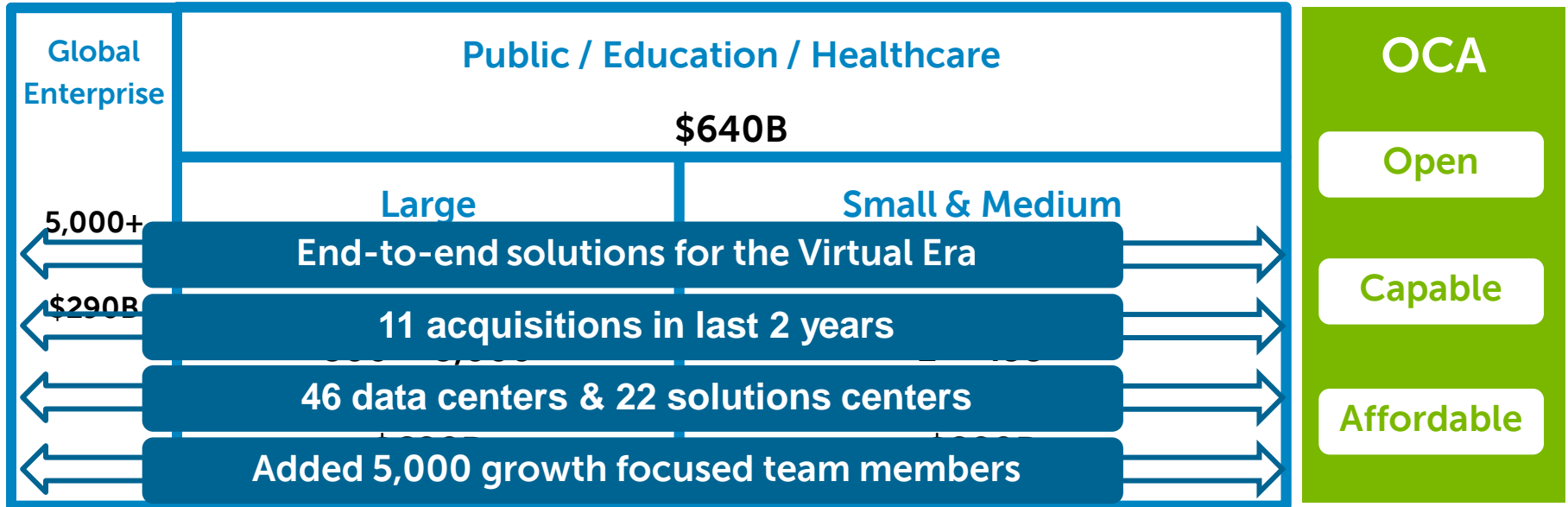
Global Enterprise	Public / Education / Healthcare		OCA
	\$640B		
5,000+	Large Business	Small & Medium Business	Open
\$290B	500 – 5,000	1 – 499	Capable
	\$680B	\$820B	Affordable

Mid-Market Design Focus



# Dell's differentiation...

Two lenses: Mid-market and open, capable and affordable



**Mid-Market Design Focus**



# Corporate Responsibility

## Fiscal Year 2011 meaningful milestones

Impact 1 million children annually through Dell YouthConnect



Recycled over 150 million pounds of electronics in FY11

Plan to eliminate 20 million pounds of packaging by 2012



175,000 hours of team member volunteer services

7<sup>th</sup> time perfect score on Corporate Equality Index

2<sup>nd</sup> year giving 1% of pre-tax profit to community efforts

#1 Greenest Company in America (*Newsweek*)



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## Financial Model

**Brian Gladden**

SVP, Chief Financial Officer

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# Key Messages

- Executing on our growth strategy
- Notebook and desktop business doing very well ... growing revenue and profitability
- Investing in sales capabilities and innovation
- Enterprise growth accelerating ... storage and services positioned to drive profitable growth
- Solid progress on long-term value creation framework

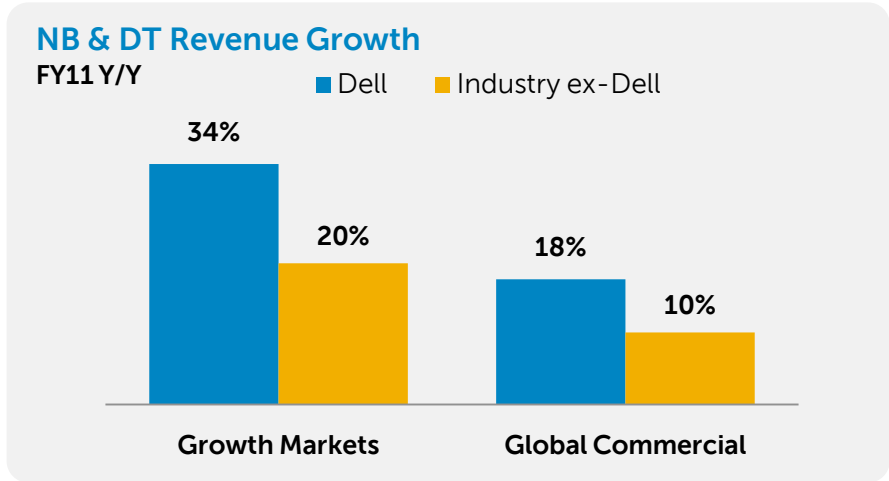
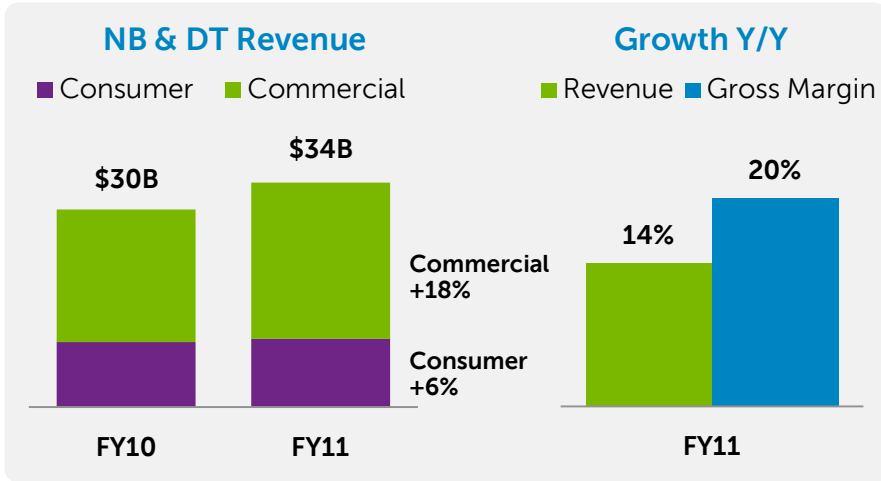


# Great progress with notebook and desktop business...

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

- **Positioned for growth in commercial...** sustaining cash flow generation
- **Strong progress in cost structure and supply chain** support continued confidence

- **Key to two big markets...** mid-market and growth markets\*
- **Enables conversations** about services and S&P



Source: IDC & Company Estimates

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

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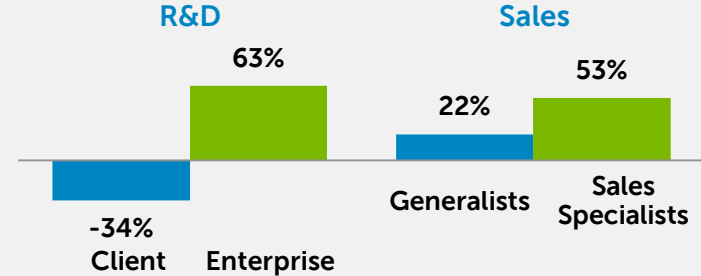
# Disciplined resource allocation...

## COGS and Opex discipline enabling investment in solutions

- **World class levels of G&A** ... spend is about flat
- **Margin performance allows us to invest** in sales and more focused R&D
  - Specialists now make up ~30% of sales spend
  - R&D spend on servers and storage is projected to be >70% of total R&D spend in FY12
- **Focused on building differentiated Dell intellectual property**... spending significantly higher levels in critical places like storage

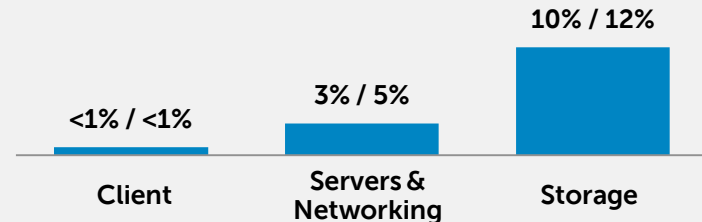
### R&D & Sales Spend

1Q'12 Y/Y



### R&D as % of Sales

Current/Target





# \$18B enterprise solutions and services business...

With significant growth potential

Seen significant growth in the past year and mix will shift significantly to a larger portion of Dell-branded offerings.

Strong growth

Higher margins

Solutions driven

Increased investments

## Focus Areas

- Open, Capable, and Affordable approach
- Datacenter solutions
- Efficient and cost-saving solutions for customers
- Differentiated IP

## Servers: \$8B

- #1 in US, #2 WW in x86 with 26% Y/Y revenue growth
- Driving growth through data center solutions (from vStart to cloud infrastructure)

## Storage: \$2B

- #1 in iSCSI. EqualLogic 62% Y/Y revenue growth
- Expect similar growth trend for Compellent
- Integrating IP from Ocarina and Exanet

## Services: \$8B

- #1 WW IT healthcare service provider (Gartner)
- #1 North America IT service and support satisfaction (TBR)
- Focused on geographic and vertical expansions



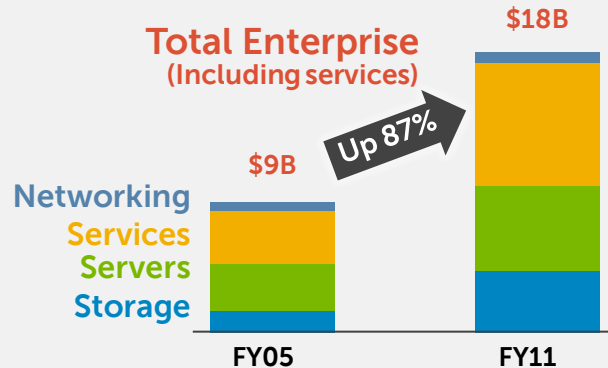
# Enterprise growth is accelerating...

## Strategically positioned in growing IT markets

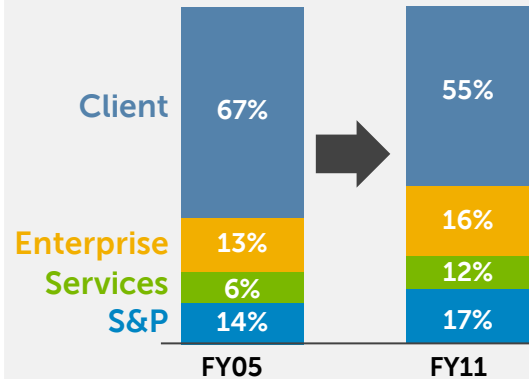
### Enterprise solutions and services

- Revenue up 87% over the past six years
- Represents 29% of Dell's consolidated revenue
- Gross margin mix now ~50%

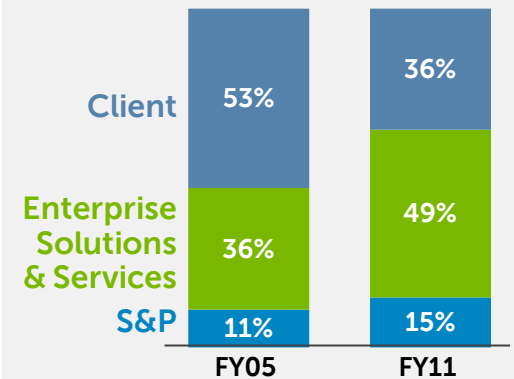
### Revenue



### Revenue Mix



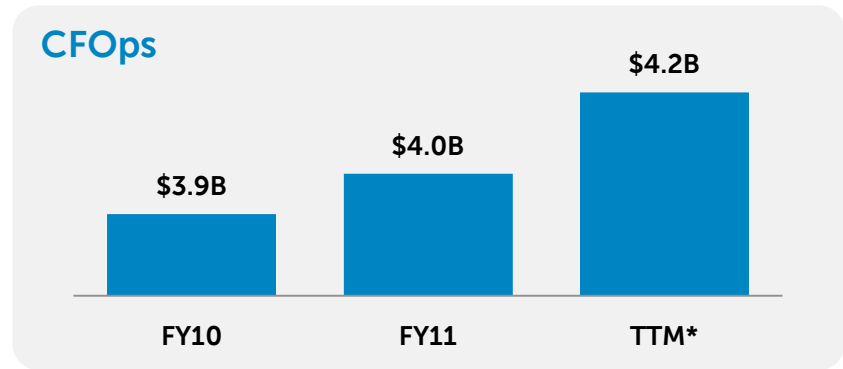
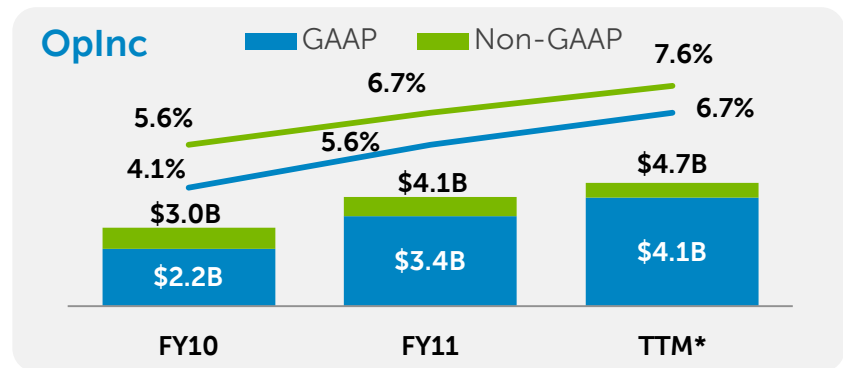
### Gross Margin Mix



# 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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# 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.



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# Q&A

**Michael Dell**

Chairman and CEO

**Lawrence Tu**

SVP, General Counsel

**Brian Gladden**

SVP, Chief Financial Officer

**Alex Mandl**

Lead Director



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Thank you





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