CREATING A MODEL FOR SUSTAINABILITY

DELL ENVIRONMENTAL REPORT

Dell Fiscal Year 2003 in Review

Acknowledgement

We wish to acknowledge and thank Calvert Group, Inc. and As You Sow Foundation for providing input and guidance into Dell's environmental report. While these groups have not endorsed the report, they are playing a key role as we work to improve the scope and depth of our environmental reporting.

To view this report online and for more information on environmental programs at Dell, please visit:

www.dell.com/environment

You may also contact Dell's Environmental Affairs department via e-mail at:

WW_Environmental_Affairs@Dell.com

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*Dell has produced this expanded report based on a number of external references including, but not limited to, certain elements of the Global Reporting Initiative (GRI) Sustainability Guidelines. This report is the first in which Dell has included economic and social information in our environmental report and we intend to enhance this report over time as appropriate. The GRI Index on this Contents page cross-references portions of this report to the GRI Sustainability Guidelines.

FROM THE OFFICE OF THE CEO

We are pleased to provide Dell's environmental report for fiscal year 2003. As an industry leader, Dell embraces the opportunity to set the example through environmental stewardship. In addition to our historical emphasis on employee health and safety, and design for the environment, Dell has also been very engaged in providing our customers and all owners of technology with responsible ways to recycle at the end of a product's useful life. We are working with a variety of stakeholders and partners to build awareness regarding recycling and donation of hardware and to do so in a cost-effective manner. Working with our stakeholders, Dell is the first U.S. computer company to commit to setting global performance recycling goals by March 2004. Our mission is to fully integrate environmental stewardship into our business of providing quality products, best-in-class services, and the best customer experience at the best value.

We would like to highlight several aspects of this report:

- First, this is our first report to correlate relevant content with the Global Reporting Initiative (GRI) Sustainability Guidelines. Please see the table of contents for cross-references to the GRI Sustainability Guidelines. The standard is available in its entirety on the Internet at: **www.globalreporting.org**
- Second, we have included information about our corporate philosophy known to us as "The Soul of Dell." This philosophy includes several aspects of our Winning Culture, including an overview of our engagement activities in Dell communities around the world. Ongoing discussions with stakeholders will continue to shape our reporting and we expect this input to enable us to provide even more detail in the fiscal year 2004 report.
- Finally, our next report will be issued in April 2004. This report will align our environmental reporting with our end-of year financial reporting to give our stakeholders a comprehensive view of Dell's performance.

Dell's focus on integrating improved environmental performance into all aspects of our business is strong and driven in large part by our commitment to serve customers and to do what is right for them and the world we share. Dell is fully committed to products and practices that minimize risk to the environment. We are working to reduce—and eventually eliminate—environmentally sensitive substances and to keep materials out of landfills. Dell's goal is that no computer should go to waste. Dell has developed guidelines for our recycling partners to ensure that hardware is demanufactured, that no environmentally sensitive waste is exported to third-world countries, and that suppliers' processes maximize the amount of materials recovered for reuse. In particular, our agreements stipulate that no environmentally sensitive materials may be disposed of in a landfill. From product concept and development through end-of-product-life practices and offerings, we follow strict environmental standards, going beyond compliance with local laws and regulations where possible to meet and exceed the needs of our customers.

Under our Restricted Materials program, Dell suppliers are required to declare that products they produce for us do not contain materials and substances that may threaten the environment, and the program continues to be a model for continuous product improvement. We will use these same processes to drive further improvements and ensure that Dell™ systems meet the European Union's Restrictions on Hazardous Substances (RoHS) directive, as well as all other regulations. We continue to reduce the energy consumption of our products and to conserve natural resources throughout our global manufacturing and supply networks. Further, Dell has been aggressively working to anticipate emerging trends and requirements. In particular, we are preparing for compliance with important European requirements such as the Waste Electrical and Electronic Equipment (WEEE) directive.

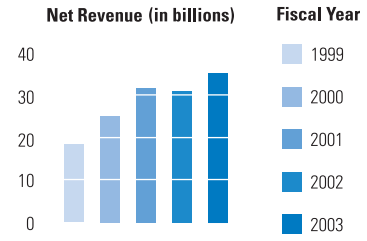
Dell's ongoing success is based on a dedication to operational efficiencies that deliver greater innovation, value, and convenience to our customers. These efficiencies that benefit our customers and Dell are inherently good for the environment. Through direct customer relationships, we eliminate unnecessary steps in the purchase, manufacturing, and delivery of products and services, which in turn minimizes waste, conserves energy, and reduces materials of concern at the source. Also, direct customer feedback drives environment-friendly product design and development of product retirement services.

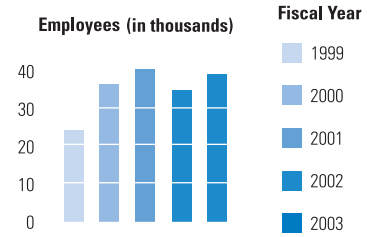
We will continue to improve our environmental performance by establishing and integrating environmental goals for product design, manufacturing, and recycling services into our operations. We will measure and communicate our progress against our goals.

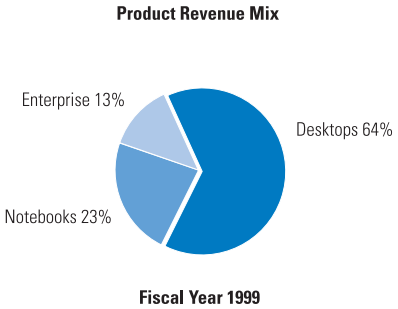
Michael S. Dell
Chairman of the Board
Chief Executive Officer

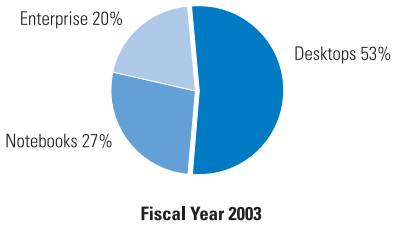
Kevin Rollins
President
Chief Operating Officer

ECONOMIC PROFILE









Regional Headquarters

Americas
Dell Computer Corporation
Round Rock, Texas

Europe, Middle East, and Africa
Dell Computer Corporation
Bracknell, United Kingdom

Asia-Pacific
Dell Computer Asia Pte. Ltd.
Singapore

Japan
Dell Computer K. K.
Kawasaki, Japan

Manufacturing Locations

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

For additional copies of this annual environmental report for fiscal year 2003 or more information on environmental programs at Dell, please visit our environmental website at: **www.dell.com/us/en/gen/corporate/ vision_reports_environ.htm**

Or write to:

Dell Computer Corporation
Attention: Worldwide Environmental Affairs
One Dell Way
Round Rock, Texas 78682
U.S.A.

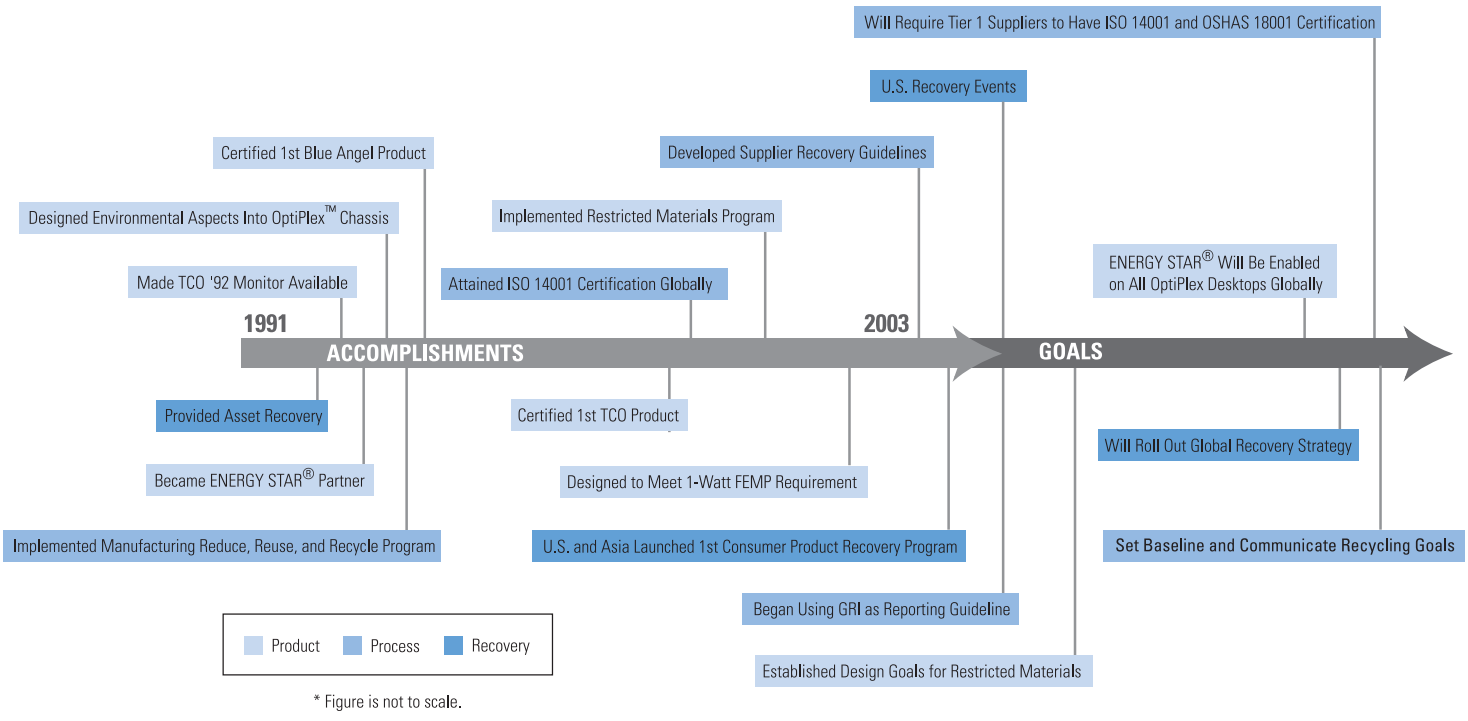
A CONTINUUM OF ENVIRONMENTAL IMPROVEMENT

Dell continues to expand its environmental activities around the world, building on a solid foundation of accomplishments and guided by a vision of continuous improvement.

Program improvements have been driven by customer preferences and employee teams focused on integrating environmental sustainability into our business strategy. Dell's environmental programs for product asset recovery and product design for environment have spanned more than a decade. Several years ago, all but one of our manufacturing and operations facilities attained ISO 14001 certification. Today, we are building our environmental management system infrastructure to support effective management of our environmental impacts and facilitate better reporting.

We are setting goals for stakeholder engagement, using the Global Reporting Initiative (GRI) as a reporting guideline, and defining objectives that continually challenge Dell to provide leadership for preserving our natural environment.

Accomplishments and Goals*



* Figure is not to scale.

DELL'S ENVIRONMENTAL POLICY

Achieve an Environmentally Focused Culture

Dell's vision is to create a company culture where environmental excellence is second nature. Our mission is to fully integrate environmental stewardship into the business of providing quality products, best-in-class services, and the best customer experience at the best value. The following environmental policy objectives have been established to achieve our vision and mission.

Design Products With the Environment in Mind

- Design products with a focus on:
  - Safe operation throughout the entire product life cycle
  - Extending product life span
  - Reducing energy consumption
  - Avoiding environmentally sensitive materials
  - Promoting dematerialization
  - Using parts that are capable of being recycled at the highest level
- Set expectations of environmental excellence throughout Dell's supply chain.

Prevent Waste and Pollution

- Operate Dell's facilities to minimize harmful impacts on the environment.
- Place a high priority on waste minimization, recycling and reuse programs, and pollution prevention.

Continually Improve Our Performance

- Use an Environmental Management System approach to establish goals, implement programs, monitor technology and environmental management practices, evaluate progress, and continually improve environmental performance.
- Foster a culture of environmental responsibility among employees and management.

Demonstrate Responsibility to Stakeholders

- Act in an environmentally responsible manner through sustainable practices designed to ensure the health and safety of Dell's employees, neighbors, and the environment.
- Periodically communicate company progress to stakeholders.
- Engage stakeholders to improve products and processes.

Comply With the Law

- Conduct business with integrity and dedicated observance of environmental laws and regulations, and strive for leadership through programs that surpass compliance.

Michael S. Dell
Chairman of the Board
Chief Executive Officer

MANAGING THE STAGES OF THE TOTAL PRODUCT LIFE CYCLE

Dell's environmental policy sustains a company culture that targets improvements at every phase of the product life cycle, from initial concept and design through manufacturing, customer ownership, and end-of-life reuse and recycling solutions. The resulting Dell business practices help ensure that products and processes protect the global environment and maximize conservation and recovery of resources.

Solutions for Every Stage

STAGE
1

PRODUCT CONCEPT AND DESIGN

"We have made significant progress this year in eliminating environmentally sensitive materials from our products and are establishing goals to aggressively address this concern on future products."

Don K. Brown
Worldwide Environmental Affairs

BLUEPRINT FOR AN ENVIRONMENTALLY FRIENDLY FUTURE

Dell recognizes the critical window of opportunity during the early design stages of a product when even a small environmental consideration can have a large effect on the environmental impact of a product throughout its life cycle. Dell is working toward capitalizing on this window of opportunity with the Dell Design for Environment (DfE) program. The Dell DfE program instills environmentally sound principles into product design.

Design for Environment (DfE)

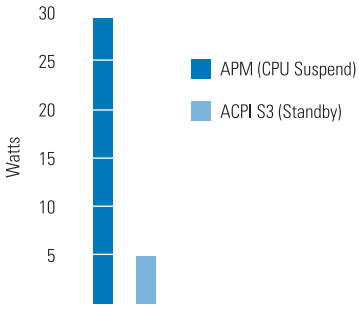
Through the Dell DfE program, we evaluate our products to consider aspects such as material selection, recycling, packaging, energy conservation, and extending a product's life span. We measure our products against Dell environmental product-design criteria that were derived from standards associated with Blue Angel and the TCO eco-labels. (See page 24 for more information about eco-labels.) We communicate environmental product-design criteria to Dell employees, encourage environmental stewardship and continuous improvement, provide feedback to engineering regarding a product's performance, and report environmental management successes.

A robust DfE program includes consideration of every stage of a product's life cycle, from raw material selection to recycling or responsible end-of-life management. Dell works with many vendors when developing, marketing, selling, and recycling products. Our vendors contribute to the environmental impact of our products' life cycles. Therefore, we extend our environmental program expectations to those vendors.

Product Energy Efficiency

Dell products have achieved key environmental certifications in Europe and the United States. By participating in voluntary eco-label programs, the company continues to go well beyond basic compliance with environmental regulatory requirements to better meet the needs of its customers and the environment. In addition to participating in the voluntary eco-label programs, Dell looks to these programs as guidance for environmental practices and attributes for implementation across its product lines.

ENERGY STAR® Power Reductions



ENERGY STAR® Program

The ENERGY STAR® program is a voluntary, joint effort between the U.S. Environmental Protection Agency (EPA) and manufacturers to reduce power consumption of office equipment. The program allows manufacturers to partner with the EPA to design and certify products that meet or exceed federal government guidelines for low power consumption. Dell has actively participated in this program since 1993.

Most of the desktop computer products designed by Dell today for individual users consume less than 5 watts in standby mode and exceed the current levels established by the EPA for energy efficiency. ***Standby mode*** is an industry-standard term for a computer "sleep state," otherwise known as ACPI S3 mode, and is designed to enable "instant on" capability in computer systems. Standby mode consumes less power than S1 (CPU Suspend) and consumes significantly less power than previous platforms supporting Advanced Power Management (APM).

Goal: Default (100 percent) ENERGY STAR®-enabling features on OptiPlex™ desktop computers worldwide.
Status: Worldwide implementation of ENERGY STAR® standards on all OptiPlex desktop computers launched in 2003.

Executive Order 13221 (1 Watt or Low "Standby" Power)

Rolling electricity blackouts during California's "energy crunch" of January 2001 prompted President George W. Bush to sign Executive Order 13221, which sets forth a preference in the purchasing evaluation process for devices that consume less than 1 watt or consume low "standby" power when turned off.

Dell actively participated with the Federal Energy Management Program (FEMP) through industry workgroups to reduce the power consumption of Dell-branded products by aggressively implementing a three-phased approach involving:

- Power supply design improvements
- Changes to the BIOS (basic input-output system) code
- Improvements to the system board design

As an example of Executive Order 13221's impact, Dell is now designing its mainstream desktop computers to consume less than 1 watt when in standby mode—a feature that saves energy dollars not only for the federal government, but for all consumers.

Dematerialization

Reducing the volume of materials in a product (dematerialization) without diminishing the product's function is a key environmental initiative for Dell. In many cases, material reduction can actually enhance the product's functionality.

Reducing the volume of materials that must eventually be sent to landfills not only reduces the impact of Dell's products on the environment, but also results in a reduction of product size, weight, and cost, all of which enhance customer experience. Including dematerialization as a design parameter benefits Dell's customers as well as the environment.

Displays

Part of Dell's commitment to conserve natural resources involves the development of environmentally preferable technologies that offer our customers value in product performance and environmental performance.

One example of this commitment is the transition from cathode-ray tube (CRT) monitors to the liquid crystal display (LCD) technology used in flat-panel displays. In addition to the significant reduction in lead content, as described on page 15, flat-panel displays use a smaller volume of total materials and can weigh 50 percent less than a comparable CRT monitor.

"Immaterialization" is a term used to describe a product design that goes beyond reducing material content and actually makes the need for a piece of hardware "immaterial." Our D/View portable computer stand is an example of this concept, allowing a portable computer to be docked in a position that eliminates the need for an additional CRT monitor.

Chassis

Dell recently launched its Ultra Small Form Factor (USFF) chassis, which measures approximately 10 x 10 x 3½ inches. This compact desktop design has the functionality of a full-sized desktop computer, but it is approximately 80 percent smaller (by volume) than the small mini-tower design. The space, weight, and material savings of the USFF chassis are a prime example of how dematerialization efforts affect product design without sacrificing functionality.

Printers

Dell's dematerialization initiative relates to its newest product line. Our new line of printers includes an "all-in-one" or "multifunction" inkjet printer, the Dell A940. This printer has the ability to copy, print, and scan; it reduces the need for separate-function devices, and thereby dramatically reduces the volume of materials needed to meet those essential business requirements.

In 2003, Dell introduced three printers into its product line: one multifunction printer and two laser printers. Dell designed these products using its Design for Environment (DfE) specifications and in accordance with its Restricted Materials program. As part of a holistic design and development process, Dell conceptualized and developed a comprehensive recycling plan for printer hardware and consumables (ink and toner cartridges). This program was launched with Dell's newest recycling offerings and included a redesigned website with enhanced functionality, as well as a free recycling program with the purchase of a printer. Dell will build on this new program and continue to develop and market premier products that incorporate "best-in-class" end-of-life alternatives.

Dell A940 Printer

Restricted Materials Program

Over the past several years, increased attention has been placed on the environmental impact of electronic products, particularly the use of materials that may have an adverse impact on the environment at product end-of-life. Materials such as heavy metals and plastics containing halogenated flame retardants can pose potential environmental hazards if not managed properly during the manufacturing process or on disposition at end-of-life.

To minimize the use of these environmentally sensitive materials in its products, Dell has integrated a robust Restricted Materials program into its product design process and across its supply chain. The emphasis of Dell's Restricted Materials program is not only compliance with legal requirements such as the European Union's Restrictions on Hazardous Substances (RoHS) directive, but also meeting customer requirements to eliminate or minimize the use of certain substances in its products and to design products that are easily recyclable. Currently, more than 50 substances and compounds (see the following list) are restricted for use in the manufacture of Dell products and in the finished products themselves.

Restricted Materials (in Certain Applications)

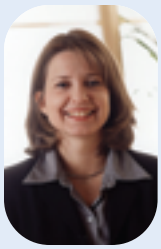
- Asbestos and its compounds
- Cadmium and its compounds
- Chlorofluorocarbons (CFCs)
- Chloroparaffins, short-chained (10-13 carbon chain)
- Chromium VI and its compounds
- Halogenated flame retardants in plastics, including polybrominated biphenyls (PBBs) and their ethers/oxides (PBDEs and PBBEs)
- Hydrochlorofluorocarbons (HCFCs)
- Lead and its compounds
- Mercury and its compounds
- Nickel and its compounds
- Polychlorinated biphenyls (PCBs) and terphenyls (PCTs)
- Polyvinyl chloride (PVC)

Restricted Materials Program Goals

Goal	Status
▪ Eliminate lead in cable insulation by May 2004. Eliminate all other RoHS substances in 2006.	▪ RoHS-specified restrictions for PBB/PBDE and mercury have been met. Lead, cadmium, and hexavalent chromium restrictions will be met before RoHS implementation in 2006.
▪ Reduce the amount of lead shipped per display by 20 percent over 3 years.	▪ Significantly reduced lead shipped per display from 2000–2002. New goal for 2003–2005 is 20 percent reduction over 3 years.
▪ Eliminate halogenated flame retardants in desktop, notebook, and server chassis plastic parts by year-end 2004.	▪ Restrictions began in 2002. Dell has eliminated halogenated flame retardants in desktop, notebook, and server chassis plastic parts weighing greater than 25 grams.

Elimination of Halogenated Flame Retardants

Dell uses certain flame retardants to help ensure that its products meet stringent global fire-safety standards. Although fires are rare in computer products, in such an event flame retardants help prevent the spread or delay the propagation of fire. Because of this important safety benefit, the electronics industry continues to use flame retardants in its products. A particular class of flame retardants, halogenated flame retardants, have received negative publicity over the past decade, particularly in Japan and Europe, due to concerns over environmental and toxicological risks posed by these compounds on disposal and/or incineration. While no consensus exists within the scientific or regulatory community that all halogenated flame retardant be eliminated from use in electronic products, Dell has taken the initiative to eliminate halogenated flame retardants in notebook computers, servers, and desktop computer plastic parts weighing more than 25 grams. In addition to this restriction, Dell has eliminated the use of polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs) in its products. Since 1998, Dell has offered TCO- and Blue Angel-certified systems that do not contain halogenated flame retardants in plastic parts weighing more than 25 grams.



"Environmental issues are of great concern for many of our customers. With our direct business model, we have a unique opportunity to interact with our customers and greatly appreciate the valuable information we attain directly from them in regard to environmental improvements."

Lena Pripp
EMEA Environmental Market Manager

Goal: By the end of 2004, Dell will eliminate the use of halogenated flame retardants in all structural plastic parts in notebook computers, servers, and desktop computers by using halogen-free alternatives. We are also actively participating with industry associations such as the High-Density Packaging User Group (HDPUG) to evaluate halogen-free circuit boards.

Product Design and Customer Relationships

Dell's direct customer relationships have been most valuable during Dell's development of new products and services from an environmental perspective. Being able to directly communicate with our customers makes it possible for Dell to constantly develop our products and processes with both Dell's and our customers' environmental concerns in mind.

Since 2001, Dell has included environmental inquiries in our European Pulse Panel. During Web surveys of more than 600 respondents from Germany, France, and the United Kingdom, customers were questioned about product environmental performance standards and certifications. In order to meet our customers' expectations as well as our own, our work in 2003 will be to: formalize a Customer Expertise Panel in Europe; identify interested parties and understand their concerns; identify priorities; and ensure regular updates and feedback on our activities.

Compliance With RoHS Restrictions by 2006

The European Union's Restrictions on Hazardous Substances (RoHS) directive requires the elimination of certain environmentally sensitive materials from electronic products, including lead, cadmium, hexavalent chromium, mercury, polybrominated biphenyls (PBBs), and certain polybrominated diphenyl ethers (PBDEs). While these restrictions are applicable to products placed in the European Union after July 2006, Dell has already aggressively eliminated the use of several of these substances in the applications restricted under the RoHS directive. For example, through the Restricted Materials program, Dell has eliminated the use of PBBs, PBDEs, and mercury in its products, in the applications restricted under the directive.

In preparation for the July 2006 implementation date, Dell is actively working with its suppliers to restrict the use of lead, cadmium, and hexavalent chromium in its products. Dell anticipates full compliance with the RoHS directive in advance of the July 2006 implementation date.

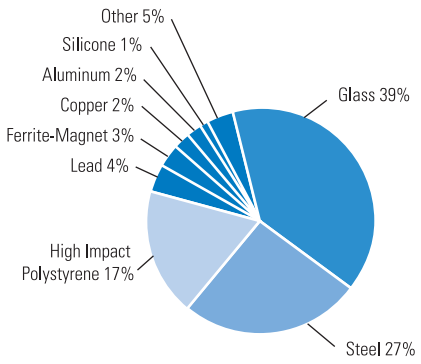
Dell's Lead-Free Solution Core Team

Delivering lead-free alternatives is still a significant challenge for the entire electronics industry and involves a very complex set of technical relationship capabilities that have yet to be standardized. Therefore, any description of Dell's work in providing these solutions is preliminary and still evolving by definition. The following is a list of completed and anticipated deliverables for Dell's Lead-Free Solution Core Team:

- An initial survey (now complete) of Dell's supply-chain partners to understand their readiness to provide the necessary commodities and process controls that will allow Dell to execute a lead-free solution in a timely manner.
- A second, more detailed survey is in process to help assess the compatibility of different supplier approaches to lead-free solutions and to establish Dell's timeline for lead-free implementation.
- A marketing segment survey to help determine which customer segments are now or soon will be ready to transition to lead-free solutions, and which segments prefer to wait until the new technology has a more proven track record.
- Formation of teams to develop work deliverables, identify the appropriate extended team members and functions, and develop timelines for delivery of lead-free components and systems.
- Roadmaps of each supplier's capability to respond.

- A high-level overview of the industry's capability to transition.
- A strategy for releasing Dell's wide array of products in stages that progress toward the goal of providing lead-free products.
- A plan to initiate industry process changes potentially required by Dell's business relationships.

Material Composition of a CRT

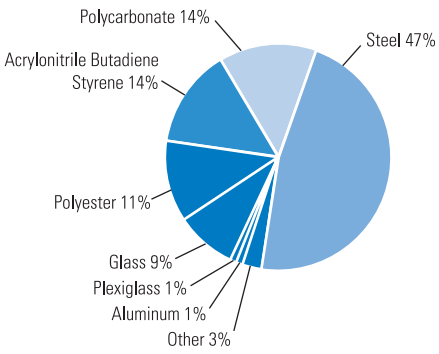


Lead Reductions in Displays

A typical CRT *monitor* can contain 2 pounds of lead, whereas flat-panel *displays* contain only a few grams of lead in the solder. While lead in CRT monitors will be allowed under the European Union's RoHS directive, Dell encourages customers to purchase flat-panel displays so that they are purchasing the product with the least amount of lead. Note also that CRT monitors consume approximately 2.2 times more energy than flat-panel displays over their life span.

Between 2000–2002 (a time of rapid growth in flat-panel display sales), Dell experienced a significant reduction in the amount of lead shipped in displays worldwide. This reduction was due primarily to an increase in sales of environmentally preferable flat-panel displays. Dell's goal for 2003–2005, at a minimum, is to maintain a 20 percent reduction in the amount of lead shipped in displays when compared to 2002 levels. Dell aims to achieve this goal by continuing to offer incentives to customers to purchase flat-panel displays, including reduced costs, improved performance, and lower cost of ownership.

Material Composition of an LCD



Recycled Plastics

By exploring new environmentally efficient designs such as the use of recycled-content plastics, Dell continues to develop sustainable products for the marketplace. While no single plastic resin has proved to meet all of Dell's stringent mechanical, safety, and environmental requirements, Dell is actively working with resin suppliers to increase the usage of post-consumer recycled-content plastics. Dell's short-term goal is to qualify a recycled-content resin for use in 2004.

Supplier Management Programs

An inherent part of Dell's business model is to manufacture most of its components and many of its products through partnerships with global suppliers. An important piece of this relationship is not only ensuring that suppliers meet Dell's environmental requirements, but also encouraging suppliers to integrate environmental, health, and safety management systems into their own operations. Two key initiatives include Dell's Restricted Materials program and Dell's requirement of our suppliers to gain ISO 14001 and OHSAS 18001 certification.

Supplier Restricted Materials Program

Since 2002, Dell has intensified and formalized our Restricted Materials program by directing its suppliers to restrict and/or eliminate certain environmentally sensitive materials in the components and products supplied to Dell. This program includes Tier 1 suppliers who contract directly with Dell, and regionally sourced suppliers who provide products and services to Tier 1 suppliers. To date, over 140 suppliers have engaged in this program. Tier 1 and regional suppliers represent approximately 90 percent of Dell's product procurement expenditures.

Dell requires suppliers to provide restricted materials "declarations" for each new part supplied to Dell, indicating compliance with Dell's Restricted Materials program specifications. This declaration process takes place during supplier qualification, and adherence to Dell's Restricted Materials program specification is a contractual requirement for doing business with Dell. In instances where restricted materials are found in the components supplied to Dell, Dell takes corrective action to eliminate these substances.

"As we continue to broaden our programs, we are driving new Environmental, Health, and Safety (EHS) initiatives with our suppliers, including a new requirement that Dell suppliers become ISO 14001- and OHSAS 18001-certified by 2004."

Glenn Neland
Sr. V.P., Worldwide Procurement

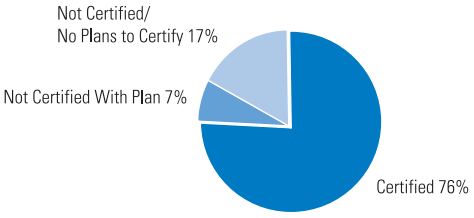
"In 2002, we implemented a Restricted Materials program with our Tier 1 suppliers to ensure that components and products supplied to Dell do not contain environmentally sensitive materials that are of concern to the company, our customers, and our communities."

Marty Garvin
Sr. V.P., Worldwide Procurement

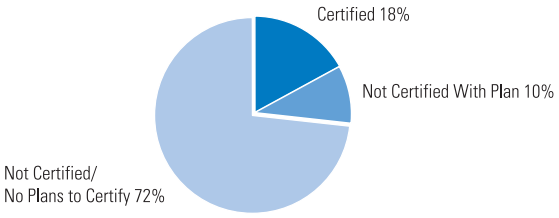
ISO 14001/OHSAS 18001 Program

In January 2003, Dell surveyed its Tier 1 suppliers to identify trends in ISO 14001 and OHSAS 18001 certification across its global supply chain. The ISO 14001 program provides the primary international standard for environmental management systems, and the OHSAS 18001 program provides the standard for occupational, health, and safety management systems. The results of this survey, which included more than 200 manufacturing sites, are found in the following figures.

Top 50 Suppliers (Approximate)
ISO 14001 Certification



Top 50 Suppliers (Approximate)
OHSAS 18001 Certification



The results of Dell's survey indicates that many of our suppliers have already attained ISO 14001 certification; however, a smaller number have attained OHSAS 18001 certification. Since this survey was conducted, Dell has added an ISO 14001/OHSAS 18001 requirement to the supplier scorecard, with the goal that all Tier 1 suppliers become certified for both standards in 2004.

Environmental Summit With Suppliers

Starting in July 2003, Dell will begin a series of Web telecasts with suppliers to discuss environmental, health, and safety management, as well as to provide an opportunity for shared knowledge of "best-in-class" performance. The primary focus of this year's summit will be on restricted materials, ISO and OHSAS programs, energy-efficient product designs, and product recycling strategies. Dell plans to hold additional environmental summits in Austin and at other Dell campuses in the future.

STAGE
2

MANUFACTURING AND OPERATIONS

"Within manufacturing and operations, we are continuously looking for ways to improve our bottom line AND improve the environment. Resource conservation and waste reduction make good business sense."

Dick Hunter
V.P., Manufacturing and Operations

WORKSITE PROGRAMS FOR HEALTH, SAFETY, AND THE ENVIRONMENT

Dell is committed to fully integrating environmental performance into overall business and operational management. Dell manufacturing and operations facilities around the globe maintain a strong focus on minimizing impact on the environment while providing a safe workplace environment for our employees.

Dell's direct business model yields strong production inventory and capital investment efficiencies that translate into tangible benefits for the environment. Because all products are made to order, Dell currently maintains only three days of inventory for most parts and equipment, which keeps the environmental impact of warehousing to a minimum. Components and parts are only ordered and shipped to Dell when they are ready to be assembled into the final computer product, thereby saving energy and operational costs associated with storing inventory.

Additionally, Dell has continued to improve the productivity of its manufacturing operations. We have reduced the footprint of our growing business by increasing units produced per square foot by 76 percent since fiscal year 2001. Dell currently produces seven times the units per square foot of our competition.

Keeping our employees healthy and well is a high priority, and Dell is committed to providing a safe workplace for our employees. Dell's occupational health, safety, and wellness programs are designed to meet our employees' needs, motivating them to stay healthy and safe as they go about their daily activities both at work and at home. The Environmental, Health, and Safety team works closely with manufacturing, facilities, design, and process engineers, with a goal to continually improve the safety of our operations.

ISO 14001 Environmental Management Systems

Currently, all but one of Dell's manufacturing operations have achieved the internationally recognized ISO 14001 Environmental Management Systems (EMS) certification; our Brazil operation plans to become certified in early 2004. Although the certifications apply to individual manufacturing locations, our ISO 14001 EMS program also involves our product design, transportation and logistics, product distribution, facilities operations, and supply management activities.

As part of Dell's ISO 14001 EMS program, each organization establishes goals to improve environmental performance. Achievements are tracked each quarter, and overall progress is reported and discussed through the highest levels of company management. Continuous improvement processes are used to share successes throughout the company, take corrective actions when needed, and work toward a higher level overall in environmental performance.

Assembly Waste Reduction and Recycling

Through the company's Reduce, Reuse, and Recycle (R3) initiative, all Dell manufacturing facilities have permanent recycling operations that have resulted in significant waste reductions. These sites collect more than 10 different materials, including cardboard, office paper, plastics, foams, metals, batteries, disks, and pallets.

In 2002, this initiative generated global recycling and reuse of an estimated 77,000 tons of material, diverting more than 81.5 percent of nonhazardous solid wastes from landfills. This figure represents an improvement when compared to Dell's 80.5 percent recycling-and-reuse rate in 2001.

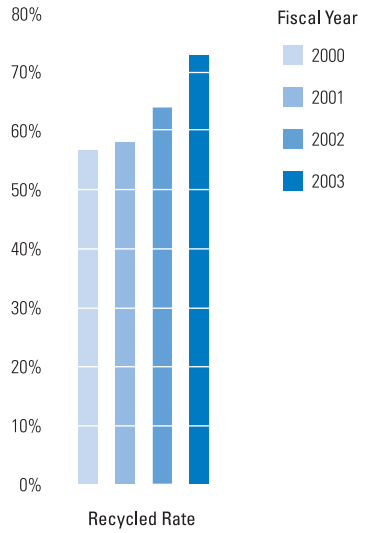
Dell has aggressively worked to systematically identify new opportunities for reducing waste and achieving related cost savings. Examples include:

- Dell manufacturing facilities are saving approximately 200 tons of cardboard boxes and packing foam annually by reusing boxes for parts and components. The boxes are used to ship replacement parts to customers and service vendors. A business process improvement team is working on ways to increase this utilization.
- In mid-2002, Dell began a program to use highly durable and reusable plastic containers for shipping components to selected manufacturing facilities. After delivery and use, the containers are collected and transported back to the supplier for reuse. Approximately 15 tons of plastic containers are reused each month.
- In mid-2002, Dell began a program to recycle plastic and foam in a desktop computer manufacturing facility and eliminated production of approximately 1300 tons of landfill waste annually.
- In March, 2003, Dell began recycling plastic and foam in a server manufacturing facility. This program will reduce landfill waste by an estimated 120 tons annually.

Using information gathered from successful R3 programs initiated in the U.S., environmental and facilities managers in Austin are working closely with other Dell regions to identify similar ways to reduce the company's solid-waste stream worldwide.

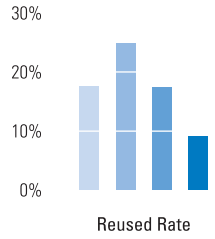
Dell's R3 program has received recognition for its environmental excellence by local and state organizations, including Keep Austin Beautiful, the Austin Corporate Recycling Council, the Recycling Coalition of Texas, and the Texas Commission on Environmental Quality.

Dell Worldwide Manufacturing Recycling and Reuse Metrics (Assembly Process Waste Only)



Supply-Chain Management Foam Reuse Program

A packaging team in Dell's Austin Supply-Chain Management (SCM) operations recently launched a solution to increase the recycling of polyurethane and polyethylene foam used in the packaging of service parts. The team implemented processes to collect, sort, inspect, and select foam to be reused in the service parts fulfillment process. This program will reduce foam purchases and the amount of material being sent to landfill and recyclers. This process is expected to allow the Austin facility to recycle at least 2.9 million board feet* annually, thereby increasing the total SCM service recycling effort to over 6 million board feet annually.

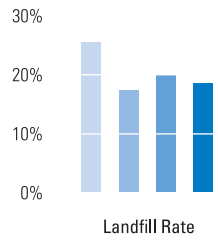


*A board foot is defined as 1 x 12 x 12 inches (thickness x length x width), or 144 cubic inches.

Energy and Emissions

Opportunities for energy conservation include building operation and maintenance, manufacturing and operations processes and equipment, and product shipping. Specific goals for Dell manufacturing include:

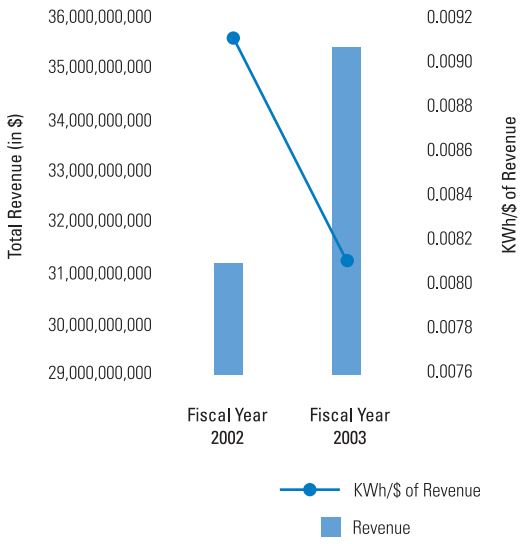
- Increase the recycle and reuse rate of materials used in our manufacturing operations.
- Improve the energy efficiency of our buildings and operations.



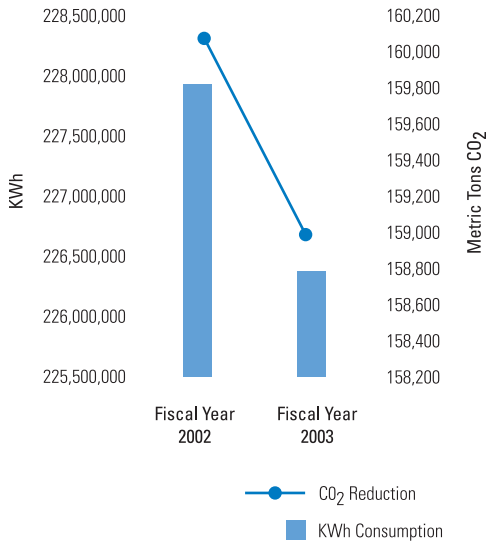
Energy Conservation

Traditionally, it has been easiest—and usually most cost-effective—to focus on energy conservation in terms of building operations and maintenance. Dell has made good strides in applying energy efficiency techniques in new construction and in optimizing heating, air-conditioning, lighting, and other building control systems. Our manufacturing and operations teams are also looking at ways to improve energy use in the process areas, through techniques such as improved equipment layout and the purchase of energy-efficient equipment. We are also investigating methods to optimize energy used in our materials handling, logistics, and shipping activities.

Dell Computer Corporation — Worldwide KWh/Revenue



Dell U.S.A. KWh and CO_2 Reduction



Dell continues to find ways to reduce energy usage throughout its facilities worldwide and to achieve efficiencies that decrease emissions from transportation. The company's build-to-order manufacturing approach is an inherently clean and efficient process, and its assembly processes use no water and emit no CFCs, HCFCs, toxins, or hazardous wastes into the air or water. Because of energy-saving measures and efficiencies in Dell's build-to-order assembly process, average worldwide electricity consumption per revenue has decreased by 11 percent from fiscal year 2002 to fiscal year 2003, or from 9.1 to 8.1 watt-hours per dollar of revenue produced.

In the U.S., Dell continues its efforts to reduce energy use in all facilities. Making full use of the automated building management systems, Dell has fine-tuned the performance of large air-conditioning equipment—chillers, cooling towers, and direct expansion (DX) units. Consequently, even as the total revenue and production increases, the total kilowatt-hour (KWh) consumption continues to decline from 227.9 KWh in fiscal year 2002 to 226.4 KWh in fiscal year 2003, for a 0.7 percent reduction. We estimate that this reduction in power consumption enabled us to avoid generating about 1100 metric tons of CO_2 emissions.

Greenhouse Gas Emissions

Dell releases small amounts of hydrofluorocarbons (HFCs) as a result of typical, small leaks in air-conditioning and refrigeration systems. Many of our facilities periodically test emergency generators, which results in a small amount of combustion by-products such as carbon dioxide (CO_2). Dell facilities purchase their electricity from municipal or commercial suppliers, which burn fuel and thus produce combustion by-products. The sum of the greenhouse gas emissions from these direct and indirect sources is shown in the preceding figure, "Dell U.S.A. KWh and CO_2 Reduction." The emissions were estimated using methodology recommended by the World Resources Institute.

Other Air Emissions — Because our manufacturing operations are mainly equipment assembly, process-related air emissions are negligible.

Employee Health and Safety

Dell is committed to providing a safe workplace for its employees and to providing health and wellness programs that help improve our employees' quality of life.

Health and Wellness Programs

Around the globe, Dell's wellness teams sponsor lunch presentations, safety fairs, and other events to communicate health-related information. Some examples include:

- On-site mammogram clinics
- Smoking cessation programs
- Prenatal care
- Blood-pressure screening
- Flu vaccinations for employees and family members
- Blood drives benefiting community blood banks
- Financial health
- Lunchtime walking groups

Several of our larger facilities have on-site fitness or wellness centers, where employees can exercise in a group setting or receive information on preventive health topics such as good nutrition and fitness.

Dell also maintains occupational health centers and clinics at each of our main manufacturing campuses and at our larger office complexes. The staff at these facilities provides on-site care and advice regarding medical conditions while maintaining employee medical confidentiality.

Safety and Ergonomics

In our U.S. operations, Dell's safety performance is continuing to improve. Compared with 2001, the number of U.S. Occupational Safety and Health Administration (OSHA)-recordable injuries in 2002 (those requiring medical attention beyond first aid) dropped by a full 25 percent. Worldwide, our performance has also improved. These strong improvements are a result of a focus on behavior-based safety programs, further attention to job hazard analysis, and extensive awareness and training programs for all employees.

Because of the nature of the computer manufacturing business, a key safety focus is on ergonomics. In fiscal year 2003, we began a comprehensive ergonomics review and training program, including a review of product design (which affects assembly processes), process/manufacturing design, and materials handling.

Dell's manufacturing facility in Xiamen, China, recently achieved Occupational Health and Safety Assessment Series (OHSAS) 18001 registration in recognition of adherence to internationally recognized health and safety management standards. Dell's other major manufacturing sites have set a goal to achieve OHSAS 18001 or OSHA Voluntary Protection Plan certification. Our facilities in Penang, Malaysia, and Limerick, Ireland, are planning to be certified this year to OHSAS 18001, and Eldorado do Sul, Brazil, plans to be certified in the calendar year of 2004.

In addition to these longer-term goals, we have set aggressive goals for fiscal year 2004 to further improve our safety performance. These goals include a continued reduction in the OSHA-recordable rates in our worldwide and U.S. facilities, as well as continued implementation of ergonomics programs.

STAGE
3

CUSTOMER OWNERSHIP EXPERIENCE

ENVIRONMENTAL EDUCATION AND CHOICES WITH EVERY PURCHASE

Dell recognizes the importance of understanding how our products affect the environment. Each product leaves an environmental footprint throughout its life cycle, and within each phase of the cycle are numerous options for reducing a product's environmental impact.

Green Computing

Once a product is purchased, the customer has an opportunity to manage that asset in an environmentally responsible manner. With the help of the Alliance for Environmental Innovation, we developed guidelines to promote environmentally preferable practices for product users, including sections on acquisition, usage optimization, and ways to extend the product's life.

Acquisition

Dell makes it easier to purchase a computer system at reduced cost to the customer and the environment.

- **Upgradeable Systems —** Depending on one's needs, a customer may be able to acquire a "new" computer through simple upgrades. Many components such as drives, processors, system memory, storage media, and video memory can be upgraded on Dell systems. Dell makes it easy to configure products to meet customer needs, and we provide an easy, system-specific, online ordering tool to help customers find upgrades that are compatible with their current computer.
- **Refurbished Products** — Dell offers refurbished equipment through Dell's online Factory Outlet for users who prefer to purchase through a reuse channel but still require a high-quality solution complete with a standard warranty and technical support. This option can offer substantial savings that benefit our customers and the environment.
- **Environmental Products and Features** — Dell products are designed to reduce the environmental effects of manufacturing and customer use. For example, ENERGY STAR®-compliant computers, monitors, and printers reduce energy consumption, electricity costs, and CO_2 emissions produced during power generation. Other environmental product features include:
  - Modular, upgradeable designs with easy, tool-free access to system components for upgrading
  - Online user documentation
  - Options for reuse or recycle programs

  Many of our desktop and portable (notebook) computers, monitors, and printers are ENERGY STAR®-compliant. Additionally, OptiPlex desktop computers are designed to meet stringent environmental standards of agencies such as TCO '99 and Blue Angel. And finally, many Dell-branded monitors are TCO '99-certified. For more information on Blue Angel, TCO, and ENERGY STAR® standards, see page 24.

Blue Angel: Dell offers many OptiPlex desktop models for the European market that meet the standards of Germany's Blue Angel voluntary environmental label. The Blue Angel environmental label requires desktop computers to exhibit the following characteristics:

- Energy efficiency
- Opportunity to reuse and recycle used products and components
- System longevity and expandability
- Avoidance of environmentally harmful substances wherever technically possible
- Low noise emissions

TCO: Dell also offers many OptiPlex desktop computers and Dell-branded monitors that meet Sweden's TCO '95 and TCO '99 voluntary environmental certifications. TCO '99 is a revised version of TCO '95 with more stringent guidelines for current and new features. Four main areas that encompass the requirements of TCO '99 certification are:

- Ecology
- Emissions
- Energy
- Ergonomics

These labels focus on features such as recyclable design, energy efficiency, ergonomics, emissions, avoidance of hazardous materials, and product recovery. By participating in these voluntary programs, Dell is attempting to exceed basic compliance with environmental regulatory requirements to better meet the needs of its customers and the environment.

ENERGY STAR®: This program is a voluntary standard and allows manufacturers to partner with the United States Environmental Protection Agency (EPA) to certify products that meet or exceed federal government guidelines for low power consumption. Dell-branded desktop and portable computers, monitors, and printers are designed to meet the ENERGY STAR® energy efficiency standard. Through international agreements, the ENERGY STAR® logo is becoming a global indicator of energy-efficient office equipment. As an ENERGY STAR® Partner, Dell has worked closely with other industry leaders and the U.S. EPA to develop new ENERGY STAR® specifications that will further improve energy efficiency of our products.

Optimizing Computer Ownership

Dell believes every customer deserves to be aware of choices they can make to maximize cost savings and to minimize the environmental effects of owning and operating a computer.

Energy — By adopting the following simple daily habits, customers can minimize energy use, help the environment, and save money:

- Dell customers are encouraged to turn off their computers and monitors when they are not in use. Today's computers are designed so that frequent shutdowns will not significantly affect them. In fact, turning off a system saves energy and may prolong the life of the computer.
- Dell wants its customers to know that even if power management is enabled for the monitor, leaving a monitor on all night uses a significant amount of electricity. If a computer must be left running during the day, customers can save energy by turning off the monitor when they are in meetings or away for lunch.
- To minimize energy use, customers can implement the power-management features that come with Dell desktop and portable computers. These features enable the computer to go into low-power mode when not being used. By purchasing ENERGY STAR®-qualified computers, monitors, and printers, Dell customers are saving energy and money, and reducing pollution.
- Active Mode Moving screen savers don't "save" any money or energy. Studies show that enabling the power-management features of the monitor can save up to $40.00 a year, possibly more, depending on usage habits and local electricity rates. Screen savers were originally designed to "save" the phosphorescent coating inside the monitor, but this is only an issue for monochrome monitors that are rarely used today. Dell is helping to inform customers that the best thing to do for the environment is to turn off the monitor when it is not being used.

Printing — Dell offers the following tips to its customers to reduce the environmental effects of printing:

- Increase methods of paperless communication such as e-mail.
- Edit electronic documents on the computer instead of a printed hard copy or use the clean side of a previously printed document for printing drafts.
- Use recycled paper with high post-consumer recycled content for printing needs.
- Consider purchasing an all-in-one (print, copy, fax, and/or scan) printing system that saves energy and eliminates the need for multiple devices in the home or office environment.

Extending the Life of the Computer

Dell customers can get the most life out of a computer through upgrades, reuse, and donations. Beyond these options, the next best alternative is to recycle the computer with a responsible recycler. Specific suggestions include:

- Upgrades — Dell computers are designed to be easily upgradeable. Options may be available to provide additional memory or power on computers.
- Reusing components — The monitor, keyboard, and mouse may be reused with another computer. Make sure a new computer is compatible with these components or donate them to others.
- Donations — A current computer owner may not think their computer is fast enough or has enough memory, but many nonprofit organizations might think it's just what they need. Dell's website provides information on how customers can donate computer equipment to local charities and nonprofit organizations through the National Cristina Foundation.

- Recycling — Almost all of the elements in a computer can be recycled and reused in the manufacture of new machines and other products. Recycled equipment parts and materials are used in a large number of other new products such as beverage containers, tables, flooring, cathode-ray tubes for computers and televisions, and more. Information about Dell's consumer recycling program can be found at **www.dell4me.com/recycling**, or customers can look for a local licensed recycler that follows guidelines of the Environmental Protection Agency. Visit **www.dell4me.com/recycling** or **www.dell.com/environment** for more information.

Packaging

Computers and their components are sophisticated and precise products requiring maximum protection from shock or vibration as well as temperature variations that can occur during shipping and handling. Dell packaging designers continue to reduce the amount and content of packaging material without sacrifice to product safety, reliability, or quality.

Process efficiencies and concern for raw materials conservation and pollution prevention are at the core of Dell's environmental packaging practices. The company's programs in this area are focused on reducing volume of materials, improving recyclability, and increasing use of post-consumer recycled materials. In turn, as packaging volume is reduced, shipping efficiencies are achieved, thereby lowering emissions associated with transportation. Dell uses advanced testing methods to optimize packaging while protecting products throughout the distribution process.

Portable Computer Packaging — Redesigns in packaging for Dell portable computers in 2003 will save an estimated 400 tons of packaging materials annually. The savings is based on a 20 percent reduction in the weight of the shuttle box used to transport portables through production and on to the end customer.

Desktop Computer Packaging — Redesigns in packaging for Dell desktop computers in 2003 will result in an estimated 5 percent reduction in cube size and an annual 1100-ton decrease in weight of shipped corrugate and foam.

Other Key Improvements — Dell packaging is free of heavy metals, halogenated polymers, and ozone-depleting substances. To facilitate recycling, Dell's goal is to have all packaging clearly marked with the recycling emblem and all plastics marked according to the standard DIN 6120 that graphically promotes recycling.

The company also minimizes paper shipped with each product by offering electronic access to system information and user documentation via the user's hard drive and the Internet. This ongoing effort substantially reduces the amount of paper stock Dell uses each year. All remaining paper documentation for computers sold in Europe and the Americas is printed on either recycled-content or chlorine-free paper.

The company is reviewing inbound component packaging to ship more product using less packaging. Changes in this area, for example, recently have enabled Dell to pack 33 percent more product into the same size of box while reducing the volume and types of packaging materials.

STAGE
4

EQUIPMENT END-OF-LIFE STRATEGIES

NO COMPUTER GOES TO WASTE

As more systems reach retirement age, product end-of-life issues pose a concern for Dell and its customers. Dell focuses on providing solutions that are safe for the environment and maximize the longevity of computers and their parts. While Dell programs vary throughout the world to reflect customer, cultural, and regulatory requirements, Dell's broad strategies and programs for equipment reuse and recovery are among the industry's most aggressive and comprehensive in many of its regions.

Driving awareness of and participation in recycling is an important element in our stewardship. Working with our stakeholders, we have committed to set and publicly disclose aggressive recycling goals by March 2004. This effort involves, but is not limited to, establishing common measures, identifying opportunities to stimulate participation, assessing new business opportunities, and leveraging the attributes of the direct model where possible, to facilitate these processes.

Consumer Reuse and Recycling

Dell recognizes that a functioning computer system has more value intact than disassembled and sorted into its component parts. While reuse of systems may not always be an option, Dell's reuse channels make it possible for many recovered systems that have not outlived their usefulness to arrive at a final destination with customers who may not otherwise have access to technology products. Dell provides several reuse channels for both business and consumer customers.

When a system cannot be reused or refurbished to a useful state, Dell works with its technology partners to recycle as much of the materials and component parts as technically and economically feasible. Dell continues to evaluate new sources for its recycled parts through its technology partners as well as ways to reduce the volume of materials used in its products. These programs—which continue to grow in scope and to evolve to meet demands—provide a full range of alternatives that minimize burden on landfills and extend the life of Dell products.

Dell Donation

Through Dell's partnership with the National Cristina Foundation, customers can donate excess computer equipment to charity and receive a possible tax deduction. The National Cristina Foundation is a nonprofit organization that places used technology with local nonprofit organizations and public agencies that serve disabled and economically disadvantaged children and adults. Computers that may no longer be useful for a current owner may have several years of life left in them for a nonprofit or public agency. Visit **www.dell4me.com/recycling** to find out more about Dell Donation and the National Cristina Foundation.

"Our commitment to environmental stewardship is driven by our determination to serve customers and to do what is right for the land, air, and water we share. Part of this commitment includes providing customers easy and convenient computer ownership, from initial purchase through replacement."

Ro Parra
Sr. V.P., Americas

"We strive to be an industry leader in all aspects of our business, and recycling is no exception. The National Recycling Coalition says the Dell Recycling program exemplifies a higher environmental stewardship for any company, in any industry."

John Hamlin
Sr. V.P. & General Manager
U.S. Consumer Business

Dell Recycling National Tour diverts more than 500 tons from landfills

Dell Recycling National Tour

Thanks to thousands of environmentally responsible customers throughout the U.S., the Dell Recycling National Tour has collected more than a million pounds of unwanted computer equipment from thousands of consumers in 16 cities. Tonnage collected well-exceeded the tour's original goal of 100 tons. In each community, Dell partnered with local organizations committed to environmental stewardship who helped promote the event and provided dedicated, friendly volunteers. In addition, local officials provided their support and endorsement. Collectively through these efforts, Dell has reached out to millions of consumers throughout the nation.

Sponsored by Dell Recycling, the Tour was designed to communicate to consumers that "No Computer Should Go to Waste." The goal of the Tour was to educate consumers about how to responsibly recycle, and these collection events helped keep unwanted computer equipment, including any make or model of computers, monitors, and printers, from ending up in area landfills.

"The response from consumers across the country to the recycling tour and other Dell Recycling offers has been overwhelming," said Michael Dell, Dell chairman and CEO. "It is our customers' feedback, support, and participation in our programs that make them successful. A special thank you to all Dell customers for joining us as stewards of the environment."

Tour Dates

Nashville, March 29
Columbus, April 5
Charlotte, April 12
Portland, April 19
Round Rock (TX), April 22
Austin, April 27
Dallas, May 10
Houston, May 17
Denver, May 24
Las Vegas, May 31
Miami, June 7
Philadelphia, June 14
Pittsburgh, June 21
Lexington (KY), June 28
Orlando, July 5
Atlanta, July 12

Columbus, Ohio

"We view Dell's recycling programs as a major step toward environmental sustainability that more companies need to take. Saving 30 tons of unwanted electronics from going to landfills by making it easy for people to recycle is a very positive thing."

Dr. Ron Kolbash
Chief of the Division of Recycling and Litter Prevention
Department of Natural Resources in Ohio

Portland, Oregon

"Dell's recycling programs are excellent examples of the difference sustainable business practices can make for our communities and our economy. The success of Dell's program makes it clear that when Oregon companies look for innovative ways to reduce waste and recycle, all of Oregon benefits."

Theodore R. Kulongoski
Governor of Oregon

Dell Recycling Consumer Program

Dell is concerned about the impact on our environment that computer equipment can have when not disposed of properly. Because of our direct relationships, we know our customers, shareholders, and neighbors share this concern, and we are in a unique position to help our customers either find a new use for older systems, or retire and recycle obsolete equipment in an environmentally sound manner.

In March 2003, Dell launched an enhanced consumer recycling program, called Dell Recycling, tailored for the home and home office user. This program includes easy-to-use instructions for recycling excess equipment and is offered at an affordable price per unit, which includes shipping. Dell Recycling accepts any brand of computer, keyboard, mouse, monitor, or printer.

Visit **www.dell4me.com/recycling** for additional details about Dell's new consumer recycling offer.

Austin, Texas

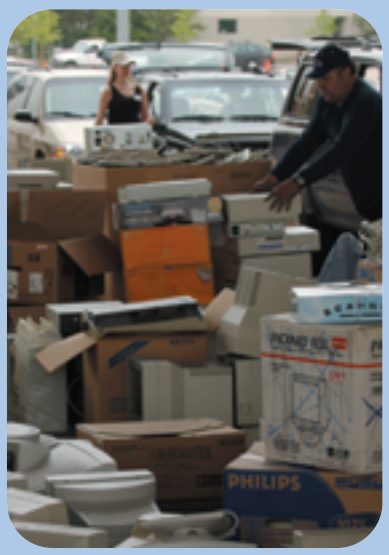
"The Board of Directors of the Recycling Alliance of Texas wants to commend Dell for their Recycling Tour and the resulting benefits supporting a sustainable environment. The Tour, to date, has collected 500 tons of computers and computer-related equipment, resulting in the following environmental impact:

- **8,500 trees saved**
- **3,500,000 gallons of water conserved**
- **1,050,000 kilowatts of electricity saved**
- **30,000 pounds of air pollution prevented**
- **1,500 cubic yards of landfill not utilized**
- **$14,975 in estimated tipping fees saved for local communities (based on Texas average)**

We wish you well on the rest of the Dell Recycling Tour and look forward to the final results and more benefits for the environment."

Cis Myers
Executive Director
Recycling Alliance of Texas

Denver, Colorado



RECORD COLLECTION EVENT APPLAUDED BY NATIONAL RECYCLING COALITION

The record for a one-day computer recycling event was set in Denver on Saturday, May 24 as more than 2,000 Denver-area residents dropped off 200 tons of unwanted computer technology for donation or recycling, according to the National Recycling Coalition.

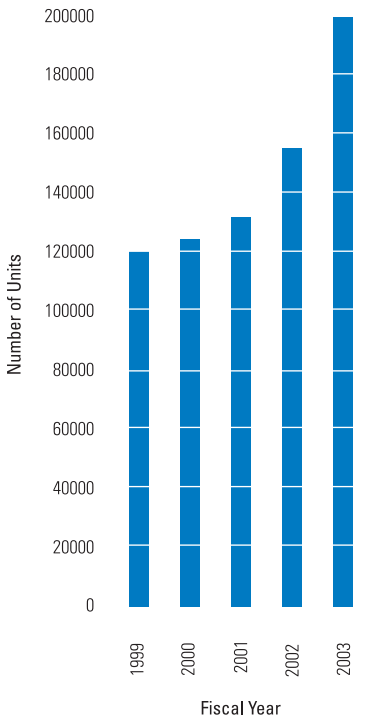
"Based on what we know from our members across the country, Dell's computer recycling collection in Denver shattered any existing national record for tonnage collected at a one-day event. The National Recycling Coalition applauds Dell, all the local partners, and everyone who dropped off their old equipment, for preventing 200 tons of computers from ending up in Denver landfills."

Kate Krebs
Executive Director
National Recycling Coalition

"Dell recognizes that the power of our direct model can be harnessed to deliver industry-leading asset retirement processes. We are committed to preserving the environment through efficient and sound processes driven by Dell's direct model and our policy to act as a responsible citizen in the global community. This commitment is being demonstrated by the deployment of very progressive service offerings for recycling programs around the world."

Gary Cotshott
V.P., General Manager
Dell Services

U.S. Asset Recovery Units Processed



Printer Consumables

Dell recently launched its newest product line—printers—and as part of this launch Dell has created an easy-to-use program for returning and recycling printer ink and toner cartridges. Dell's ink and toner cartridges are produced from materials that are easily recycled, and in some cases our recovered cartridges are remanufactured. This remanufacture program allows customers to return used toner cartridges to Dell to be reused.

Institutional Reuse and Recycling

For institutional customers, Dell provides asset recovery programs to ensure safe disposition of nonfunctional or obsolete computer technology. Dell provides services that allow organizations to place as much care and emphasis on the proper management of decommissioning technology as they do on the acquisition and ongoing support of those assets. Over the last three years, our institutional customer revenues have averaged approximately 80 percent of Dell's business in the Americas.

To assist institutional customers, Dell offers two programs: Value Recovery Services and PC Recycling Services. These programs are designed to satisfy EPA requirements and include the following features:

- Detailed and summary reporting of all received assets
- Dedicated project management to facilitate multiple pickups at multiple sites
- Data removal and destruction from electronic media
- Disposal and recycling of nonfunctional equipment
- Integrated packing and transportation logistics

Value Recovery Services (VRS) is intended for functional equipment that still has an economic life in the secondary marketplace. VRS also includes competitive recovery values for many popular-brand computer products.

PC Recycling Services features a fast, efficient, and environmentally safe disposal process for nonfunctional or outdated equipment. It can help avoid project management and system removal costs as well as protect business customers from the liability of improper disposal of systems. PC Recycling Services may be combined with our Value Recovery Services to clear out all equipment regardless of age or usefulness.

While there are key differences between the two programs, the benefits of each are extensive. For the institutional customer, the benefits include:

- Maintained focus on core IT tasks
- Reduced disposal, replacement, and service costs
- Integrated logistics
- Data cleansing
- Disposal programs designed to satisfy EPA requirements
- Equipment disposition reporting

Asset Recovery Metrics

Since 1992, Dell's asset recovery program has recovered approximately 2.6 million computers for recycling or reuse in the U.S. from institutional and consumer customers.

As part of this overall effort, Dell Financial Services L.P. (DFS) leases systems to Dell customers and recovers these systems at the end of each lease. Approximately 395,000 systems and monitors were recovered in 2002 from DFS

leasing customers. DFS operates a system refurbishment center in Austin, Texas, to refurbish these returned systems and resells over 95 percent of the systems to consumers, resellers, businesses, schools, and universities. The U.S. EPA Waste Wise program has recognized leasing as an innovative way to reduce waste and extend producer responsibility.

Annual asset-recovery program volumes among Dell business customers have increased from approximately 118,000 units in fiscal year 1999 to approximately 200,000 units in fiscal year 2003. This business recovery operation and the DFS leasing figures are both included in the total of 2.6 million units.

International Programs

As a global supplier of computer equipment, Dell supports end-of-life management by developing global recycling initiatives. For our institutional customers in Europe, recycling and disposal programs are developing in tandem with emerging laws and regulations to meet evolving customer service requirements. Currently, Dell implements institutional recovery programs on a national level, and it is evaluating European initiatives. Dell also participates in voluntary nongovernmental recovery programs.

In Europe, Dell asset recovery has worked with more than 10 partners in collecting 57,000 used computers since 2000. The program currently includes nearly 400 customers in countries such as Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Norway, Spain, Sweden, Switzerland, the Netherlands, and the United Kingdom. Over 95 percent of all equipment returned has been resold to new customers, with all remaining equipment being broken down for either spare parts or recycling.

For our consumer customers, Dell also provides recycling in some European countries where Dell conducts business, and the company is preparing for compliance with the Waste Electrical and Electronic Equipment (WEEE) directive for European product recovery and recycling. Consumer options are being rolled out in other regions in 2003.

In Asia, Dell is currently initiating asset recovery programs in Australia, New Zealand, Malaysia, Singapore, and Thailand. Going forward, Dell will continue to investigate and review asset recovery programs to support our global strategic initiative.

Looking to the Future

As Dell continues to implement and upgrade its consumer and institutional end-of-life management solutions, the company is actively engaged in preparing for anticipated directives from many different regions. The most recent is the European WEEE directive. While policies are changing at a rapid pace throughout the world, Dell is confident that its direct business model will allow it to respond to these directives in a timely and effective manner.

"Some things once lost can be easily replaced or recovered and our 'environment' is definitely not one of them. Therefore, it is indeed a wonderful feeling of pride to be working for a corporation that places so much importance on protecting the environment, and Dell's Recycling Initiative simply reaffirms our corporate values on this issue."

Soon Tat Chan
Regional Trade & Compliance Director, Asia-Pacific

GOOD BUSINESS IS GOOD FOR THE ENVIRONMENT

Working Together to Find Solutions and Communicate Performance

As Dell expands and advances programs from product recovery activities to aggressive restrictions on environmentally sensitive materials, the company will continue to leverage its business efficiencies and strengths as an industry leader to make powerful and far-reaching environmental differences that not only are good for business, but good for the broader world we share.

Stakeholder Involvement

As the awareness of the importance of environmental stewardship in the electronics industry has grown, the number of interested stakeholders has also grown. To ensure that we maintain open communications with, provide regular updates to, and receive input from parties interested in Dell's environmental performance, we have established a stakeholder engagement process.

Direct Engagement

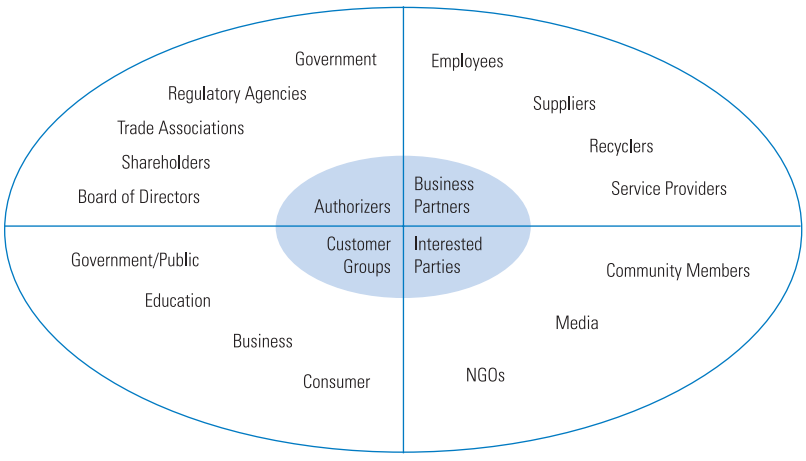
This report is one element of our stakeholder engagement process, and our efforts to gather input from customers, shareholders, government officials, and nongovernmental organizations (NGOs) will improve Dell's products, services, and operations. Just as customer input helps us deliver outstanding product value to our customers, we believe that other stakeholders' input will ensure that our business delivers outstanding social value to the customers who use our systems, the communities we call home, and the world we all share.

Our work with stakeholders this year has focused on identifying interested parties, understanding their concerns, identifying our priorities, and establishing engagement tools to ensure that we provide regular updates and solicit feedback on our activities. A global team with representatives from Government Relations, Environmental Affairs, Environmental Health and Safety, Public Affairs, Legal, Manufacturing, Sales, and Services is responsible for this process and for establishing and managing Dell's relationships with interested stakeholders.

In addition to this report, we provide updates to and communicate with stakeholders through newsletters, participation in conferences and stakeholder-specific forums, e-mail correspondence and personal discussions, and through Dell's website: **www.dell.com/environment**

The following figure is a graphical categorization of Dell stakeholders. This report is focused in particular on our engagements with parties with an expressed or implied interest in Dell's environmental stewardship.

Corporate Stakeholders



Our Stakeholders

The following table provides an overview of some of the many third-parties that Dell has worked with over the last year regarding our company's environmental activities and priorities, principally in the areas of reporting, computer recycling, and design-for-the-environment initiatives. We thank these organizations for their collaborative engagement and their contributions to our environmental efforts.

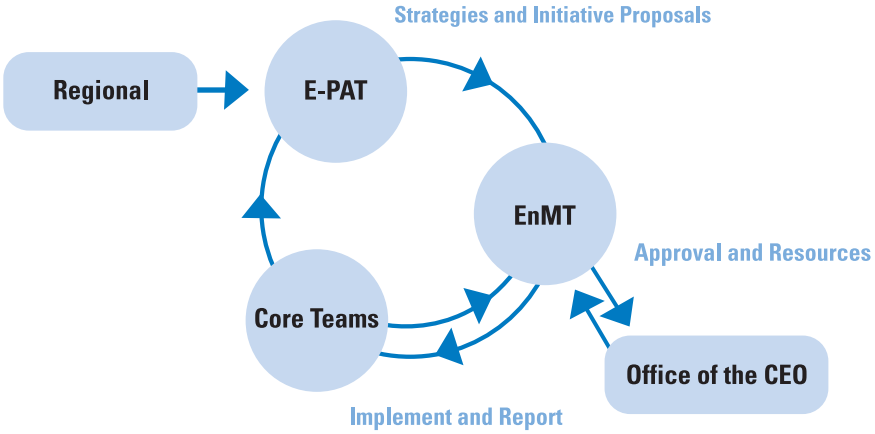
Category	Example of Stakeholders	Sample of Engagement Activities
Socially Responsible Investors	Calvert Group, Green Century Capital Management, Walden Asset Management, SAM, Dow Jones Index	Process Reviews, Measurement Discussions, Investor Forums, Newsletters
Customers	Global: Consumer, Business, Public	Surveys, Reports, Recycling Services/Events, Customer Advisory Councils
Trade Associations	Asia: JEITA 3R Committee Canada: ITAC Europe: ECMA, EICTA, BITKom, Intellect IBEC U.S.: EIA NEPSI, ITI	Conference Attendance, Panel Participation, Subcommittee Participation
Coalitions	Asia: Japan Container and Package Recycling Association Canada: EPS Canada Coalition Europe: NMC U.S.: GEMI, National Recycling Coalition (NRC)	Conference Participation, Joint Projects, Data Sharing, Awareness and Outreach Projects
Technical Associations	Global: HDPUG, IEC U.S.: IEEE	Conference Attendance, Panel Participation, Research Presentations, White Paper Development
Government	EPA, U.K. DTI, Legislators Ministry of Economy, Trade, and Industry	Conferences, Legislative Reviews
Authorizing Organizations	Asia: Ministry for the Environment (ME) Europe: TCO, UBA U.S.: EPA, OSHA	Reference Groups, Panels, Conferences
Suppliers	Global Direct Material, Recycling and Other Services Competitive Enterprise Institute	Material Restrictions Lists, Supplier Declarations, ISO and OHSAS Targets

Dell is committed to act in an environmentally responsible manner through sustainable practices designed to ensure the health and safety of Dell's employees, neighbors, and the environment. We recognize the importance and value of periodically communicating company progress to stakeholders as well as incorporating stakeholder input in our improvement of products and processes.

Dell's Environmental Management Team

The Environmental Management Team (EnMT) at Dell provides an oversight infrastructure made up of general managers and vice presidents representing functional areas that may significantly impact the environment. The purpose of the EnMT is to review, approve, and provide resources for Dell's environmental initiatives, policies, and strategies. The EnMT works in conjunction with other vital functions that provide balance to the overall EnMT infrastructure: the Environmental Policy Advisory Team (E-PAT), the Core Teams, and the Office of the CEO. For an in-depth discussion of the EnMT, please see *Dell's Environmental Update 2002–2003*.

www.dell.com/environment



EnMT Expansion

Our EnMT activities continue to expand, and we have included a brief summary in this report of two new core teams that have enhanced our environmental reporting and facilitated our asset recovery programs.

Reporting Core Team

Dell has recently created a Reporting Core Team (with representatives from Legal, Corporate Communications, Operations, Environmental Affairs, Finance, Internal Auditing, Marketing, Investor Relations, and more) focused on a reporting improvement plan. The improvement plan has been approved by senior executives and reviewed by the Office of the CEO. This activity is highly concentrated on improving reporting quality, consistency, transparency, timeliness, accuracy, and relevance to all stakeholder concerns. This group will provide direction to the extended functional team as to the reporting needs concerning key performance metrics required for consistent environmental communications. The Reporting Core Team has engaged with external environmental consultants to do an initial assessment of Dell's reporting and a gap analysis for meeting the different levels of the Global Reporting Initiative (GRI) Sustainability Guidelines. Dell has also participated in the Global Environmental Management Initiative (GEMI) and is gaining insight on governance, stakeholder engagement, transparency, sustainable development tools, and more. (See page 3 for Dell's statement on the use of GRI Sustainability Guidelines.) Finally, we feel confident that this ongoing collaborative effort (internally and externally) will help us to make progress in the short term and keep us on the right track for continual improvement going forward.

Asset Recovery Core Team

In late 2002, Dell launched another cross-functional core team to further develop and implement asset recovery programs around the world. This global Asset Recovery Core Team is represented by functions from Business Planning and Strategy, Operations Modeling, Public Relations, Legal and Government Affairs, and Environmental Affairs. The solution and framework for this activity is based on standardizing formal programs that provide low-cost solutions, comply with governmental regulations, and demonstrate social responsibility by proactively addressing environmental concerns.

The span of this program covers external customers, recovery and disposal services, suppliers, internal customers, returns from leasing agents, recycling, repair, donations, redeployment, refurbishment, and resell or brokerage of whole systems and scrap. The Asset Recovery Core Team continues to drive this effort, and these programs are in various stages of completion around the world. For details, see "Equipment End-of-Life Strategies" on page 26.

Partnerships

Dell is looked to by the industry to take a leading role in the development of industry standards, including standards for environmental stewardship. We believe standardization helps reduce costs for our customers and will make it easier to dispose of products in an environmentally responsible way. Defining the criteria for design of products supports our key initiatives: product leadership and improved customer experience.

ECMA

Through membership in the ECMA, Dell is taking an active role in the development of new standards for the computer industry. ECMA, an industry association founded in 1961, is dedicated to the standardization of Information and Communication Technology (ICT) Systems and has published a number of standards, including ECMA Standard 341 — Environmental Design Considerations for Electronic Products.

www.ecma-international.org/

European Information and Communications Technology Industry Association (EICTA)

To encourage the correct use of standards and legislation, Dell and other major multinational companies work with the EICTA work groups and committees on E.U. environmental legislation. The EICTA is conducting a technical review of the WEEE and RoHS directives, and Dell and the EICTA will also contribute to the E.U. Commission's proposed framework for ECO design requirements for the End-Use Equipment and Integrated Product Policy.

www.eicta.org/copyrightlevies/

Electronic Industries Alliance (EIA)

The EIA is a partnership of electronic and high-tech associations and companies whose mission is to promote the market development and competitiveness of the U.S. high-tech industry through domestic and international policy efforts. The EIA, headquartered in Arlington, Virginia, comprises more than 2500 member companies whose products and services range from the smallest electronic components to the most complex systems used by defense, space, and industry, including the full range of consumer electronic products.

Accredited by the American National Standards Institute (ANSI), the EIA provides a forum for industry to develop standards and publications in major technical areas: electronic components, consumer electronics, electronic information, telecommunications, and Internet security. ANSI also administrates the EIA Technology Council, a body of member companies that explores how emerging technologies potentially will affect segments of the electronics industry. The Council is also involved in creating a technology roadmap for the EIA.

Dell engages with the EIA on a variety of topics, including (but not limited to) the development of industry technical-declarations documents used to quantify product materials content from our suppliers, U.S. mercury reporting, and provision of tools such as the global environmental tracking tool for monitoring evolving environmental requirements around the world.

www.eia.org/about/

High-Density Packaging User Group (HDPUG) International, Inc.

HDPUG is a nonprofit trade organization that offers memberships to companies involved in the supply chain of producing products using high-density electronic packages.

HDPUG's mission is to reduce the costs and risks for the telecommunications and computer industries when using electronic packaging. This mission is accomplished by improving cooperation between system integrators, contract assembly manufacturers, and suppliers in the high-density packaging development-and-design process, using member resources supplemented by a small staff. The activities are run in a domain where members can gain much more by joint activities rather than by duplicating work in each member company.

Dell has been consulting with HDPUG for several years and benefits from the cross-functional expertise of all member companies on topics such as design for environment, halide-free projects, and the industry transition to lead-free solder.
www.hdpug.org/public/intro/benefits_of_hdp_membership.htm

Information Technology Industry (ITI) Council

The ITI Council (founded in 1916) is a trade association representing the top U.S. providers of information technology products and services. The ITI Council advocates policies on:

- Industry technology and innovation
- New and emerging markets
- E-commerce expansion
- Consumer choice
- Global competitiveness of its member companies

Dell has participated in the past in environmental forums ranging from eco-label certifications, self-declarations for computer environmental profiles, ENERGY STAR® programs, and more.
www.itic.org/

Global Environmental Management Initiative (GEMI)

GEMI is a nonprofit organization of leading companies dedicated to fostering environmental, health, and safety excellence worldwide through the sharing of tools and information in order to help businesses help themselves to achieve environmental excellence.

GEMI provides a forum for corporate environmental leaders throughout the world to work together, learn from each other through the activities of work groups, benchmark with peers, and create tools that can be used by GEMI members and others.

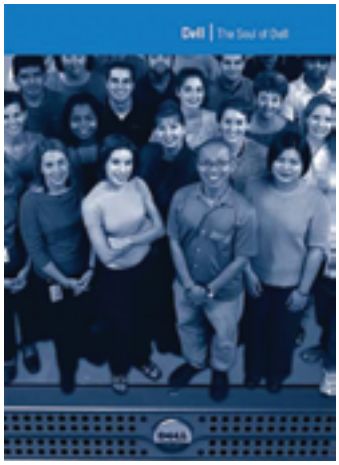
Members address strategic and tactical issues impacting progressive corporate environmental, health, and safety activities in their companies around the world. An example of the type of activities available to Dell through GEMI are:

- Sustainable development
- Water sustainability
- Global climate change
- Information management systems
- Transparency
- Investor relations

www.gemi.org/

THE SOUL OF DELL

When Dell was founded in 1984, our business model was grounded in the fundamental belief that having a direct relationship with customers was essential to understanding their expectations and, ultimately, being able to deliver the best customer experience. Since its beginnings, our company has been guided by the value of building direct relationships as well as other operating values that have led us to become one of the world's most admired companies. The Soul of Dell is our statement of corporate philosophy. It provides a common statement of our basic values and beliefs and serves as a guide for our company in the many cultures we call home. Our values and beliefs communicate the kind of company we aspire to be. At Dell we value and are committed to customers, the Dell teams, direct relationships, global citizenship, and winning.



Customers — We believe in creating loyal customers by providing a superior experience at a great value. We are committed to:

- One-to-one, direct relationships
- Providing the best products and services featuring the highest quality and most relevant technology
- Creating and leveraging industry standards
- Outperforming the competition by consistently providing value and a superior customer experience

The Dell Team — We believe our continued success lies in teamwork and the opportunity each team member has to learn, develop, and grow. We are committed to:

- Being a meritocracy
- Developing, retaining, and attracting the best people, reflective of our worldwide marketplace

Direct Relationships — We believe in being direct in all we do. We are committed to:

- Behaving ethically in every interaction and in every aspect of how we conduct business
- Responding to customer needs in a timely and reasonable manner
- Fostering open, two-way communications with customers, partners, suppliers, and each other
- Building and maintaining effective relationships with our partners and suppliers to ensure availability and reliability of our products and services
- Organizing, communicating, and operating through nonhierarchical and nonbureaucratic structures

Global Citizenship — We believe in participating responsibly in the global marketplace. We are committed to:

- Understanding and respecting all national laws, values, and cultures
- Profitably growing our business in all markets
- Promoting a healthy business climate globally
- Contributing positively in every community that we call home, both personally and organizationally

Winning — We have a passion for winning in everything we do. We are committed to:

- Building a culture of operational excellence
- Delivering superior customer experience
- Leading in the global markets we serve
- Being known as a great company and a great place to work
- Providing superior shareholder return over time

Code of Conduct

Dell's success is built on a foundation of personal and professional integrity. We hold ourselves to standards of ethical behavior that go well beyond legal minimums. We never compromise these standards and we will never ask any member of the Dell team to do so either. We owe this to our customers, suppliers, shareholders, and other stakeholders. And we owe it to ourselves because success without integrity is essentially meaningless.

Our higher standard is at the heart of what we know as The Soul of Dell—the statement of the values and beliefs that define our shared global culture. This culture of performance with integrity unites us as a company.

Just as The Soul of Dell articulates our values and beliefs, the Code of Conduct provides guidance to ensure that we meet our higher standard and conduct business the Dell Way—the right way, which is "Winning With Integrity." Simply put, we want all members of our team, our shareholders, customers, suppliers, and other stakeholders to understand that they can believe what we say and trust what we do.

Our higher standard includes several key components and characteristics that both underpin The Soul of Dell and provide the foundation for our Code of Conduct:

- Trust — Our word is good. We keep our commitments to each other and to our stakeholders.
- Integrity — We do the right thing without compromise. We avoid even the appearance of impropriety.
- Honesty — What we say is true and forthcoming—not just technically correct. We are open and transparent in our communications with each other and about business performance.
- Judgment — We think before we act and consider the consequences of our actions.
- Respect — We treat people with dignity and value their contributions. We maintain fairness in all relationships.
- Courage — We speak up for what is right. We report wrongdoing when we see it.
- Responsibility — We accept the consequences of our actions. We admit our mistakes and quickly correct them. We do not retaliate against those who report violations of law or policy.

All Dell employees—regardless of grade level, position, or geographic location—have been tasked to base our daily actions and conduct on these standards, which support The Soul of Dell and our ultimate success.

Global Citizenship

Equipping Youth for the Digital World

Dell believes that understanding the Internet and access to information technology is critical for eliminating social and economic barriers to technology proficiency. Internet and technology know-how is becoming more and more important for entry into today's competitive workforce. Students with Internet access and training will be first in line for some of the most promising careers of the future

Dell TechKnow Program

Technology and the Internet have emerged as important tools to help educate and prepare students for their life's work. But to take advantage of these tools, students must have access—in school and at home—to computers and the Internet and the training to use them. Dell TechKnow gives students critical twenty-first century technology skills, builds self-confidence, encourages children to stay in school, and gives them the opportunity to bring technology into their homes.

Launched in 2002, Dell TechKnow provides "at-risk" middle school students an opportunity to learn technology skills. Dell and its partners currently provide computers and software to 12 U.S. school districts so students can build computers, learn relevant software, and "earn" their computer when the 40-hour curriculum is complete. To date, more than 1550

students have successfully completed the course. Nearly all of the students that graduated from the program maintained good school attendance and citizenship, and 94 percent maintained a "C" average. One student in Alameda, California, raised her grade from a 1.0 to a 3.0 during the course of the program. Another student said, "I found out I could be a powerful person with computers." For more information on Dell TechKnow, visit **www.dell.com/k12/techknow** on the Internet.

Know the Net

By helping children, parents, and teachers master the Web through Know the Net, Dell hopes more and more people begin using the Internet to improve their lives, their communities, and their world.

Dell's Know-the-Net Challenge for Kids, Parents, and Teachers provides online Internet training and assessment tools to help children, parents and adults, and K–12 teachers take full advantage of the Internet at home and in the classroom. The online training tool is based on a tool Dell developed to help its own employees gain Internet proficiency. Know-the-Net is available free of charge at **www.dell.com/knowthenet** on the Internet.

Go for IT

Dell partnered with the U.K.'s Department of Trade and Industry (DTI) and E-Skills UK, to pilot on-site workshops for female students of ages 12 and 13. The DTI is tackling the skills gap that exists in the IT area and in particular, trying to attract more women into the field. The goal of the 4-hour workshop is to eradicate misperceptions students might have about stereotypes of people who work in the IT industry. Students meet role models from Dell who talk openly and candidly about what it is really like to work in the IT industry. They have an opportunity to use their creative skills and think about product development, to market and sell these products to Dell managers conducting the workshops, and in general, find great value in spending the better part of a day on the Dell campus. Similar programs are conducted in Dell's Limerick and Bray facilities in Ireland, working with young women as well as young men, through Junior Achievement programs.

National Cristina Foundation

The National Cristina Foundation (NCF) is a nonprofit beneficiary of the Dell Recycling program. Since partnering in December of 2001, Dell and the NCF have provided computer technology to people with disabilities, students at risk, and economically disadvantaged persons to help special-needs populations lead more independent and productive lives.

The nonprofit NCF is dedicated to the support of training through donated used technology, and Dell's focus on technology reuse makes them a natural partner to help fulfill the NCF's goal of "Linking life to its promise." NCF manages relationships with thousands of nonprofit organizations—all of which are appropriate recipients of used, but still useful, computer equipment. Dell customers have donated several thousand computers to NCF organizations in local communities

across the country. All donated equipment is distributed to these organizations, free of charge. Dell is grateful to be able to facilitate this gift of potential. For more information on the NCF, please visit **www.cristina.org**.

The Dell Foundation

Chartered in 1995 as the charitable arm of the company, the Dell Foundation focuses on equipping youth for the digital world by providing grants to nonprofit agencies in the locations where the majority of employees live and work. In addition, the foundation runs an ongoing volunteer program that mobilizes thousands of Dell employees worldwide in support of community needs and an annual Employee Giving Program that benefits hundreds of local, national, and global nonprofit organizations.

The Dell Foundation seeks to fund collaborative and innovative solutions to community and children's issues. As such, the Foundation's innovative programs give youth opportunities for experiencing the digital world. Recognizing that there are fundamental prerequisites to children's ability to learn and excel in a world driven by the digital economy, the Foundation's strategy focuses on empowering youth for the digital world based on basic building blocks for success.

Dell's Community Engagement Programs

Dell strives to be a good corporate citizen in the communities where its employees live and work, and we maintain several initiatives to help us invest resources in these communities. The One Dell:One Community program mobilizes thousands of Dell employee volunteers worldwide in support of community needs. Dell's annual Employee Giving Program raises funds for hundreds of local, national, and global nonprofit organizations; diversity programs; environmental programs; corporate sponsorships; and the corporate, charitable Dell Foundation.

Global Community Involvement Week

Global Community Involvement Week (GCIW) was launched in 2002 to encourage community engagement and employee unity globally. GCIW is an annual global employee call-to-action where Dell employees around the globe are encouraged to "get engaged" in their local communities as one Dell team. In 2002, as many as 7375 employees from 16 countries devoted approximately 8200 volunteer hours to their community during GCIW. Activities ranged from engineers building habitats for abandoned pets to logistics teams sorting and packing dry-good items at the food bank.

Team-Building Match Program — To encourage and recognize team building volunteerism, Dell provides a financial contribution to nonprofit organizations that host Dell volunteer teams.

Dell VolunteerMatch Site — Dell uses the Internet to connect employees with local nonprofit organizations that need volunteer assistance. By providing and promoting an online database of volunteer opportunities to meet virtually every employee's interests, Dell significantly increases the likelihood that an employee will volunteer for the first time and on a continual basis. In 2002, approximately 9400 direct connections were made between Dell U.S. employees and the nonprofit organizations of their choice just through this tool.

In each region, Dell employee engagement programs reflect the needs of the local communities and the interests of Dell employees:

- In Brazil, Dell's Digital Citizen Program provides technical computing education to youth and teenagers from low-income communities through five Information Technology Technical Schools (ETIs). Dell employees financially sponsor students to attend the program and volunteer their time to teach Junior Achievement and job-transition courses at the schools. Three additional ETIs are being launched in 2003.
- Dell Ireland participates in Junior Achievement, providing financial support for the program, as well as classroom volunteers. Last year, 750 children were mentored at 29 schools in Ireland by Dell employees through this program.
- Dell U.K. participates in the Science and Engineering Ambassadors Programme. The program's aim is to encourage more young people to understand the opportunities that science, engineering, or technology-based careers can offer them. Dell U.K. employees have been involved in the program since its inception in February 2002 and have completed numerous outreach programs to local schools.
- Dell India sponsors many activities to benefit local youth such as field trips for the children of the Ashraya Orphanage, fundraisers for local youth organizations, and the Sharing and Giving to Our Community Program.

APPENDIX

Dell's Disposal Channels Environmental Guidelines, Version 3.0

The following guidelines apply to all of Dell's disposal channels globally. The intent of these guidelines is to provide an infrastructure to appropriately manage electronics waste collected both from customers as well as from Dell's service and manufacturing operations. It is the responsibility of all Dell employees to support and implement these guidelines.

End-of-life electronics are properly managed throughout the disposal channel (prevent waste and pollution):

- Dell will endeavor to maximize recycling opportunities and to minimize disposal of end-of-life electronics to landfills or incinerators.
- Handlers of Dell end-of-life electronics shall be participants in refurbishing, recycling, or disposal operations that have a comprehensive Environmental Management System in place.
- The entire disposal channel, including intermediaries, shall meet all applicable environmental and health regulations designed to prevent the shipping of environmentally sensitive materials to solid waste (nonhazardous waste) landfills or incinerators.

Environmentally sensitive material is not exported to developing countries (be a responsible neighbor):

- Dell environmentally sensitive material shall not be exported from developed to developing countries either directly or through intermediaries, unless Dell Environmental Affairs has approved the disposal channel.

Continually manage Dell disposal channels (continually improve and communicate our performance):

- Dell will track, control, and report end-of-life electronics throughout the product disposal channels. Tracking information should show the final disposition of all waste materials.

Definitions (for purposes of these guidelines):

Disposal channel: The route of end-of-life electronics that begins with Dell and ends at the material's final disposition.

End-of-life electronics: Any electronic product or part that will likely be disposed of or that contains material that will be recycled or processed in order to reclaim either a metal or an organic or inorganic substance for further use. Environmentally sensitive material includes all parts of an electronic product (including plastic housings, and so on). Environmentally sensitive material does not include electronic components and other parts that are reused without further processing.

Environmentally sensitive material: Products, parts, and materials that contain environmentally sensitive material as defined by the local or national government, including lead, mercury, and cadmium. Typical parts that include environmentally sensitive materials include all batteries, particularly lead-acid or nickel-cadmium batteries (lead, cadmium), glass from cathode-ray tubes (lead), LCD fluorescent bulbs (mercury), and electronic components/cards (antimony, cadmium, lead).

Recent Award

Advanced Safety Production Enterprise (China)[1,2,3,4]

[1] Awarded for outstanding enforcement of the policy that safety comes first, and prevention comes before remediation.

[2] Good demonstration of safety responsibilities at all levels and functions, including a sound safety audit system.

[3] Implementation of a modern safety management program.

[4] Highly praised by state, provincial, and municipal governmental leadership due to outstanding safety achievement.

Visit **www.dell.com/environment** for more information about Dell's environmental programs and progress.

No computer should go to waste. DELL™

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