

Dell Inc.

Annual Meeting of Stockholders

July 13, 2012

ANNOUNCER: Ladies and gentlemen, please welcome Dell's Senior Vice President and General Counsel Larry Tu.

LARRY TU, SVP & General Counsel: Good morning. Welcome to Dell's Annual Meeting of Shareholders. I'm Larry Tu, Dell's Senior Vice President, Secretary, and General Counsel. This meeting is being conducted online at VirtualShareholderMeeting.com/Dell, which is also available through our website, Dell.com/investor. I would also like to welcome those joining us online.

This meeting is now called to order.

Here with me today are Michael Dell, Chairman and CEO, and Brian Gladden, Senior Vice President and Chief Financial Officer.

I am pleased to report that members of our board are also present today, and are seated in the first few rows, along with other members of our management team. Also in attendance today are Chris Perkins, and other representatives from PricewaterhouseCoopers, our independent auditor. After the meeting, Chris will be available to answer any questions you may have.

We have received an affidavit from Broadridge Financial Solutions, Inc., certifying that written notice of this meeting, along with related proxy materials, were timely mailed or made available on the Internet to the stockholders of record as of May 18th, 2012. Therefore, this meeting has been duly called.

A list of the holders of the company's common stock as of the record date for this meeting is available for examination by any stockholder present, or by any proxy representing a stockholder. As of the record date for this meeting 1,755,906,248 shares of common stock are outstanding and entitled to be voted at the meeting.

Jennifer Flynn of Broadridge, and Robert Lindsey, corporate counsel, who are serving as the voting inspectors for today's meeting have certified that the outstanding shares representing -- I'll specify the percentage later -- are entitled to vote at the meeting, are present or represented by proxy at the meeting. Therefore, a quorum is present.

At this time we will consider the items of business on the agenda. An opportunity for questions will be provided later, so please hold your questions until such time.

We have today four proposals for consideration or for vote.

Proposal Number One, election of directors. Our board currently consists of 12 directors. The nominees for these positions are: James Breyer, Don Carty, Janet Clark, Laura Conigliaro, Michael Dell, Ken Duberstein, Bill Gray, Gerard J. Kleisterlee, Klaus Luft, Alex Mandl, Shantanu Narayan, and H. Ross Perot, Jr.

Each of these nominees is currently serving as a director. Biographical information about each nominee is set forth in our proxy statement. The board of directors has recommended that stockholders vote for all of the foregoing nominees. Our bylaws require that a stockholder provide advanced written notice to the company of a stockholder's intent to nominate persons as a director. No such notice was received. Accordingly, I declare the nominations for directors closed.

Proposal Number Two, ratification of independent auditor. The audit committee of the board has selected PricewaterhouseCoopers to serve as Dell's independent auditor for Fiscal Year 2013. And the board is asking stockholders to ratify that selection. The board of directors has recommended that stockholders vote for that ratification of the selection of PricewaterhouseCoopers.

Proposal Three, advisory vote on named executive officer compensation, say on pay. In accordance with Section 14(a) of the Exchange Act of the Securities and Exchange Commissions rules promulgated there under, the board of directors is asking stockholders to approve on an advisory basis the compensation of Dell's named executive officers as disclosed in this proxy statement. The board of directors recommends that stockholders vote for the approval of the compensation of our named executive officers as disclosed in our proxy statement.

Proposal Number Four, approval of the Dell, Inc., 2012 long-term incentives plan. A summary description of the plan, as well as the full text of the plan can be found in the proxy statement. The board of directors has recommended that the stockholders vote for approval of the Dell, Inc., 2012 long-term incentive plan. The election of each nominee to the board, and the approval of each of the proposals two, three and four summarized above require the affirmative vote of holders of a majority of the shares eligible to be voted today.

It is now 8:08 a.m. Central Daylight Time, and the polls are now open. If you're present in person and have not yet voted your shares, you should make your way to the voting inspector's table just outside this room. If you are participating in this meeting online and are entitled to vote and have not yet voted your shares, please cast your votes electronically in accordance with the instructions.

Let me remind you that if you have already voted by proxy, there is no need for you to take any further action unless you wish to change your vote that you put on the proxy. The proxy holders will vote your shares as indicated on the proxy.

I would now like to invite Michael and Brian onstage, along with Rob Williams, to discuss our perspective on our company strategy, and share some thoughts on our financial performance and goals.

As they're getting seated, and before we begin, I would like remind you that all statements during this meeting that relate to future results and events, including those described in our press release, this presentation, and our website are forward-looking statements that are based on our current expectations. Actual results could differ materially from those projected in the forward-looking statements because of a number of risks and uncertainties which are discussed in our annual and quarterly SEC filings, and in the cautionary statements in this presentation and on our website. We assume no obligation to update our forward-looking statements.

Please note that during today's meeting we will be discussing and referring to non-GAAP financial measures. These measures are reconciled to the most directly comparable GAAP

measures in our press releases and related slide presentations posted on Dell.com/investor, and in our associated Form 8-K filings with the SEC.

Now I would like to turn it over to Rob, Michael and Brian.

ROB WILLIAMS, VP Investor Relations: Thanks, Larry.

As Larry mentioned during the opening comments, this meeting is broadcast live on the Internet and is also recorded. We've been doing this for over 17 years now, and two years ago we added the ability for shareholders to vote online as well. And so this gives the opportunity for not only the people in this room, but also everyone, to participate in this meeting, vote their shares online, or be here present and in person. And so, we'll continue to do that, and that's an important thing that we feel very strongly about here at Dell.

Second, you know, we're sitting down, and this is a little bit different than you're probably used to seeing. I'm going to conduct a Q&A Session with Michael and Brian. There will be slides up on the screen that will forward this discussion, but this will create a little bit more of an informal format.

We'll then ask Larry to come back onstage, and Larry will announce the preliminary voting results. And then we'll have a Q&A session at the end. So, that will be the format for the day to give you an idea of how the day is going to rollout, or how the morning is going to roll out here for the next 50 minutes or so. So, with that, let's go ahead and get started.

Michael, three years ago, we embarked on a pretty significant vision and change in our strategy to really kind of create an end-to-end solution environment, and an opportunity to create solutions for our customers to really create value for them. We've systematically enhanced that strategy over the course of the last three years. Could you give the folks here in the audience, and also on the Internet an update on where we are with the strategy, and your vision for the company?

MICHAEL DELL, Chairman & CEO: Absolutely. This really is a very different company than it was just a few years ago. We've been extremely focused on end-to-end solutions, and really understanding the problems and opportunities that our customers have at a higher level. So, we started as a product company. We're moving aggressively into services and solutions. If you think about this, there are some focus areas that we have. Certainly the end user client has been a long-standing business within Dell. That business is changing. We're really focused on desktop virtualization, client virtualization, how you securely enable access to the client environment from all these mobile devices.

ROB WILLIAMS: Right.

MICHAEL DELL: The next area for us is the cloud, and the virtual infrastructure, and all the activity that's going on in converged data centers. We have built a fantastic server business and are a leader in servers. We just introduced our 12th generation PowerEdge. We've acquired aggressively in storage and networking with the acquisitions of EqualLogic, Compellent, and Force 10, and built a very strong data center portfolio there.

We've also recently formed a software group at Dell to focus on systems management and security, recognizing that there's a shift in value in our industry towards software. And you have probably seen the recently announced pending acquisition of Quest Software. That will significantly add to our software capabilities, along with we have John Swainson now as the leader of our software business. And really pulling all of this together is our services business,

because many customers want us to understand how to actually apply these solutions inside their business. So, that's a business where we've had increased signings and bookings, and I think this quarter, again, we'll show healthy results in our bookings and new signings of business.

ROB WILLIAMS: You know, with that commitment to our brand, to our customers, to our strategy, two years ago we also made a commitment to our shareholders. And we identified four areas where we wanted to really kind of continue to enhance the company to develop IP, to add sales capabilities, to increase our share of the profit pool, to increase our operating income and cash flow.

Michael, could you share and update us on those commitments, specifically as it relates to IP sales capabilities, et cetera.

And Brian, if you could talk to the financial aspects of that that would be great.

MICHAEL DELL: In the last 12 months we have made about 8 acquisitions, significantly adding to our capability. If you look at this over the last five years the enterprise solutions and service business has almost doubled to about \$19 billion. So, it's a pretty meaningful shift in the business in that part of the business. We build solutions centers all over the world. We've enhanced our R&D capability. We've really built a much stronger capability in the new areas that we're focused on.

BRIAN GLADDEN, SVP & CFO: Financially we talked about growing our access to the profit pool; the growth we saw last year in the client margins was almost 40 percent. We also saw operating income up 24 percent in Fiscal Year '12 and very, very strong cash flow of \$5.5 billion cash flow from operations, which is up almost 40 percent, as well. So, as you look at those results from a strategy standpoint that we talked about, also delivered strong financial results.

ROB WILLIAMS: And along the way we've fundamentally changed the shape of the company. We've gone from a company that was predominantly selling solutions around desktops, notebooks, servers and storage, to now a much, much broader solutions company, with a much broader set of capabilities and intellectual property. I think it would be helpful to share kind of where we are today that's this vision of the new Dell and where we are today. So, Michael, maybe you could touch on that just a bit.

MICHAEL DELL: I think if you look at the data here you've seen a real shift in where our profits are coming from. So, you see 50 percent of our gross margin is now in these new areas of the business that we're talking about and those are likely to continue to be the fast growing areas for us. Certainly our research and development, our engineering capability is shifted. There are significantly more resources is dedicated to that. And we've added sales specialists, because as we get into areas like security and more detailed into verticals like healthcare, where Dell is number one in healthcare IT solutions around the world, it requires a detailed understanding of those customer requirements to drive success in those areas.

ROB WILLIAMS: And consistent with that, one of the questions that I get working with investors and shareholders throughout the year is, explain to me what Dell's competitive advantage is, how do I think about this company relative to the others in the industry that can provide these solutions. We talk about that competitive advantage as being our connection to our customers and this ability to deliver these solutions that you just described, that can scale up to the largest global multinational companies, but also scale down to small businesses and create real opportunity for small businesses to grow. Could you talk a little bit more about

that strategy, that competitive advantage, but particularly as it relates to the commercial markets, where we have the vast majority of our revenue and profit.

MICHAEL DELL: What we see is that there is a really fast growing part of the market, in fact, the largest and the fastest growing part of the market is in the middle. And these are the growth companies, the mid-sized companies, and they want solutions that are rapidly deployable and they can immediately capture value from those. And that's kind of where Dell grew up, serving those customers. So, we have with the tremendous direct relationships we have with those customers, we have a natural affinity and base there.

As it turns out, those solutions can also scale to the largest corporations in the world. We serve those corporations, as well. What you also have the opportunity to do, as you enter these new spaces, because our industry is constantly shifting from one way of doing things to another, is to, in effect, re-imagine what the future should be and not having a legacy of older technologies and an older legacy technology portfolio, we can, in effect, cause those transitions to occur more rapidly.

So, if you take this in the context of an area like servers, the small x86 servers 10 or 20 years ago were not really considered ready for mission critical capability. Now they are becoming the de facto standard in the data center, that's really where Dell grew up. If you look at storage, Dell was a pioneer and leader in iSCSI storage, which when it first showed up was considered not really ready for prime time or not capable of serving the needs of the largest customers.

It's actually grown to be a rather enormous business and has found its way into companies of all sizes. You also see this in networking, where virtualization is changing the game in networking and flatter networks, more networks with software defined capability, where essentially we can change the landscape as we kind of redefine these new sectors.

ROB WILLIAMS: And you can't help but open the newspaper, or a magazine, or watch a program on television, or frankly even walk through the airport without seeing a discussion of the big mega-trends that are taking place in industry, things like convergence in the data center, and cloud, the proliferation of devices that connect to networks, things that we think about, desktops, notebooks, but also smart phones, and tablets, and all the other electronic devices are now connected to networks around the globe, emerging markets. But, that's not really how customers think about solutions. You talk to customers literally every day and are out meeting with customers pretty regularly throughout the year, maybe you could share with us what you hear from customers. What are they telling you that they need help with in their IT solutions?

MICHAEL DELL: Well, as the economy gets a little more challenging they'll certainly index to things that have a higher ROI, and we know how to do that, and we've seen that movie before and that's probably an important thing to be thinking about in the current economic environment. But, you're absolutely right. Customers don't actually come to us and say, I want to buy a trend. What they have is a real problem. They're dealing with mobility and mobility is enabling all sorts of new things, but it also brings with it real challenges, in terms of IT security.

If you have a business where you have valuable intellectual property, or requirements to protect that data, the security needs that emerge when you have this explosion of devices are very significant. So, those are the kinds of problems that we end up addressing. So, again, it's the frame of let's understand the problem the customer is trying to solve, and then we'll build a solution set of products, set of services to go address that.

Certainly you'll see the underlying trends across a number of the problems, but the customer starts with the problem that's very specific to them and their industry, and what's going on with their customers.

BRIAN GLADDEN: Right. And often the best way to demonstrate this commitment that we have, and this partnership that we have with our customers and with the community is through example, and we've got an example here, so I'd like to ask the team to run a video, please.

(Video segment.)

MICHAEL DELL: Yes, what's interesting about this is, it's an example of a category of problems that are essentially computational problems that get improved as we're able to apply enormous amounts of computing power. In the case of neuroblastoma and other pediatric cancers, they're devastating for the children and the families impacted, and the future of medicine is really about information and genetic information. And this is an example of bringing together an enormous number of capabilities that Dell has to a particular problem. In this case, it's a philanthropic project.

I'll cite another example which has been in the news recently, you've probably heard about the work at CERN around the Higgs Boson, which has to do with particle physics, and unlocking kind of the mysteries of the origin of the universe. Dell has been very involved with CERN for many years in the Atlas Project, our Force10 technology underlies the network that exists at CERN, and our PowerEdge Servers are very involved. Again, all of these problems, all of the unsolved mysteries of the world, whether it's in the biological sciences, the physical sciences, in any field where there are challenges or opportunities in energy, environment, computational power is going to be at the heart of addressing these kinds of problems.

And so, when you think about the computational sciences combined with the biological sciences combined with the physical sciences tremendous opportunities for greater good in the world, and for Dell's business, too. So, these are exciting times, and certainly we are thrilled to be part of a project like this, and the great work that is going on at CERN.

ROB WILLIAMS: Yes, those are just two examples, and I can tell you that the employees that are here at this company are very proud of the many things that we do to engage with the community, whether it's the examples that Michael shared, or whether it's things that we do in volunteering, or in recycling, or reducing the packaging in our materials. There's a lot that we do here that energizes this team and makes them very proud to be a part of a company that's really providing unique solutions that are really changing, as you said, the way that we kind of approach our approach to society as a corporate citizen.

So, maybe you could share that broadly?

MICHAEL DELL: Some of those are not all seen. You know, in our security business, we are monitoring almost 30 billion security events per day protecting the largest banks and financial institutions in the world 24 by 7/365 protecting tens of trillions of dollars of assets.

But to your question on corporate responsibility, I think we very much take a lifecycle approach to this. We think about the design of our products. We think about the design of our products. We think about the use of our products. We think about what happens at the end of our products. These products have my name on them, and I take that very seriously. We have been involved in the recycling and proper disposal of more than 600 million pounds of Dell products.

And we are certainly not done. As we think about designing our future products, things like desktop virtualization where we can design a thin client that uses only a few watts of power -- and yes there's a data center somewhere that uses more power -- but we can make that more efficient, too. So, we've designed servers that can operate at the hottest temperatures that will exist in Austin, Texas, in the summer up to 113 degrees. You can put your server outside. So, you don't need a special temperature-controlled room, and special air conditioning. And so, by designing the products with energy consumption in mind, we can significantly reduce the total amount of energy used. And that, of course, is a huge contribution.

So, we're not done. Every time we design a new product we think about how do we make that product much more efficient, use much less power. And with cleaner, better materials.

ROB WILLIAMS: Right.

And, Brian, we've talked about our strategy. We've talked about our commitment to our customers, our competitive advantage, the things that we're doing to partner with our customers to create changing solutions and our commitment to the community. But in order for us to accomplish all of those goals, there's got to be a financial mode that sits behind that that delivers the operating income and the cash flow to create shareholder value over time, and to allow us to do all these things. And so, could you share with us that view of the financial model as we look out over the next few years?

BRIAN GLADDEN: Yes. We'll look at it in a couple of pieces. I think it's helpful to think about the company in really two distinct parts. And you think about core transactional, the business where this is PCs, this is software and peripherals, this is a business for us that generates a lot of cash, incredibly important to the portfolio, still generates a lot of profitability. And we believe that this is a business that we can run stably at 5 percent operating income levels.

As that business sort of changes over time and we basically take cash from that business and invest it in other parts of the company that are going to grow even faster. But, this is a slower growth business that it's important for us to have a global position and scale for us to be successful. Then you think about enterprise and the solutions and services part of the business, this is where you'll see us put investments, where you'll see faster growth from us and the market, you'll see much higher margins, more recurring revenues as part of that business, and this is a place that you'll see us focus on the growth and trying to invest, to ensure that we grow faster than the market here and generate much stronger operating income levels from this part of the business.

So, an important view on the company is to think about those two different pieces.

ROB WILLIAMS: Let's break those down into the two pieces and go into a little bit more detail. You mentioned end-user computing, and how important it is to the ability for us to make investments in the future solutions that we're creating for our customers. Take us a little bit deeper into that end user computing strategy.

MICHAEL DELL: Well, as we've talked about, this is a place where we're focused on profit share, not necessarily unit share. It is an important business that we think will probably see some slower growth as we look forward. And as you think about that, our focus will be really on maintaining stronger profitability. So, 5 percent operating income we think is very important. A lot of work by our teams to really improve the health of this business and we've

done that over the last couple of years, probably the best product portfolio that we've had in a long time here.

We've done a lot of work to improve and clean up the supply chain and make it very, very competitive. And again, that's important that we continue to do that. And then there's an accessories and third-party software business that for us is very profitable and important, and an important part of offering solutions to customers in this space is to have a broad set of offerings there. So, again, at 5 percent operating income, a very important part of the portfolio, and does deliver a lot of the cash and capital that we need to invest in other parts of the company.

ROB WILLIAMS: And on June 12th and 13th, really almost just over a month ago now, we had our analyst meeting here in Austin where a number of institutional investors come and meet with our team and we present to them. We talked about with the enterprise solutions and services business, growing that business to over \$27 billion over the course of the next 3-1/2 years. Take us into a little bit more on what we're doing there.

And Michael maybe you could provide a little bit of insight that you have, as well, into that, because I know it's an area that's incredibly important to you and obviously to the future of the company.

MICHAEL DELL: I think we've seen strong results here over the last few years. If you think about as a percentage of revenue this was about 30 percent of revenue this past year. If you go back to FY '09, so really three years back, it was 23 percent. And as you saw on the first chart it does represent 50 percent today of our gross profit. So, there is a great set of results here that show that we've made some success in this part of the business.

The services backlog has continued to grow. It was up 9 percent in the first quarter. We saw new signings over the last 12 months of about \$1.8 billion, which is up over 80 percent. So, some nice progress and some good proof points. These are businesses that we think will grow faster than the market. This is where we've invested. This is where you would have seen the majority of the acquisitions that we talked about really helping to build out this portfolio. And as you think about the company going forward, and where we would be in FY '16, three years from now, this will be an increasingly important part of the business and really probably over 60 percent of the operating margin will come from this business as we look at that time frame.

ROB WILLIAMS: Good. Part of a good financial model is obviously returning capital to shareholders and having the capital to reinvest in the business, to reinvest in R&D and intellectual property, and growth opportunities, but also to pay out to the shareholders, as I just mentioned, also in conjunction with the meeting that I mentioned in June of last year. The board adopted a dividend policy. So, Brian, share with us your views on capital allocation and how we share that both with the company to grow and also with the shareholders.

BRIAN GLADDEN: I would start by saying I think we've been pretty consistent and disciplined with capital allocation. Over the last three years we have taken more of our capital and really focused that on the growth of the company, so more in the way of M&A, more in the way of investment in R&D and the CAPEX that goes with supporting the future of the company.

At the same time we've been pretty disciplined about returning capital to shareholders. As you know we announced in June the dividend policy, which we think is just an extension of our commitment to return capital to shareholders. We announced a 2-1/2 percent yield at that point in time. It's about a 32-cents-per-share-per-year dividend. That will be effective really in the third quarter.

And again, we think this is something we've been talking about with the board for quite a while. We thought it's the right point in time, in terms of our ability to generate cash flow and regularly return that via dividends. So, an important part, but again, a part of a disciplined capital allocation strategy that we've had for a while.

ROB WILLIAMS: Good. Let's take that whole financial discussion and bring it into a framework on how we think about the company over the next three-and-a-half years through FY '16, or calendar '15. So, maybe you could do that for us, Brian.

BRIAN GLADDEN: Yes, I think in a broad framework it's really about how we generate shareholder return and we've had a consistent focus on that. I think there's some elements of that that are worth talking about. Capital allocation, as I said, would be one of them. We continue to be very committed to a disciplined model here. What we've said is we'll return between 20 to 35 percent of our free cash flow to our shareholders via the dividend and the buy back program. We will continue to do mergers and acquisitions. That will be part of how we drive the growth in our enterprise business.

MICHAEL DELL: More acquisitions than mergers.

BRIAN GLADDEN: More acquisitions than mergers. And that enterprise solutions and services business, as we talked about, it should grow faster than the market and we're saying at least 10 percent per year is how we're going to run that business. Cash flow has always been a real strength of our company and the model and continuing to deliver more cash flow, cash flow that's greater than our net income, we think is something that we will do, then that end user computing business, which again is an important element of the whole portfolio, running that at greater than 5 percent operating income is something that we're committed to do, as well. So, a broad framework that I think ties it all together in how we think about delivering shareholder value.

ROB WILLIAMS: Good. Before we ask Larry to come back up and announce the preliminary voting results, one of the questions that I get consistently when I'm talking to individual investors and institutional investors is, Rob, what's your vision, what's Michael's vision for the company, what's the management team and the board of director's vision for the company? As we wrap this section, Michael, I'd just ask you to share your thoughts on what that vision is.

MICHAEL DELL: As we talked about, it's end-to-end solutions, really focused on these fast-growth companies, but solutions that scale up to the largest companies in the world, really focused on the big change vector opportunities that exist in the market. In the client side, it's client-side virtualization. It's the move to tablets and mobility. On the data center side it's the converged architecture, virtualization, cloud, building the systems management and security to surround all these solutions and help protect our customers valuable data and then the services to help customers go make all that happen.

ROB WILLIAMS: Great. Let's invite Larry back up on stage to share the results.

LARRY TU: Thank you, Rob. Let me, of course, just share this information I didn't have before. The voting inspectors have confirmed and certified that we have a quorum today representing about 85 percent of the outstanding shares of the company. The voting inspectors have now informed me of the preliminary voting results on each of the proposals that we described earlier. The final results will be posted and shared in a Form 8-K filed with the SEC.

With respect to Proposal One, Election of Directors, the number of shares voted for each nominee was a majority of the shares eligible to be voted, therefore each of the named nominees has been elected to serve on the board until next year's annual meeting.

On Proposal Two, Ratification of Independent Auditor, the number of shares voted for the proposal was approximately 98 percent of the shares voted. Therefore, the stockholders have ratified that selection.

On Proposal Three, Advisory Vote On Named Executive Officer Compensation, the shares voted was approximately 97 percent of the shares voted. Therefore the stockholders have approved the advisory vote on named executive officer compensation.

With respect to Proposal Four, Approval of the Dell, Inc., 2012 Long-Term Incentive Compensation Plan, the shares voted for that proposal was approximately 92 percent of the shares voted. Therefore, the stockholders have approved that incentive plan.

That now concludes the official business of this meeting, and I declare the official meeting to be adjourned.

Michael, Brian, and Rob will now like to take this opportunity to take some questions from our stockholders. So, for those of you in the room, if you have a question please raise your hand and we will bring a microphone to you. For those of you participating in the meeting online, you can submit your questions via the web, and we will get to you as well.

So, if you will put your hands up, we will get a microphone to you.

ROB WILLIAMS: Thanks, Larry.

You want to start right here?

QUESTION: Thank you. My name is Mark Auerbach (ph) and I'm representing the Travel Trades S&P 500 Index Fund, which holds approximately 34,000 Dell shares. Like many investors, we're obviously concerned about the performance of the company, which has trailed far behind both the S&P 500 and the NASDAQ over the last several years.

At the board level, we expect the company's directors to be laser focused on addressing the challenges our company faces, and we're concerned that one of the directors, James Breyer, may not be able to adequately focus on matters at Dell. As The New York Times recently noted, Mr. Breyer serves as a director on the boards of five public companies, four of which are experiencing significant financial and/or governance challenges. In addition to Dell, those companies are News Corp., Facebook, and Wal-Mart.

In the case of Wal-Mart, several shareholders have noted that Mr. Breyer, who is that company's lead independent director, has served on the board for over 10 years, this includes the period when allegations by a whistleblower of corruption and bribery in the company's Mexican subsidiary may have been covered up by senior executives. Other shareholders have questioned whether that scandal is being addressed appropriately by now with an internal investigation overseen by an audit committee whose chairman may have been implicated in the original cover up. Clearly Mr. Breyer will have his hands full dealing with the crisis at Wal-Mart, not to mention Facebook and News Corp.

Additionally, we note that Mr. Breyer's attendance record has historically been lacking. How can investors be assured that Mr. Breyer is focused on the problems here at Dell?

ROB WILLIAMS: Michael, you want to take that?

MICHAEL DELL: What I could tell you is that Jim is a fantastic director of Dell, and brings tremendous insights into our business and our industry. We just had over the last day an intensive strategic review of all of the company's businesses, and we're fortunate to have Jim Breyer on our board. He knows a tremendous amount about our industry, and about the competitive forces that are shaping our industry. And he is an active participant, understands the business, makes himself available not only at the regularly scheduled board meetings, but at other times as well, and is a great resource to me, to the company, and I think a fantastic director for our shareholders as well.

As far as the issues related to other companies that Jim may serve on those boards, I suggest that you address those issues at the shareholder meetings of those companies.

ROB WILLIAMS: Thanks for your question.

And other questions from the audience?

QUESTION: Dividend lady Linda Bush. Thank you so much for the wonderful, wonderful dividends. And I hope that they continue, and continue to increase 10 percent, like you're hoping your company will or more.

MICHAEL DELL: Brian, make a note of that.

BRIAN GLADDEN: Got it.

QUESTION: Yes, please make a note of that.

And so, I want to ask you on your stock options, those are still being given out, and they are being expensed, they're taken off the P&L statement each year. And that keeps our income down, earnings per share down. And why are we still having that because we could have just the restricted stock options, which will accumulate the dividends, and then everybody would be happy. I've heard a number of people out there in the marketplace talking about the stock options, and you're still giving them. So, I would like an answer on that.

Also, I would like to know about Perot Systems, how much is it contributing to the increase of your cash flow? I believe that you paid more for Perot Systems than any other company out there that you've accumulated. So, I would like to have that sweet answer.

And then, I have my own situation with my personal computer. It was sold to me by your company here, and nothing was said about Microsoft Office. Do you want Microsoft Office installed on it? What happened was that your Dell man came out and installed my computer, and he got away as fast as he could, not answering any questions. And then, when I had to call India, and it took me two to three hours to find out that my hard drive had exploded. This was on a new Inspiron 640. When the man came out to install the hard drive, I started asking him questions, and he said, you have to wait 30 minutes, and he said I have to leave now. You have to wait 30 minutes for it to start operating.

So, I have no Microsoft Office on my new computer. It was not explained to me that I would have to install another one. I had it on the other one. So, I have a number of situations here that need to be resolved.

Thank you.

ROB WILLIAMS: I'll try and keep track of those three questions, Linda. Appreciate your questions. Brian, do you want to start with maybe a discussion around the restricted stock and the options?

BRIAN GLADDEN: Sure. As we implemented the dividend policy, we did quite a bit of benchmarking to understand what market practices are, and what our competitors and what sort of a baseline of companies do relative to dividend equivalent rights. And we implemented a policy that I think is very consistent across the board with everything you would see up there in terms of benchmarks. We have over time, I think you would notice, the stock options as a percentage of our total long-term incentive program and the number of employees who participate in that program has come down. And I think that's very consistent with what we're seeing in the marketplace with benchmarks that we look at.

ROB WILLIAMS: I would just add that that's all included in both our GAAP and non-GAAP results on the statement, and so it's fully reflected on the P&L.

The second question was around the value creation, and what we've done with our services business as we really reverse integrated our services business into the Perot platform, and have created one of the number one provider of global IT services for healthcare, and really a fantastic services business.

MICHAEL DELL: If you look at our services business, last quarter it was up 4 percent year-over-year, which compares quite favorably to the industry that we're in at the moment. And the business has four main areas that it focuses on. There is a support and deployment business, which is very tied to the core products that Dell produces, and we've been able to enhance that business with the addition of Perot Systems because of a lot of the expertise and capability that came from the Perot Systems Group. And if we look at the margins and the cash flows in that part of the business that's been a healthy area of the business for us.

We have an infrastructure and cloud business where we are helping customers migrate and transition their operations into a new kind of cloud environment. Our signings are quite strong there. We are doing a number of things to improve our competitiveness in that business, and improve the profitability.

The same is true in our applications and BPO business. We're seeing nice improvement in our margins there, and there's still more opportunity, we believe, to do that.

We've also enhanced those businesses with a real focus on migration from older environments. So, customers that would have been stuck on the mainframe or the Itanium, or Solaris, or other legacy architectures, we want to move them over to the x86 architecture, and the skills and capabilities that came from the Perot Systems Group have given us a very significant platform to be able to do that in a much more meaningful way than Dell has able to do on its own.

The last piece of the business is a company that actually we acquired after the Perot Systems acquisition called SecureWorks, and it is in this whole IT security monitoring, and consulting area. And this is a very rapidly growing space. There are a number of threats that are occurring either from state-sponsored groups, or cyber criminals, or other bad actors, essentially, that are trying to sneak into your computer and get your information, get your money. And we are, as I said earlier, protecting the large banks, financial institutions, and thousands of other customers that have valuable data to protect. That's a rapidly growing business. We've about doubled the size of that business since we acquired it. And we've been

able to bring that business into many more customers than I think Dell would have on its own without having an IT services capability, which we now have in Dell, and Perot Systems was the foundation for that.

ROB WILLIAMS: And I would add that over the last 12 months, we've had almost \$2 billion in new customer signings or new contract signings coming out of the services business. When we look at where these new customers are coming from, they're increasingly coming from new customer verticals, areas where, for example, Perot was primarily healthcare and government; we're seeing more in manufacturing and retail, and financial services. So, we're beginning to broaden that portfolio. We're seeing more customer wins outside the United States in places like Europe and Asia. And so, we're really seeing that business begin to broaden and expand beyond the traditional sweet spots, if you will, of Perot's business, but also of Dell's traditional services business. So, it's been exciting to watch I can say with a lot of confidence.

The last question was on support and, Ms. Bush, any time you ever need anything, you have my phone number, and anyone in this room has my phone number, and can get in touch with me. I would be happy to help you with any service problem that you have, and we're fully committed to that.

Michael, maybe you could touch on that commitment.

MICHAEL DELL: Yes. I mean, I think what you described is not how we would want our company represented. So, we would love to have an opportunity to help address that for you.

ROB WILLIAMS: Absolutely.

MICHAEL DELL: The broad data that we have on our customer experience is encouraging. What I would also tell you is that what you've heard about today at Dell is very much the areas where Dell is generating its profit and its investment and its focus. And this is, again, a very different company than it was ten years ago, and we're directing our investment and our priorities against that.

ROB WILLIAMS: Good. Good. Before we move to the next question, I think it's appropriate here to acknowledge Linda Bush. Ms. Bush has been a voice of the individual shareholder consistently over the last several years, and has been a voice, a proponent of dividends, and so I would just like to say, Linda, that we hear you, and I think the actions that the board took back in June are a reflection of what we heard not only from individual investors across our entire shareholder base, but also from individual investors. So, thanks for being a voice for the individuals over the years.

(Applause.)

All right. Let's go ahead and take a question from the Internet over here, and then we'll move back to the audience.

QUESTION: Yes, the question is can you speak to Dell's recycling strategy, and what you've done in that area?

MICHAEL DELL: As I had mentioned earlier, we have been a leader in this. We've been the first manufacturer to offer free and convenient recycling, and responsible recycling for consumers around the world. We were the first to ban the export of non-working electronics to developing countries. Customers can recycle their Dell branded computers, printers, monitors free of charge at any Staples location in the United States. We have a partnership

with Goodwill Industries where customers can go to more than 2,000 Goodwill locations to recycle their electronics.

We are, I think, absolutely the leader here. And, again, the 600 million pounds of products that we've been involved in recycling kind of speaks for itself.

We're not done. And, again, we take a lifecycle approach to this. It's very important what you put into these products, and we can make a big impact by designing smaller, cleaner, lighter, more efficient products, and that not only makes the recycling challenge less of a challenge, but uses less energy, and less resources along the way.

ROB WILLIAMS: Thanks.

And a question right over here, please.

QUESTION: Hi. My name is Robin Schneider. I'm the Executive Director of Texas Campaign for the Environment. And we've had a long relationship with Dell, about 10 years. At first adversarial, and now we cooperate and collaborate on a lot of things to make electronic products safer, and to make sure that they don't pollute the planet.

And the legislation and the programs that Dell has had have had an impact, but it's been somewhat limited, because there are not enough convenient collection locations in most states, including in Texas.

And we would like to urge Dell, and in particular Mr. James Breyer, who sits on the board of Wal-Mart, to aggressively pursue a partnership between Dell and Wal-Mart, to increase the number of collection points available for consumers the way that Best Buy already provides recycling in their stores, Wal-Mart should do the same.

Mr. Breyer, I hope you've seen some of the letters that our supporters have sent you. I'm sure as a board member you've heard of the fiduciary, as well as the good will that the recycling program has created for Dell. That could be enhanced for both Dell and Wal-Mart, with a partnership. It could increase the amount available for recycling, the amount of feedstock that can be used in future Dell products.

And I want to know how will Dell leadership in particular, Mr. Breyer, work to develop a partnership with Wal-Mart that meets the demands of customers and the interests of both of these companies?

MICHAEL DELL: What I'd say is that we are very much on track to exceed the goal that we set in place of recovering 1 billion pounds of our product by 2014. Dell has also taken pretty extraordinary steps, if you think about our use of green energy, this campus is 100 percent powered by green energy. And we've also been a founding member of the Electronics Industry Citizen's Coalition. So, Dell has a great record here and will continue to be proactive and forward thinking in our approach.

With respect to Wal-Mart what I would suggest is that you all bring those issues to the Wal-Mart shareholder's meeting, because this is the Dell shareholder's meeting.

ROB WILLIAMS: Okay.

Thanks, Ms. Schneider, I appreciate that.

Other questions from the audience? Yes, right over here, please.

QUESTION: My name is Patrick Liddy. I've lived in Austin for quite a few years now, about 42 years. Anyway, I'm an old shareholder. I have a question about stock. I have stock in General Motors that I can buy once a year through the mail, why can't Dell do the same thing? That's my question.

ROB WILLIAMS: I'll start with that. And the first thing I would say is that we do have a program where shareholders can purchase stock directly through the company through our transfer agent, AST&T, American Stock Transfer and Trust. So, that program is available. If you'd like information on that program I'd be happy to provide you with that after the meeting, or anyone on the team. The investor relations team could provide that. Heather Dalton on our investor relations team runs that program and works with them very closely.

So, there is an opportunity to do that and you can buy that in a regular way, so I'd be happy to talk to you about that. I'd also say with the board's adoption of a dividend policy we're considering a dividend reinvestment plan, and that's something that we'll consider and if we decide to move forward on that our administrator will have information on that at some future event.

So, Dell absolutely looks to the opportunity for investors to invest directly in the company as really something that's incredibly important to us. It's a legacy we focus on customers. We're all about having direct relationships. And anyone on this team would be happy to share what we're doing today and if there are other suggestions that you have, or best practices that you have from other companies that we should take a look at, we are all ears, and we'd be more than happy to listen to you about that. So, I appreciate your question and your concerns.

Any other questions from the audience?

Okay. Let's go right up here to the front this time.

QUESTION: I'm an attorney from the Health Science Center in Houston. I would like to know if Dell is doing any helping with the statistics on the chemotherapies at MD Anderson, which is part of the University of Texas System. Do you have any help that you can offer those people, are you involved in it?

MICHAEL DELL: We absolutely are involved. We are a major provider of IT systems and capability to the MD Anderson system, which is part of the University of Texas. And we know the CIO and the IT folks there quite well and they are a leading cancer treatment and research institution. And they use Dell technology and others, as well, and we continue to work aggressively with them. The University of Texas system has also been working a lot in healthcare and our company, and my family has also been involved in those efforts, too.

QUESTION: Well, we all appreciate that, because we all have an interest in cancer control and possibly cure.

MICHAEL DELL: And I think cancer is one of these challenges, if you think about the treatments of cancer, better information around the genetics of each individual will lead to better outcomes and more rapid discovery of cures for various types of cancers.

QUESTION: Yes, I'm aware of that. Thank you very much. I appreciate your efforts there.

ROB WILLIAMS: Thank you very much for your question.

I think we have time for one last question. I think there was a question in the back over here, if I'm not mistaken.

QUESTION: Howdy. I was wondering if I would be able to actually present one of our shirts to Jim Breyer.

ROB WILLIAMS: I'd be happy to take that on his behalf and make sure that it gets to the appropriate person. I'd be happy to do that. I can meet you afterwards.

QUESTION: Thank you so much.

ROB WILLIAMS: You bet, thank you.

And Michael, maybe we could go ahead and wrap up with your final thoughts here.

MICHAEL DELL: Great. Well, I want to thank you all for coming. Dell is really committed to the transformation that we're on, to be an end-to-end solutions provider. I think we're making significant progress. We've been aggressive in our movement in using our capital around acquisitions to change our capability. We've been changing the conversation with our customers in a significant way.

We are absolutely in a competitive industry, but we feel well positioned and ready for the fight. And we're in a large, rapidly expanding industry where Dell can make a huge difference for customers and for the world. So, thank you. We look forward to seeing you again.

(Applause.)

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