



**Michael Dell Remarks
Customer Reception
Tokyo, Japan**

March 22, 2007

MICHAEL DELL: It's wonderful to be here this evening to address such a great group of respected leaders. And I can tell you this is very different from my first visit to Japan in 1985.

A lot has changed since we first started our operations in Japan in 1987. Back then, we were called Dell Far East, and we had just a few employees here in Tokyo, and Dell PCs were nowhere to be found in Japanese offices or homes.

But now Dell is the number three supplier in all of Japan, and we're very excited about the growth opportunities we have ahead of us. For example, our services business, which helps customers build their infrastructure around x86 servers, is growing in excess of 50 percent per year; and our software peripheral business is growing in excess of 30 percent per year.

And to support our growth in Japan, we continue to make investments here, including now more than 450 employees in our new Miyazaki Customer Center, which supports our customers in providing the best experience.

The remarkable growth and success we've had here in Japan would not have been possible without the strong guidance, loyalty and support of all of our customers and partners represented in this room here tonight.

And I'm especially proud of the business relationships we've built here in Japan, because as a group of customers you're by far the most demanding that we have in the world. Now, actually I'm saying this as a compliment to you, because your relentless pursuit of quality and perfection drives us to improve our own business, and I want to offer my sincere thanks for making us better by talking to us and giving us your feedback.

And by listening to you and learning from our very best customers, we've been able to implement numerous improvements across our products, our processes, and our services, and you'll see the result of our learnings in some of our new products we launch in Japan later this year. We have some of them demonstrated outside of the room today.

In a world where another one billion people are expected to come online in the next few years, Japan is a great example of what's possible online today. Although less than 16 percent of the world is online today, in Japan 67 percent of citizens are on the Internet. It's a very high Internet penetration compared with other parts of the world.



And it's exciting for us, too, at Dell, because 65 percent of our consumer sales in Japan are made online. This is one of the highest online rates that we have for Dell worldwide, and it shows that Japan has truly embraced the convenience of the Internet and Dell's direct business model.

We like to stay very close to the effects on society as more people are coming online and staying online all the time. We're very interested in the implications this has for both consumers and businesses.

Some of these market forces are evident in today's Japan, which just came out of the so-called lost 10 years of economic stagnation, and now has a renewed sense of optimism and strength for future growth.

So as Japanese companies of all sizes are gearing up to invest in a renewal of the existing IT infrastructure, or building a new one completely from scratch, we are ready to partner with you in the development and delivery of IT systems to remove the roadblocks and open up new business expansion.

Let's take the datacenter, for example. If you manage a datacenter, chances are very good that it's probably increasing in size right now, and the demand for energy in that datacenter is increasing very rapidly, and the complexity of managing and servicing is even more daunting than ever before. It's a complex situation that requires a straightforward response, which is what we are delivering at Dell.

And with the planned implementation of the so-called J-SOX laws in April of next year, it's increasingly important for Japanese companies to review their database management and information security procedures to structure and comply with enhanced legal requirements for internal controls.

And to provide the type of IT infrastructure service that customer acquire, we're expanding our own on-site specialized teams for Japanese customers to ensure that we can provide the right solution and the best experience for our customers.

We're also very focused on reducing energy consumption. We know that energy costs in Japan are among the highest in the world, and from server virtualization to datacenter remediation to using server components that require less power, we're finding ways to bring down the electricity bill and bring new capabilities at lower cost and power requirements.

Virtualization, for example, allows you to maximize the use of each server in your datacenter, and often results in the need for fewer servers, thus using less power, space, cooling and, of course, administration.

To make sure we know what matters most to our customers, and that we're reaching out to our community of users, tens of millions, hundreds of millions of users, we have built our own blog called Direct2Dell.com, which now has more than 2.5 million page views per month. Customers go to



Direct2Dell.com, tell us what they're thinking about, what's going right, what's going wrong and what they think we should be doing about it.

In taking this idea of a community of users even further, last month we launched a new site called DellIdeaStorm.com, where customers can post their ideas online about what we should be doing with Dell's products and services.

We're going to continue to innovate with our customers, whether it's in building the new low-cost IT datacenter of the future or building a specialized consumer product just targeted at the Japanese consumer.

And I wanted to take this opportunity to personally thank our customers so much for the trust and confidence that you place in us. I look forward to meeting many of you during tonight's reception and party, and again thank you for joining us this evening.

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