



Continued growth outside U.S. drives Dell to record Q1 revenue

Dell exceeded its own robust worldwide growth expectations while achieving record revenue during fiscal first-quarter 2005. Product shipments for the period that ended April 30 were up 25 percent from the same quarter a year ago; volumes for the rest of the industry increased 14 percent. Dell growth was 38 percent in Asia-Pacific and Japan, where the company's share ranked No. 2 for the first time. Shipments in Europe, the Middle East, and Africa increased 37 percent.

First-quarter company revenue was up 21 percent to US\$11.5 billion, higher than Dell's previous guidance. The company has now met or exceeded guidance to investors for 13 straight quarters. Net earnings were US\$731 million, or 28 cents per share, 22 percent higher than a year ago. Dell's growth in both product shipments and net income has surpassed 20 percent for seven consecutive quarters.

"In our industry, only Dell simultaneously creates great customer value, rapid growth, and solid profitability," says Kevin Rollins, Dell president and chief operating officer (COO). "Others sometimes do one or two of those things. Our global team and our shareholders insist on all three."

First-quarter operating income was US\$966 million, up 19 percent from a year ago despite higher-than-expected costs for RAM late in the quarter. Operating expenses as a percent of revenue were 9.6 percent, matching a company low and better than 9.8 percent last year.

Dell PowerVault 775N NAS server takes storage award



Network Computing magazine selected the Dell™ PowerVault™ 775N network attached storage (NAS) server as the winner of the 2004 Well-Connected Award in the midrange NAS category. According to *Network Computing* editors, "The midrange NAS category has seen a lot of movement in the past couple of years, with the low end moving up and the high end moving down. Dell has responded with the PowerVault 775N, a robust and flexible device. Dell's combination of Microsoft® Windows® Server Appliance Kit (SAK), fast SCSI drives, and powerful processing hardware makes this unit a formidable competitor. But the real icing on the cake is the 775N's very competitive price."

The *Network Computing* Well-Connected Awards honor outstanding technology products and services that have been tested and evaluated in the magazine's review labs during the past year. This award represents the second year in a row that Dell has been named a Well-Connected winner by *Network Computing*. In 2003, the Dell PowerEdge™ 6650 server won the Well-Connected Award for servers.

Dell President, COO Kevin Rollins calls on businesses to go beyond corporate governance reforms

Dell President and Chief Operating Officer Kevin Rollins is calling on business leaders to adopt a higher level of ethics and integrity to regain the trust of employees, customers, shareholders, and government.

Rollins, who will become Dell's next CEO in July, cautioned that skepticism about business will perpetuate skepticism about the economy. He urged business leaders to embrace transparent business models and build individual and corporate accountability into the fabric of their companies

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and into business culture. His comments were made at an American Enterprise Institute event on the impact of Sarbanes-Oxley, which became law two years ago.

“Every business grapples with a range of competitive issues. But skepticism about corporate behavior and performance is perhaps the most insipid because it breeds complacency in our companies, in the marketplace, and in the economy,” Rollins says. “Our goals for our country and our companies will go unfulfilled if we do not demonstrate integrity at every level and earn the trust of our many stakeholders. We can begin to repair that fragile trust over time by adopting transparent business models and corporate cultures that set expectations for individual and company performance beyond the numbers.”

Rollins described Dell’s efforts—through cultural imperatives, leadership and organizational initiatives, and resources that empower employees to act ethically—to foster accountability and responsibility within the company.

Dell celebrates 20 years of success

The year 2004 marks the 20th anniversary of Dell Inc., which has been successfully selling computer products since 1984 under a simple model that shook up the entire industry: selling directly to the customer.

When Michael Dell started the company in 1984, it sold products over the phone and then at www.dell.com. The migration of customer service and support to the Internet took place in 1994 and led to e-commerce capability in 1996. The next year, Dell became the first company to record US\$1 million in daily online sales.

Today, Dell operates one of the highest-volume Internet commerce sites in the world. The site runs on Dell PowerEdge servers and PowerVault and Dell/EMC storage systems. Many Dell customers have employed some of the same Web-based strategies using Dell enterprise products to grow their own businesses. In addition to selling standards-based servers and storage systems, Dell provides an array of services related to those enterprise products.

Dell and Oracle expand strategic partnership

Dell and Oracle have expanded their strategic partnership with an initiative to significantly lower the cost of business-critical computing for a broader range of customers. The Dell and Oracle partnership continues to make it easy for customers to acquire and deploy business-critical computing based on standardized, cost-effective technology.

The initiative includes an exclusive go-to-market agreement, making Dell the first Oracle partner to deliver a shrink-wrapped packaged offering of Oracle® Standard Edition One. Oracle Standard Edition One will be available with Dell PowerEdge servers worldwide. Dell also will continue working to expand customers’ adoption of grid technology with solutions based on Oracle Real Application Clusters technology. Additionally, both companies are working together to provide customers in China with a one-stop, single point of contact for the Linux® operating system and grid computing.

The Dell/Oracle configurations include Dell PowerEdge 2600 or 2650 servers and CDs containing Oracle Standard Edition One database software, which will include a shrink-wrap licensing agreement that allows the customer to enter into a contract to license the Oracle database software by simply breaking the seal. This demonstrates the ongoing commitment of both companies to lower the cost of enterprise computing by making business-critical technologies, such as Oracle’s industry-leading database software, easily available to all companies, regardless of size.

