DELL INC
Form DEF 14A
May 24, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Dell Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

NOTICE OF ANNUAL MEETING

AND

PROXY STATEMENT

2012

May 24, 2012

Dear fellow stockholders:

On behalf of the Board of Directors, it is my pleasure to invite you to Dell's 2012 Annual Meeting of Stockholders. The meeting will be held on Friday, July 13, 2012, at 8:00 a.m., Central Daylight Time, at the Dell Round Rock Campus, 501 Dell Way, Building 2-East, Dallas/Houston conference rooms, Round Rock, Texas 78682. For your convenience, we are also offering a live Webcast of the meeting. You may attend and participate in the meeting via the Internet at www.dell.com/investor, where you will be able to vote electronically and submit questions during the meeting. If you choose to view the Webcast, go to www.dell.com/investor shortly before the meeting time and follow the instructions provided. If you miss the meeting, you can view a replay of the Webcast on that site.

You will find information regarding the matters to be voted on in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. We are sending many of our stockholders a notice regarding the availability of this proxy statement, our Annual Report on Form 10-K for Fiscal 2012 and other proxy materials via the Internet. This electronic process gives you fast, convenient access to the materials, reduces the impact on the environment and reduces our printing and mailing costs. A paper copy of these materials may be requested using one of the methods described in the materials.

You may visit www.dell.com/investor to access an interactive Fiscal 2012 Year-in-Review, as well as various web-based reports, executive messages and timely information on Dell's global business.

This meeting is for Dell stockholders. To attend the meeting in person, you will need an admission ticket or an account statement showing your ownership of Dell stock as of May 18, 2012, which is the meeting record date, and proper photo identification. An admission ticket can be printed at www.proxyvote.com, or is included in the proxy materials if you received a paper copy of the proxy materials.

Whether or not you plan to attend the meeting in person or via the Internet, please vote by submitting your proxy or voting instructions using one of the voting methods described in the attached materials. Submitting your proxy or voting instructions by any of these methods will not affect your right to attend the meeting and vote in person or view the live Webcast and vote electronically should you so choose. However, if your shares are held through a broker or other nominee, you must obtain a legal proxy from the record holder of your shares in order to vote at the meeting.

If you have any questions concerning the meeting, please contact our Investor Relations Department at 512-728-7800 or Investor_Relations@dell.com. For questions regarding your stock ownership, you may contact our transfer agent, American Stock Transfer & Trust Company, at 800-937-5449 or www.amstock.com.

Sincerely,

Michael S. Dell

Chairman of the Board and Chief Executive Officer

Table of Contents

TABLE OF CONTENTS

Table of Contents

DELL INC.

One Dell Way

Round Rock, Texas 78682

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date	Friday, July 13, 2012
Time	8:00 a.m., Central Daylight Time
Place	Dell Round Rock Campus

501 Dell Way Building 2-East Dallas/Houston Conference Rooms Round Rock, Texas 78682

Webcast	Attend the meeting via the Internet, including voting and submitting questions, at www.dell.com/investor (which also can be linked via www.virtualshareholdermeeting.com/dell2012)
Proposals	Proposal 1 Election of Directors
	Proposal 2 Ratification of Independent Auditor
	Proposal 3 Advisory Vote to Approve Named Executive Officer Compensation
	Proposal 4 Approval of the Dell Inc. 2012 Long-Term Incentive Plan
Record Date	May 18, 2012

Voting Methods		
	Internet proxy	Go to www.proxyvote.com
	Telephone proxy	Use the toll-free number shown on the proxy or voting instruction card
	Written proxy	Complete and return a proxy or voting instruction card (if you received a paper copy)
	In person	Attend and vote at the meeting or electronically during the live Webcast

Stockholders will also transact any other business properly brought before the meeting or any adjournments or postponements of the meeting. At this time, the Board of Directors knows of no other proposals or matters to be presented.

This Notice of Annual Meeting of Stockholders and the Proxy Statement are accompanied by the Annual Report on Form 10-K for Fiscal 2012, which, together with the Chairman s letter to stockholders, is Dell s annual report to stockholders for the fiscal year.

On behalf of the Board of Directors:

Lawrence P. Tu, Secretary

May 24, 2012

Table of Contents

Webcast of Annual Meeting

We are pleased to offer a Webcast of Dell's 2012 annual meeting. Additionally, we are offering stockholders and proxy holders the ability to attend and participate via the Internet during the live Webcast, where you will be able to vote electronically and submit questions during the meeting. The live Webcast will begin at 8:00 a.m., Central Daylight Time. If you plan to attend and participate in the meeting via the Internet, go to www.dell.com/investor (which also can be linked via www.virtualshareholdermeeting.com/dell2012), log on prior to the meeting and follow the instructions provided. Only stockholders who use their control number to log on to the meeting will be able to vote electronically and submit questions during the meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of ownership, are posted at www.dell.com/investor. If you miss the meeting, you can view a replay of the Webcast on that site. (No votes may be cast during the replay of the Webcast.)

Important Voting Information

Stockholders who hold Dell common stock through a broker or other nominee receive proxy materials and a voting instruction form either electronically or by mail before each annual stockholder meeting.

Your broker will not be permitted to vote on your behalf on the election of directors or on the other annual meeting proposals, except for Proposal 2 (Ratification of Independent Auditor), unless you provide specific instructions by completing and returning the voting instruction form or following the instructions provided to you to submit your voting instruction through the Internet or by telephone. For your vote to be counted, you will need to communicate your voting decisions to your broker or other nominee before the date of the annual meeting or obtain a legal proxy to vote your shares at the meeting.

Your Participation in Voting the Shares You Own Is Important

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors and the other proposals to be considered at the annual meeting. Please review the proxy materials and follow the instructions on the voting instruction form to submit your proxy or voting instructions. We hope you will exercise your rights and fully participate as a Dell stockholder.

More Information Is Available

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. The Securities and Exchange Commission (the SEC) also has a website, www.sec.gov/spotlight/proxymatters.shtml, with more information about your rights as a stockholder. Additionally, you may contact Dell's Investor Relations Department at 512-728-7800 or Investor_Relations@dell.com.

Table of Contents

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by Dell Inc., on behalf of the Board of Directors (the "Board"), for the 2012 Annual Meeting of Stockholders. This proxy statement and the related proxy form are first being distributed to stockholders on or about May 31, 2012.

You can vote your shares using one of the following methods:

- Submit your proxy or voting instructions through the Internet at www.proxyvote.com using the instructions included in the notice regarding the Internet availability of proxy materials or, if you received a paper copy of the proxy materials, in the proxy or voting instruction card;
- Submit your proxy or voting instructions by telephone using the instructions in the proxy or voting instruction card if you received a paper copy of the proxy materials;
- Complete and return a written proxy or voting instruction card if you received a paper copy of the proxy materials; or
- Attend and vote at the meeting in person or via the Internet during the live Webcast (See Additional Information Voting by Street Name Holders).

Internet and telephone submission of proxies and voting instructions are available 24 hours a day, and if you use one of those methods, you do not need to return a proxy or voting instruction card. Unless you are planning to vote at the meeting in person or via the Internet during the live Webcast, your proxy or voting instructions must be received by 11:59 p.m., Eastern Daylight Time, on July 12, 2012.

Even if you submit your proxy or voting instructions by one of the first three methods mentioned above, you may still vote at the meeting in person or via the Internet during the live Webcast if you are the record holder of your shares or hold a legal proxy from the record holder. See Additional Information Voting by Street Name Holders. Your vote at the meeting will constitute a revocation of your earlier proxy or voting instructions.

Stockholders are being asked to consider four proposals at the meeting. The following is a summary of the proposals and the voting recommendations of the Board:

SUMMARY OF PROPOSALS

Proposal		Board Recommendation
1	Election of Directors	**FOR**
2	Ratification of Independent Auditor	**FOR**
3	Advisory Vote to Approve Named Executive Officer Compensation	**FOR**
4	Approval of the Dell Inc. 2012 Long-Term Incentive Plan	**FOR**

The details of each proposal are set forth below.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

The first proposal to be voted on at the annual meeting is the election of directors. The 12 directors to be elected at this meeting will serve until the next annual meeting of stockholders and until their successors are elected and qualified. Upon recommendation of the Governance and Nominating Committee, the Board has nominated all of the current directors, other than Thomas W. Luce, III, for re-election to the Board. The nominees for election at the annual meeting are:

James W. Breyer	Donald J. Carty
Janet F. Clark	Laura Conigliaro
Michael S. Dell	Kenneth M. Duberstein
William H. Gray, III	Gerard J. Kleisterlee
Klaus S. Luft	Alex J. Mandl
Shantanu Narayen	H. Ross Perot, Jr.

Biographical and qualification information about each of the nominees is included under "Director Qualifications and Information" below.

The Board recommends a vote "FOR" all nominees.

Mr. Luce, who is currently serving as a director, will retire from the Board at the time of the annual meeting. Mr. Luce, who has served as a member of the Board from November 1991 until September 2005 and rejoined the board in September 2006, was ineligible for nomination under Dell s Corporate Governance Principles, which do not permit nomination of any individual who has attained age 72. Upon the expiration of Mr. Luce s Board term at the time of the annual meeting, the Board will decrease the size of the Board from 13 to 12 members in accordance with Dell s Bylaws.

Ms. Clark, Ms. Conigliaro and Mr. Duberstein were appointed to the Board in September 2011. Each of these directors was recommended to the Governance and Nominating Committee by an outside search firm.

If a nominee becomes unable or unwilling to accept nomination or election, the Board may either select a substitute nominee or reduce the size of the Board. If you have submitted a proxy and a substitute nominee is selected, your shares will be voted by the named proxies for the election of the substitute nominee. Alternatively, if the Board does not select a substitute nominee or reduce the size of the Board, the proxies may vote only for the remaining nominees, leaving a vacancy that may be filled at a later date by the Board.

The Board has no reason to believe that any nominee would be unable or unwilling to serve if elected.

According to Dell's Bylaws, each of the above-named nominees will be elected to the Board if the nominee receives affirmative ("FOR") votes from the holders of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote on the election of directors. If a nominee who is currently serving as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a "holdover director." Under Dell's Corporate Governance Principles, if a nominee fails to receive the requisite majority vote, the nominee will be required to submit his or her resignation. Any tendered resignation will be evaluated by the independent directors (excluding the director who tendered the resignation). In determining whether to accept or reject the resignation, or take other action, the Board may consider any factors it deems relevant. The Board will act on the tendered resignation, and will publicly disclose its decision and rationale, within 90 days after certification of the stockholder vote. If no nominees receive the requisite majority vote at the meeting, the incumbent Board will nominate a new slate of nominees and hold a special meeting for the purpose of electing those nominees within 180 days after the certification of the stockholder vote. In this circumstance, the incumbent Board will

Table of Contents

continue to serve until new directors are elected and qualified. The foregoing provisions apply to elections in which the number of nominees does not exceed the number of directors to be elected. In the event of an election in which the number of nominees exceeds the number of directors to be elected, nominees will be elected by a plurality vote.

Director Qualifications and Information

Director Qualifications The Board believes that individuals who serve on the Board should have demonstrated notable or significant achievements in business, education, or public service; should possess the requisite intelligence, education, and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of Dell's stockholders. The following are qualifications, experience and skills for Board members which are important to Dell's business and its future:

- *Leadership Experience* Dell seeks directors who demonstrate extraordinary leadership qualities. Strong leaders bring vision, strategic agility, diverse and global perspectives, and broad business insight to the company. They demonstrate practical management experience, skills for managing change, and deep knowledge of industries, geographies, and risk management strategies relevant to the company. They have experience in identifying and developing the current and future leaders of the company. The relevant leadership experience Dell seeks includes a past or current leadership role in a major public company or recognized privately held entity; a past or current leadership role at a prominent educational institution or senior faculty position in an area of study important or relevant to the company; a past elected or appointed senior government position; or a past or current senior managerial or advisory position with a highly visible nonprofit organization.
- *Finance Experience* Dell believes that all directors should possess an understanding of finance and related reporting processes. Dell also seeks directors who qualify as an "audit committee financial expert," as defined in the SEC s rules for service on the Audit Committee.
- *Industry Experience* Dell seeks directors who have relevant industry experience. Dell values experience in Dell's high priority areas, including new or expanding businesses, customer segments or geographies, organic and inorganic growth strategies, and existing and new technologies; deep or unique understanding of Dell's business environments; and experience with, exposure to, or reputation among a broad subset of Dell's customer base.
- *Government Experience* Dell's customers include government, educational institutions and law enforcement agencies, and Dell is subject to regulatory requirements. Accordingly, Dell seeks directors who have experience in the legislative, judicial or regulatory branches of government.
- *Diversity of Background* Although the Board has not established any formal diversity policy to be used to identify director nominees, it recognizes that a current strength of the Board stems from the diversity of perspective and understanding that arises from discussions involving individuals of diverse background and experience. When assessing a Board candidate s background and experience, the Governance and Nominating Committee takes into consideration all relevant factors, including a candidate s gender, ethnic status and geographic background.

Director Qualifications Matrix The Governance and Nominating Committee selects, evaluates and recommends to the full Board qualified candidates for election or appointment to the Board. The committee has developed the following matrix outlining specific qualifications to ensure that Dell s directors bring to the Board a diversity of experience, background and international perspective. The matrix allows the committee to identify areas of expertise and experience that may benefit the Board

Table of Contents

in the future as well as gaps in those areas that may arise as directors retire. The committee uses this information as part of its process for identifying and recommending new directors for the Board.

DIRECTOR QUALIFICATIONS MATRIX

	Leadership			Financial		International		Diversity			Other	
Name	**Technical Industry**	**Government**	**Academic**	**Financial Literacy**	**Eligible for Audit Committee Qualified Expert**	**Global Mindset, Emerging Markets**	**Global Operational Experience**	**Gender**	**Ethnicity**	**Geographic**	**CEO Experience**	**CFO Experience**
Mr. Breyer	X			X		X						
Mr. Carty				X	X	X	X			X	X	X
Ms. Clark				X	X			X				X
Ms. Conigliaro	X			X		X		X				
Mr. Dell	X			X		X	X				X	
Mr. Duberstein		X		X		X					X	
Mr. Gray		X	X	X					X		X	
Mr. Kleisterlee	X			X		X	X			X	X	
Mr. Luce	X	X	X	X	X							
Mr. Luft	X			X		X	X			X	X	
Mr. Mandl	X			X	X	X	X			X	X	X
Mr. Narayen	X			X		X	X		X	X	X	
Mr. Perot	X			X		X	X				X	

Set forth below is biographical information, as of May 15, 2012, about the persons who will constitute the Board following the annual meeting, assuming election of the nominees named above, and the qualifications, experience and skills the Nominating and Governance Committee and the Board considered in determining that each such person should serve as a director.

James W. Breyer

Age: 50

Director since April 2009

Board committees:

Finance (Chair)

Mr. Breyer has been a Partner of Accel Partners, a venture capital firm, since 1987. Mr. Breyer is also the founder of Breyer Capital, an investment firm, and has served as its Chief Executive Officer since July 2006. Additionally, Mr. Breyer is a co-founder of IDG-Accel China Funds and has served as co-lead on the company s strategic investment committee since its inception in 2005. Mr. Breyer serves on the boards of directors of News Corporation, Facebook, Inc., Prosper Marketplace, Inc. and Wal-Mart Stores, Inc., where he is the presiding director. From June 2006 to December 2009, Mr. Breyer was on the board of directors of Marvel Entertainment, Inc., and from October 1995 until June 2008, he served on the board of directors of Real Networks, Inc.

Director Qualifications

Leadership Experience   Partner at Accel Partners and presiding director at Wal-Mart Stores, Inc.

Industry Experience   Knowledge of the technology industry, new and existing technologies, and growth strategies

4

Table of Contents

Donald J. Carty

Age: 65

Director since December 1992

No Board committees

Mr. Carty served as Vice Chairman and Chief Financial Officer of Dell from January 2007 until June 2008, prior to his retirement. In that role, he was responsible for all finance functions, including controller, corporate planning, tax, treasury operations, investor relations, corporate development, risk management, and corporate audit. Mr. Carty was the Chairman and Chief Executive Officer of AMR Corporation and American Airlines from 1998 until his retirement in 2003. He served in a variety of executive positions with AMR Corporation, AMR Airline Group, and American Airlines from 1978 to 1985 and from 1987 to 1999, including Chief Financial Officer of AMR Corporation and American Airlines Inc. from October 1989 until March 1995. Mr. Carty was President and Chief Executive Officer of Canadian Pacific Air Lines, known as CP Air, in Canada from 1985 to 1987. After his retirement from AMR and American Airlines Inc. in 2003, Mr. Carty was engaged in numerous business and private investment activities with a variety of companies. Mr. Carty is also a director of Barrick Gold Corporation, Gluskin Sheff and Associates, Talisman Energy Inc. and Canadian National Railway Company. Additionally, Mr. Carty was a member of the board of directors of Hawaiian Holdings Inc. from August 2004 until February 2007, and again from April 2008 until May 2011, of CHC Helicopter Corp. from November 2004 until September 2008, of Solution Inc., Ltd. from July 2004 until January 2007, of Sears Holding Corp. from May 2001 until May 2007 and of Placer Dome Inc. from April 2005 until March 2006.

Director Qualifications

Leadership Experience   CFO of Dell; CEO and CFO of AMR Corporation and American Airlines; President and CEO of CP Air

Finance Experience   CFO of Dell and AMR Corporation and American Airlines

Industry Experience   CFO of Dell with knowledge of Dell's operating environment

Table of Contents

Janet F. Clark

Age: 57

Director since September 2011

Board committees:

Audit

Ms. Clark joined Marathon Oil Corporation in 2004, where she currently serves as Executive Vice President and Chief Financial Officer. From 2001 through 2003, Ms. Clark served as Senior Vice President and Chief Financial Officer of Nuevo Energy Company. From 1997 until 2003, she held various roles at Santa Fe Snyder Corporation, including Chief Financial Officer and Executive Vice President of Corporate Development and Administration. From 2003 until September 2011, she served on the board of directors of Exterran Partners, L.P.

Director Qualifications

Leadership Experience EVP and CFO of Marathon Oil; SVP and CFO of Nuevo Energy

Finance Experience EVP and CFO of Marathon Oil; SVP and CFO of Nuevo Energy; CFO and EVP of Corporate Development and Administration of Santa Fe Snyder

Laura Conigliaro

Age: 66

Director since September 2011

Board committees:

Finance

Ms. Conigliaro has been retired since 2011. Ms. Conigliaro joined The Goldman Sachs Group, Inc. (Goldman Sachs) in 1996 as a U.S. Hardware Systems Equity Research Analyst. She was named managing director in 1997 and partner in 2000. She was most recently co-director of the firm s Americas equity research unit. In addition to covering the hardware systems sector, Ms. Conigliaro served as the technology investment research business unit leader for Goldman Sachs. She also developed specialized expertise covering enterprise server and storage companies. Prior to her service with Goldman Sachs, Ms. Conigliaro was a computer and design automation analyst at Prudential Financial, Inc. Ms. Conigliaro also serves of the board of directors of Infoblox Inc.

Director Qualifications

Finance Experience U.S. Hardware Systems Equity Research Analyst at Goldman Sachs

Industry Experience Knowledge of the technology industry

Table of Contents

Michael S. Dell

Age: 47

Director since May 1984

No Board committees

Mr. Dell currently serves as Chairman of the Board of Directors and Chief Executive Officer. He has held the title of Chairman of the Board since he founded Dell in 1984. Mr. Dell also served as Chief Executive Officer of Dell from 1984 until July 2004 and resumed that role in January 2007. He serves on the Foundation Board of the World Economic Forum and the executive committee of the International Business Council, is a member of the U.S. Business Council and the Business Roundtable, and serves as chairman of the Technology CEO Council. He also serves on the governing board of the Indian School of Business in Hyderabad, India, and is a board member of Catalyst, Inc. See SEC Settlement with Mr. Dell below for information about legal proceedings to which Mr. Dell has been a party.

Director Qualifications

Leadership Experience Founder, Chairman and CEO of Dell

Industry Experience Knowledge of new and existing technologies, Dell's industry and Dell's customers

Kenneth M. Duberstein

Age: 68

Director since September 2011

Board committees:

Governance and Nominating

Mr. Duberstein has been Chairman and Chief Executive Officer of The Duberstein Group, Inc., a strategic advisory and consulting firm, since 1989. Previously, Mr. Duberstein served as Chief of Staff to President Ronald Reagan from 1988 to 1989 and as Deputy Chief of Staff in 1987. From 1984 to 1986, Mr. Duberstein was Vice President of Timmons & Company in Washington, D.C. Prior to his service in that position, he served in the White House as Assistant to the President, Legislative Affairs from 1981 to 1983. From 1977 to 1980, Mr. Duberstein was Vice President of the Committee for Economic Development. He serves as a director of the Council on Foreign Relations, the Brookings Institution, the National Alliance to End Homelessness and the National Endowment for Democracy and is a lifetime trustee for the Kennedy Center for the Performing Arts. He also serves as a director on the boards of directors of The Boeing Company, ConocoPhillips, Travelers Companies, Inc. and Mack-Cali Realty Corporation.

Director Qualifications

Leadership Experience Chairman and CEO of The Duberstein Group, Inc.; White House Chief of Staff and Deputy Chief of Staff; Assistant to the President for Legislative Affairs.

Government Experience White House Chief of Staff and Deputy Chief of Staff; Assistant to the President for Legislative Affairs

Table of Contents

William H. Gray, III

Age: 70

Director since November 2000

Board committees:

Governance and Nominating (Chair)

Leadership Development and Compensation

Mr. Gray is currently Chairman of Gray Global Strategies, Inc., a business advisory firm, a position he has held since February 2012. From August 2004 until February 2012, he was co-Chairman of GrayLoeffler L.L.C., a consulting and advisory firm. Mr. Gray was President and Chief Executive Officer of The College Fund/UNCF (educational assistance) from 1991 until he retired in June 2004. He was a member of the United States House of Representatives from 1979 to 1991. During his tenure in Congress, he served as Chairman of the House Budget Committee, a member of the Appropriations Committee, and Chairman of the House Democratic Caucus and Majority Whip. He is an ordained Baptist Minister and last pastored at Bright Hope Baptist Church of Philadelphia from 1972 until 2007. Mr. Gray is also a director of J.P. Morgan Chase & Co., Prudential Financial, Inc., and Pfizer Inc. From June 2000 to January 2010, Mr. Gray was a director of Visteon Corporation.

Director Qualifications

Leadership Experience President and CEO of the College Fund/UNCF; member of the United States House of Representatives; co-Chairman of GrayLoeffler L.L.C.; Chairman of Gray Global Strategies, Inc.

Government Experience Member of the United States House of Representatives

Gerard J. Kleisterlee

Age: 65

Director since December 2010

Board committees:

Finance

Leadership Development and Compensation

Mr. Kleisterlee has served as executive Chairman of Vodafone Group plc. since July 2011. Mr. Kleisterlee was President and Chief Executive Officer of Royal Philips Electronics from April 2001 until March 2011 and President and Chief Operations Officer of Royal Philips Electronics prior to April 2001. Previously, he held key positions within Royal Philips Electronics, including member of the Board of Management since April 2000, member of the Group Management Committee since January 1999, Chief Executive Officer of Philips' Components division, President of Philips Taiwan, Regional Manager for Philips' Components in Asia-Pacific, Managing Director of Philips' Display Components worldwide, General Manager of Philips' Professional Audio Product Group and various manufacturing management positions within Philips' Medical Systems division starting in 1974. Mr. Kleisterlee is a member of the boards of directors of Daimler AG and Royal Dutch Shell.

Director Qualifications

Leadership Experience President, CEO and COO of Royal Philips Electronics; Chairman of Vodafone Group plc.

Industry Experience Experience as executive of major global electronics company

Table of Contents

Klaus S. Luft

Age: 70

Director since March 1995

Board committees:

Audit

Mr. Luft is the founder and Chairman of the supervisory board of Artedona AG, a privately held mail order e-commerce company established in 1999 and headquartered in Munich, Germany. He is also owner and President of Munich-based MATCH Market Access Services GmbH & Co., KG. From 1990 until 2010, Mr. Luft served as Vice Chairman and International Advisor to Goldman Sachs Europe Limited. From March 1986 to November 1989, he was Chief Executive Officer of Nixdorf Computer AG, where he served for more than 17 years in a variety of executive positions in marketing, manufacturing, and finance. From May 2006 to July 2007, Mr. Luft served on the board of Assurances Générales de France, known as AGF, a French insurance company. Mr. Luft is the Honorary Consul of the Republic of Estonia in the State of Bavaria.

Director Qualifications

Leadership Experience Chairman of the supervisory board of Artedona AG; Vice Chairman of Goldman Sachs Europe Limited; Chief Executive Officer of Nixdorf Computer AG

Industry Experience Knowledge of technology marketing, manufacturing, and international markets

Alex J. Mandl

Age: 68

Director since November 1997

Lead Director

Board committees:

Audit (Chair)

Governance and Nominating

Mr. Mandl is currently the non-Executive Chairman of Gemalto N.V., a digital security company resulting from the merger of Axalto Holding N.V. and Gemplus International S.A. From June 2006 until December 2007, Mr. Mandl served as Executive Chairman of Gemalto. Before June 2006, Mr. Mandl was President, Chief Executive Officer and a member of the board of directors of Gemplus, positions he held since August 2002. He has served as Principal of ASM Investments, a company focusing on early stage funding in the technology sector, since April 2001. From 1996 to March 2001, Mr. Mandl was Chairman and CEO of Teligent, Inc., which offered business customers an alternative to the Bell Companies for local, long distance, and data communication services. Mr. Mandl was AT&T's President and Chief Operating Officer from 1994 to 1996, and its Executive Vice President and Chief Financial Officer from 1991 to 1993. From 1988 to 1991, Mr. Mandl was Chairman of the Board and Chief Executive Officer of Sea-Land Services Inc. Mr. Mandl served from May 2007 to October 2010 as a director of Hewitt Associates, Inc. and from March 2008 to October 2010 as a director of Visteon Corporation. Mr. Mandl was a member of the board of directors of Horizon Lines, Inc. since January 2007 and became the Chairman in February 2011, retiring in April 2012. Mr. Mandl became a member of the board of directors of Arise Virtual Solutions Inc. in January 2012.

Director Qualifications

Leadership Experience Chairman of Gemalto N.V.; director, President and CEO of Gemplus; Principal of ASM Investments; Chairman and CEO of Teligent; President, COO and CFO of AT&T; Chairman and CEO of Sea-Land Services Inc.

Finance Experience CFO of AT&T

Industry Experience Experience as a leader of global technology companies; knowledge of emerging technologies

Shantanu Narayen

Age: 48

Director since September 2009

Board committees:

Leadership Development and Compensation (Chair)

Mr. Narayen has served since December 2007 as President and Chief Executive Officer of Adobe Systems Incorporated, a software company. From January 2005 until December 2007, Mr. Narayen was Adobe's President and Chief Operating Officer. Previously, he held key product research and development positions within Adobe, including Executive Vice President of Worldwide Products, Senior Vice President of Worldwide Product Development, and Vice President and General Manager of the Engineering Technology Group. Before joining Adobe in 1998, he was a co-founder of Pictra, Inc., an early pioneer of digital photo sharing over the Internet. Prior to his service in that position, he served as director of desktop and collaboration products at Silicon Graphics, Inc. and held various senior management positions at Apple Computer, Inc. Mr. Narayen also serves on the advisory board of the Haas School of Business of the University of California, Berkeley and is president of the board of directors of the Adobe Foundation, which funds philanthropic initiatives around the world.

Director Qualifications

Leadership Experience President and CEO of Adobe Systems Incorporated

Industry Experience Knowledge of the technology industry, new and existing technologies, software, and product development

Table of Contents

Ross Perot, Jr.

Age: 53

Director since December 2009

No Board committees

Mr. Perot is currently chairman of Hillwood Development Company, a real estate development company, which he founded in 1988. Mr. Perot served as the Chairman of the Board of Perot Systems Corporation from September 2004 until its acquisition by Dell on November 3, 2009. Mr. Perot also served as a director of Perot Systems Corporation from June 1988 until November 3, 2009, and as President and Chief Executive Officer of Perot Systems Corporation from September 2000 until September 2004. Mr. Perot served in the United States Air Force for over eight years. He currently serves as co-Chairman of the board of directors of the EastWest Institute.

Director Qualifications

Leadership Experience Chairman of the Board and CEO of Perot Systems; Chairman of Hillwood Development Company

Industry Experience Knowledge of data center solutions and IT, strategy and enterprise consulting

SEC Settlement with Mr. Dell On October 13, 2010, a federal district court approved settlements by the company and Mr. Dell with the SEC resolving an SEC investigation into Dell s disclosures and alleged omissions before Fiscal 2008 regarding certain aspects of its commercial relationship with Intel Corporation and into separate accounting and financial reporting matters. The company and Mr. Dell entered into the settlements without admitting or denying the allegations in the SEC s complaint, as is consistent with common SEC practice. The SEC s allegations with respect to Mr. Dell and his settlement were limited to the alleged failure to provide adequate disclosures with respect to the company s commercial relationship with Intel Corporation prior to Fiscal 2008. Mr. Dell s settlement did not involve any of the separate accounting fraud charges settled by the company and others. Moreover, Mr. Dell s settlement was limited to claims in which only negligence, and not fraudulent intent, is required to establish liability, as well as secondary liability claims for other non-fraud charges. Under his settlement, Mr. Dell consented to a permanent injunction against future violations of these negligence-based provisions and other non-fraud based provisions related to periodic reporting. Specifically, Mr. Dell consented to be enjoined from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 and Rule 13a-14 under the Securities Exchange Act of 1934 (the Exchange Act), and from aiding and abetting violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 under the Exchange Act. In addition, Mr. Dell agreed to pay a civil monetary penalty of $4 million. The settlement did not include any restrictions on Mr. Dell s continued service as an officer or director of the company.

Corporate Governance

Corporate Governance Principles The Board believes that adherence to sound corporate governance policies and practices is important in ensuring that Dell is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of the stockholders. The Board maintains Dell s Corporate Governance Principles, which are intended to reflect Dell s core values and provide the foundation for Dell s governance and management systems and Dell s interactions with others. A copy of those principles can be found on the company s website at www.dell.com/corporategovernance.

Table of Contents

Director Independence   The Board believes that the interests of the stockholders are best served by having a substantial number of objective, independent representatives on the Board. For this purpose, a director will be considered to be independent only if the Board affirmatively determines that the director does not have any direct or indirect material relationship with Dell that may impair, or appear to impair, the director's ability to make independent judgments. Under the Marketplace Rules of the NASDAQ Stock Market, on which Dell's common stock is listed, at least a majority of Dell's directors must qualify as "independent" within the meaning of the Marketplace Rules. Under Dell's Corporate Governance Principles, Dell requires at least 60% of the directors to meet Dell's standards for director independence.

The Board's determination that a director is independent is made on the basis of the standards set forth in Dell s Corporate Governance Principles, which incorporate the director independence standards of the NASDAQ Marketplace Rules. Dell's Corporate Governance Principles identify certain relationships which will not, in and of themselves, preclude a determination that a director qualifies as independent. The Board may conclude, upon consideration of the relevant facts and circumstances, that a director is independent even if an applicable threshold specified in such relationships is exceeded in a particular case.

The following summarizes the Board's determinations with respect to each director's independence, including any transactions, relationships or arrangements not discussed under Additional Information Certain Relationships and Related Transactions considered by the Board in its independence determinations.

DIRECTOR INDEPENDENCE

Director	**Status**
Mr. Breyer	Independent[a]
Mr. Carty	Independent[b]
Ms. Clark	Independent[c]
Ms. Conigliaro	Independent
Mr. Dell	Not independent[d]
Mr. Duberstein	Independent
Mr. Gray	Independent
Mr. Kleisterlee	Independent[e]
Mr. Luce	Independent[f]
Mr. Luft	Independent
Mr. Mandl	Independent
Mr. Narayen	Independent[g]
Mr. Perot	Independent[h]

a Mr. Breyer serves as a partner of Accel Partners. Dell has made investments as a limited partner in the Accel Internet Fund III L.P. (in October 1999) and the Accel Internet Fund IV L.P. (in May 2001). Additionally, Michael Dell, through his investment company MSD Capital, made an investment as a limited partner in the Accel Internet Fund III L.P. in October 1999. In determining that this relationship does not preclude treatment of Mr. Breyer as an independent director, the Board considered, among various factors, that the investments were made long before Mr. Breyer s appointment to the Board in April 2009.

b Until June 2008, Mr. Carty served as Dell's Vice Chairman and Chief Financial Officer. Because he left that position more than three years ago, he is currently considered independent by the Board.

c Ms. Clark is the Executive Vice President and Chief Financial Officer for Marathon Oil Company. During Fiscal 2012, Dell was a supplier of services and products to Marathon Oil. In determining that this relationship did not preclude treatment of Ms. Clark as an independent director, the Board considered that the transactions were conducted in the ordinary course of business on customary commercial terms and represented less than 1% of Dell s Fiscal 2012 revenue.

d Mr. Dell serves as Dell's Chairman of the Board and Chief Executive Officer.

Table of Contents

e Mr. Kleisterlee is the executive Chairman of Vodafone Group plc. During Fiscal 2012, Dell was a supplier of services and products to Vodafone. In determining that this relationship did not preclude treatment of Mr. Kleisterlee as an independent director, the Board considered that the transactions were conducted in the ordinary course of business on customary commercial terms and represented less than 1% of Dell s Fiscal 2012 revenue.

f Mr. Luce serves as the Chairman of the Board for the National Math and Science Initiative ("NMSI"), a not-for-profit organization dedicated to expanding programs that have a proven positive impact on math and science education. The Michael and Susan Dell Foundation donated $1,638,500 to NMSI in Fiscal 2012. In determining that this donation, considered together with donations made by The Michael and Susan Dell Foundation to NMSI in prior years, does not preclude treatment of Mr. Luce as an independent director, the Board considered that (a) NMSI's charitable purposes are within the historical philanthropic focus of The Michael and Susan Dell Foundation, and (b) Mr. Luce is not compensated by NMSI and, thus, derives no financial benefit from the contribution.

g Mr. Narayen is President and Chief Executive Officer of Adobe Systems Incorporated. During Fiscal 2012, Dell was a supplier of services and products to Adobe Systems and purchased software services and products from Adobe Systems. In determining that this relationship did not preclude treatment of Mr. Narayen as an independent director, the Board considered that the transactions were conducted in the ordinary course of business on customary commercial terms and represented less than 1% of the revenues of each company in its most recent fiscal year.

h Mr. Perot is chairman of Hillwood Development Company. Dell was a supplier of products and services to Hillwood Development during Fiscal 2012. In determining that this relationship did not preclude treatment of Mr. Perot as an independent director, the Board considered that the transactions were conducted on customary commercial terms and represented less than 1% of Dell s Fiscal 2012 revenues.

The Board will continue to monitor the standards for director independence established under applicable law and the NASDAQ Marketplace Rules to ensure that Dell's Corporate Governance Principles remain consistent with those standards.

Board Leadership Structure Dell's Bylaws provide that the Chairman of the Board will preside over meetings of the Board of Directors. The Chief Executive Officer has management responsibility for the business and affairs of the company. Both the Chairman and Chief Executive Officer positions are currently held by Mr. Dell. The company also has an independent Lead Director elected annually by the majority of independent directors during an executive session. Mr. Mandl currently serves as the Lead Director. The Lead Director has broad authority and responsibility to:

- Chair executive sessions of the independent directors and preside over all meetings where the Chairman is not present
- Assist the Chairman in the management of Board meetings
- Confer with the members of the Board on the number of regular Board meetings
- Propose an annual schedule of major discussion items for the Board to consider
- Advise on and (with the Chairman) set the agendas for Board meetings, including review and approval of the meeting agenda to ensure the allocation of sufficient time to discuss all agenda items
- Assist the Governance and Nominating Committee in discharging its responsibility for selecting and recommending nominees for director positions to the full Board
- Monitor and assist with corporate governance initiatives
- Consult with a representative group of stockholders periodically and other stockholders as needed
- Serve as a liaison between the Chairman and the independent directors
- Act as Chairman if Mr. Dell should have a conflict of interest
- Serve as a resource to all committee chairs and advise them as appropriate
- Assist with the evaluation of the Chief Executive Officer, in coordination with the Leadership Development and Compensation Committee
- Assist with the self-evaluation of the Board as a whole, in coordination with the Governance and Nominating Committee
- Perform such other roles as are assigned by the Governance and Nominating Committee or the full Board.

The Lead Director may hire outside advisors and consultants reporting directly to the Board or to the independent directors and may call meetings of the independent directors at any time.

Table of Contents

Dell's Corporate Governance Policies contain several features which the company believes will ensure that the Board maintains effective and independent oversight of management, including the following:

- Executive sessions without management and non-independent directors present are a standing agenda item. Executive sessions of the independent directors are held at any time requested by an independent director and, in any event, are held in connection with at least 60% of regularly scheduled Board meetings. The Lead Director sets the agenda for executive sessions, the principal focus of which is on whether management is performing its responsibilities in a manner consistent with the direction of the Board.
- The Board regularly meets in executive session with Mr. Dell without other members of management present.
- All Board committee members are independent directors. The committee chairs have authority to hold executive sessions without management and non-independent directors present.

The Board has determined that its current structure, with combined Chairman and Chief Executive Officer roles, an independent Lead Director, and independent directors as chairs and members of each committee, is in the best interests of Dell and its stockholders. The Board believes that combining the Chairman and Chief Executive Officer positions is currently the most effective leadership structure for the company given Mr. Dell's in-depth knowledge of Dell's business and industry, his ability to formulate and implement strategic initiatives, and his extensive contact with and knowledge of customers. As Chief Executive Officer, Mr. Dell is intimately involved in the day-to-day operations of the company and is thus in a position to elevate the most critical business issues for consideration by the independent directors of the Board. The Board believes that the combination of the Chairman and Chief Executive Officer roles as part of a governance structure that includes an independent Lead Director and exercise of key Board oversight responsibilities by independent directors provides an effective balance for the management of the company in the best interests of Dell's stockholders.

Board Committees The Board maintains the following standing committees to assist it in discharging its oversight responsibilities. The current membership of each committee is indicated above under Director Qualifications and Information with the directors' biographical information.

- *Audit Committee* The Audit Committee assists the Board in fulfilling its responsibility to provide oversight with respect to the integrity of Dell's financial statements and reports and other disclosures provided to stockholders, the system of internal controls, the audit process, Dell's compliance with legal requirements and the compliance of Dell's directors and executive officers with Dell s Code of Conduct. Its primary duties include appraising Dell's financial reporting activities and the accounting standards and principles Dell follows; reviewing the scope and adequacy of Dell's internal and financial controls; reviewing the plans, activities and resources of the internal audit function; and reviewing the scope and results of the audit plans of Dell's independent and internal auditors. The Audit Committee also selects, engages, and oversees the independent auditor and pre-approves all services to be performed by that firm.

The Audit Committee is composed entirely of directors who satisfy the standards of independence established in Dell's Corporate Governance Principles, as well as additional independence standards applicable to audit committee members established under the NASDAQ Marketplace Rules and SEC rules. The Board has determined that each Audit Committee member meets the "financial literacy" requirement for audit committee members under the NASDAQ Marketplace Rules and that Mr. Mandl and Ms. Clark are "audit committee financial experts" within the meaning of the SEC rules.

- *Leadership Development and Compensation Committee* The Leadership Development and Compensation Committee reviews and recommends to the full Board the amounts

Table of Contents

and types of compensation to be paid to the Chairman and Chief Executive Officer; reviews and approves the amounts and types of compensation to be paid to Dell s other executive officers and the non-employee directors; reviews and approves salary, bonus and equity guidelines for Dell's other employees; and administers Dell's stock-based compensation plans. The Leadership Development and Compensation Committee is composed entirely of directors who satisfy the standards of independence established in Dell's Corporate Governance Principles.

Subject to applicable legal requirements, the Leadership Development and Compensation Committee may delegate authority to undertake any of its responsibilities to a subcommittee consisting of one or more of its members. The committee did not delegate authority to a subcommittee in Fiscal 2012.

The Leadership Development and Compensation Committee engaged a consultant in Fiscal 2012 for assistance in recommending the amount and form of executive and director compensation for Fiscal 2012, as more fully described below in the Compensation Discussion and Analysis section of this proxy statement.

Dell's Chief Executive Officer provides the Leadership Development and Compensation Committee with recommendations on the total compensation opportunities for all other executive officers and input with respect to (1) the individual performance of the other executive officers in connection with the committee's determination of amounts paid under the annual incentive bonus plan, (2) the composition of Dell's peer group of companies used for competitive comparisons, and (3) the performance goals used to assess Dell's financial performance under the annual incentive bonus plan.

The Leadership Development and Compensation Committee has delegated to Mr. Dell authority to approve certain stock grants to non-executive officers. Dell s management is required to provide the committee, on a periodic basis, information about the equity awards approved by Mr. Dell under the scope of his delegated authority.

Governance and Nominating Committee The Governance and Nominating Committee oversees all matters of corporate governance, including formulating and recommending to the full Board governance policies and processes, reviewing and approving ethics and compliance policies, and monitoring the independence of members of the Board; reviews, approves, disapproves or ratifies transactions between related persons that are required to be disclosed under SEC rules; selects, evaluates and recommends to the full Board qualified candidates for election or appointment to the Board; makes recommendations regarding the structure and membership of the Board committees; and administers an annual self-evaluation of Board performance. This committee is also responsible for monitoring Dell's sustainability and corporate responsibility activities and initiatives. The Governance and Nominating Committee is composed entirely of directors who satisfy the standards of independence established in Dell's Corporate Governance Principles.

The Governance and Nominating Committee's policies and processes for identifying, evaluating, and selecting director candidates, including candidates recommended by stockholders, are set forth in Additional Information Director Nomination Process below.

Finance Committee The Finance Committee oversees all areas of corporate finance, including capital structure, equity and debt financings, capital expenditures, merger and acquisition activity, cash management, banking activities and relationships, investments, foreign exchange activities and share repurchase activities. The Finance Committee is composed entirely of directors who satisfy the standards of independence established in Dell's Corporate Governance Principles.

Table of Contents

Each committee is governed by a written charter approved by the full Board. These charters form an integral part of Dell's Corporate Governance Principles. A copy of each charter can be found on Dell's website at www.dell.com/corporategovernance.

Board Risk Oversight The Board oversees and maintains Dell's governance and compliance processes and procedures to promote the conduct of Dell's business in accordance with applicable laws and regulations and with the highest standards of responsibility, ethics and integrity. As part of its oversight responsibility, the Board is responsible for the oversight of risks facing the company and seeks to provide guidance with respect to the management and mitigation of those risks. An analysis of strategic and operational risks is presented to the Board in reports submitted by the Chief Executive Officer, the Chief Financial Officer and the General Counsel, as well as by other members of Dell's senior management who regularly appear before the Board to provide detailed overviews of the businesses they oversee. In addition, at least once each year, each member of the Board meets with the management of the business segment of the director's choice to review in detail that segment's operations, customer set, strategies and risks. Directors also have complete and open access to all Dell employees and are free to, and do, communicate directly with management.

The Board delegates oversight of the following specific areas of risk to its committees.

- The Audit Committee is responsible for the oversight of risk policies and processes relating to Dell's financial statements and financial reporting processes. The Audit Committee reviews and discusses with management, the independent auditor and the Vice President of Corporate Audit significant risks and exposures to Dell and the steps management has taken or plans to take to minimize or manage such risks. The Audit Committee meets in executive session with each of the Chief Financial Officer, the Chief Accounting Officer, the Vice President of Corporate Audit, the Vice President for Ethics and Compliance and Dell's independent auditor at each regular meeting of the Audit Committee.
- The Leadership Development and Compensation Committee monitors the risks associated with succession planning and development as well as compensation plans, including evaluating the effect Dell's compensation plans may have on risk decisions.
- The Governance and Nominating Committee monitors the risks related to Dell's governance structure and process.
- The Finance Committee is responsible for reviewing and approving the plans and strategies with respect to corporate finance, capital transactions, and other transactions involving financial risks.

Each of the committee chairs reports to the full Board at its regular meetings concerning the activities of the committee, the significant issues it has discussed, and the actions taken by the committee.

While the Board is responsible for risk oversight, management is responsible for risk management. Dell seeks to maintain an effective internal controls environment and has processes to identify and manage risk, including an Executive Risk Steering Committee. This committee has adopted a Risk and Controls Framework and exercises oversight of the various risk assessment and monitoring and controls processes across the company, which include an annual risk assessment process that supports the annual internal audit plan. Dell also maintains and enforces a Code of Conduct, an Accounting Code of Conduct, an ethics and compliance program, a comprehensive internal audit process, and approved quality standards.

CEO Succession Planning The Board has the responsibility to ensure that the leadership of the company is meeting the needs of the company now and can meet those needs in the future. The Board has developed a governance framework for CEO succession planning that is intended to provide for a continuous and collaborative process in which the Board ensures that the CEO builds a

Table of Contents

talent-rich leadership organization that can drive the company s strategic objectives. Under its governance framework, the Board:

- Maintains a plan to address any unexpected short-term absence of the CEO and identifies candidates who could act as interim CEO in the event of any such unexpected absence
- Identifies potential successors to the CEO and, for internal candidates, reviews each candidate s performance and development plan against the criteria and profile for the CEO role
- Frames the search process to be used at the period of transition, including the format for internal and external searches and the role of an outside consultant
- At the period of transition, ideally three to five years before the retirement of the current CEO, manages the succession process and determines the current CEO s role in that process

The Board reviews succession planning for the CEO on an annual basis. As part of this process, the CEO reviews the annual performance of each member of the management team with the Board and the Board engages in a discussion with the CEO and the Senior Vice President of Human Resources regarding each team member and the team member s development. In addition, the Board reviews possible modification of the plan to address any unexpected short-term absence of the CEO.

Meetings and Attendance During Fiscal 2012, the full Board met six times, the Audit Committee met eight times, the Leadership Development and Compensation Committee met eight times, the Governance and Nominating Committee met nine times, and the Finance Committee met eight times. During Fiscal 2012, all directors attended at least 75% of the meetings of the full Board and the meetings of the committees on which they served during the period in which they served.

It is Dell's policy, as reflected in the company s Corporate Governance Principles, that each director is expected to attend the annual meeting of stockholders. All directors then serving on the Board attended last year's annual meeting.

Communications with Directors Stockholders may send communications to the Board as a whole, the independent directors as a group, any Board committee, the Lead Director, or any other individual member of the Board. Any stockholder who wishes to send such a communication may obtain the appropriate contact information at www.dell.com/boardofdirectors. The Board has implemented procedures for processing stockholder communications, a description of which also can be found at www.dell.com/boardofdirectors.

Director Compensation

Mr. Dell, as the only member of the Board who is also a Dell employee, does not receive any compensation for service on the Board. This section describes the Fiscal 2012 compensation of Dell s non-employee directors.

Annual Retainer Fee Each non-employee director receives an annual retainer fee, which for Fiscal 2012 was $75,000. The chair of the Audit Committee receives an additional annual retainer fee of $25,000; the chair of each of the other standing Board committees receives an additional annual retainer fee of $15,000; and the Lead Director receives an additional annual retainer fee of $25,000 if he or she is not the chair of a Board committee. Each director may elect to receive the retainer in cash, or in the form of non-qualified stock options or restricted stock units in lieu of cash. Directors also may defer all or a portion of the retainer into a deferred compensation plan. Any such deferred amounts are payable in a lump sum or in installments beginning upon termination of service as a director. The number of options or restricted stock units received in lieu of the annual retainer fee (or the method of computing the number) and the terms and conditions of those awards are determined from time to time by the Leadership Development and Compensation Committee. The annual retainers are payable at the first Board meeting after the annual stockholders' meeting for all members elected by the stockholders. For new members appointed by the Board, the retainer is prorated based on the remaining number of Board meetings during the Service Year (a period beginning at the immediately

Table of Contents

preceding annual meeting of stockholders and ending at the next annual meeting of stockholders) and is payable at the first Board meeting attended by the new director.

Option and Restricted Stock Unit Awards Each non-employee directors is also eligible for annual stock option and restricted stock unit awards. The number of options and restricted stock units awarded, as well as the other terms and conditions of the awards (such as vesting and exercisability schedules and termination provisions), are generally within the discretion of the Leadership Development and Compensation Committee, except that (1) no non-employee director may receive awards (not including awards in lieu of the annual cash retainer) covering more than 50,000 shares of common stock in any Service Year (other than the Service Year in which the director joins the Board, when the limit is two times the normal annual limit), (2) the exercise price of any option may not be less than the fair market value of the common stock on the date of grant, and (3) no option may become exercisable, and no restricted stock unit may become transferable, earlier than six months from the date of grant.

Option and restricted stock unit awards are granted at the first Board meeting after the annual meeting of stockholders for all members elected by the stockholders. New members appointed by

the Board receive a director grant that is equal to the director annual option and restricted stock unit awards prorated based on the remaining number of Board meetings during the year (ending at the next annual meeting of stockholders).

Computer Hardware and Technical Support Dell provides directors personal computers and equipment for their use in connection with their Board service and for personal use. Dell also provides from time to time personal technical support to directors.

Other Benefits Dell reimburses directors for reasonable expenses associated with attending Board and committee meetings, and when requested by the company, reasonable expenses for their spouses to attend a Dell sponsored event, and provides them with liability insurance coverage for their activities as directors.

Indemnification Under Dell's Certificate of Incorporation and Bylaws, the directors are entitled to indemnification from Dell to the fullest extent permitted by Delaware corporate law. Dell has entered into indemnification agreements with each of the non-employee directors which establish processes for indemnification claims.

Table of Contents

Director Compensation During Fiscal 2012 The following table sets forth the compensation paid to the non-employee directors for Fiscal 2012. Sam Nunn and Judy Lewent retired from the Board at the time of the 2011 annual meeting of stockholders.

DIRECTOR COMPENSATION FOR FISCAL 2012

Name	Fees Earned or Paid in Cash	Stock Awards[a]	All Other Compensation[b]	Total
Mr. Breyer	$ 90,000[c]	$ 210,004	$ 930	$ 300,934
Mr. Carty	75,000	210,004	3,548	288,552
Ms. Clark	60,000	168,242	1,571	229,813
Ms. Conigliaro	60,000	168,242	4,922	233,164
Mr. Duberstein	60,000	168,242	1,571	229,813
Mr. Gray	90,000	210,004	930	300,934
Mr. Kleisterlee	100,000	276,674	12,488	389,162
Ms. Lewent		12,160	930	13,090
Mr. Luce	75,000[c]	210,004	1,230	286,234
Mr. Luft	75,000	210,004		285,004
Mr. Mandl	100,000	210.004	3,640	313,644
Mr. Narayen	90,000	210,004	930	300,934
Mr. Nunn			930	930
Mr. Perot	75,000 [c]	210,004	930	285,934

a Represents, for each director, other than Ms. Clark, Ms. Conigliaro and Mr. Duberstein, the total grant date fair value, computed in accordance with FASB ASC Topic 718, of a grant of 12,375 restricted stock units. The grant date fair value of $210,004 was based on the closing price of the common stock, as reported on the NASDAQ Stock Market, on the date of grant ($16.97). The awards were granted on July 15, 2011, which was the date of the first Board meeting following the 2011 annual meeting of stockholders.

For Ms. Clark, Ms. Conigliaro and Mr. Duberstein, amount represents the total grant date fair value, computed in accordance with FASB ASC Topic 718, of a grant of 11,716 restricted stock units. The grant date fair value of $168,242 was based on the closing price of the common stock, as reported on the NASDAQ Stock Market, on the date of grant ($14.36). The awards were granted on September 8, 2011, which was the date of the first Board meeting such directors attended following their appointment to the Board.

The awards vest on July 1, 2012, so long as the director remains a member of the Board. If the director ceases to be a member of the Board (other than by reason of mandatory retirement, death or permanent disability), any units scheduled to vest within 30 days of such termination will accelerate and vest upon such termination. Any remaining unvested units will expire immediately. All unvested restricted stock units vest immediately upon mandatory retirement, death or permanent disability.

The amount for Ms. Lewent represents the incremental fair value computed in accordance with FASB ASC 718 as result of modification of the awards on June 8, 2011. The modification accelerated the vesting of 13,564 restricted stock units that were scheduled to vest within 30 days of the date of Ms. Lewent s retirement from the Board (July 15, 2011). The modified restricted stock units otherwise would have expired upon Ms. Lewent s retirement.

Additionally, Mr. Kleisterlee was granted 4,318 restricted stock units on March 2, 2011, which was the date of the first Board meeting he attended following his appointment to the Board in December 2010. The total grant date fair value, computed in accordance with FASB ASC Topic 718, was $66,670 based on the closing price of the common stock, as reported on the NASDAQ Stock Market, on the date of grant ($15.44). This award vests ratably over three years, beginning on the first anniversary of the date of grant, so long as Mr. Kleisterlee remains a member of the Board. If Mr. Kleisterlee ceases to be a member of the Board (other than by reason of mandatory retirement, death or permanent disability) any units scheduled to vest within 30 days of such termination will accelerate and vest upon termination. Any remaining unvested units will expire immediately. All unvested restricted stock units vest immediately upon mandatory retirement, death or permanent disability.

Table of Contents

The following table sets forth the number of shares of unvested restricted stock or restricted stock units and the number of shares underlying stock options held by each of the non-employee directors as of the end of Fiscal 2012.

Name	Restricted Stock/Restricted Stock Units	Stock Options
Mr. Breyer	39,901	
Mr. Carty	28,736	526,467
Ms. Clark	11,716	
Ms. Conigliaro	11,716	
Mr. Duberstein .	11,716	
Mr. Gray	28,736	57,455
Mr. Kleisterlee	16,693	
Ms. Lewent		9,959
Mr. Luce	28,736	31,534
Mr. Luft	28,736	75,782
Mr. Mandl	28,736	76,722
Mr. Narayen	33,380	
Mr. Nunn		78,571
Mr. Perot	33,380	31,341

The information for Mr. Carty includes 455,245 stock options he was awarded in his capacity as Vice Chairman and Chief Financial Officer in Fiscal 2007 and 2008.

b Represents imputed income amounts for providing certain benefits or perquisites to the directors, as detailed below.

The expense to Dell for providing a Dell Vostro ($903) to Mr. Breyer, Mr. Carty, Ms. Lewent, Mr. Luce, Mr. Mandl, Mr. Narayen, Mr. Nunn, Mr. Gray and Mr. Perot and a Dell Venue Pro to Mr. Luce ($300).

The expense to Dell for providing personal technical support to Mr. Carty ($2,618).

The expense to Dell for travel for Mr. Mandl s spouse ($2,710), Ms. Conigliaro s spouse ($3,351), and Mr. Kleisterlee s spouse ($12,488) to attend a Dell sponsored meeting.

c Elected to receive either restricted stock units or nonqualified stock options in lieu of all or a portion of their cash retainer fee.

Each of Mr. Breyer and Mr. Luce elected to receive his annual retainer ($90,000 for Mr. Breyer and $75,000 for Mr. Luce), payable on July 15, 2011, in the form of restricted stock units. The restricted stock units were fully vested at grant, but may not be sold or transferred for six months following the date of grant. The number of shares was calculated based on the fair market value of the common stock on the date of grant ($16.97), as measured by the closing price of the common stock on the NASDAQ Stock Market.

Mr. Perot elected to receive his annual retainer ($75,000), payable on July 15, 2011, in the form of nonqualified stock options. The option awards were fully vested at grant and become exercisable ratably over five years beginning on the first anniversary of the grant date. The options expire ten years from the date of grant. The number of options was determined by dividing the forgone retainer amount by the grant date closing price multiplied by a three-year average Black-Scholes value. The exercise price was set at the fair market value of the common stock on the date of grant ($16.97), as measured by the closing price of the common stock on the NASDAQ Stock Market.

The following table sets forth the number of restricted stock units and options, as well as the grant date fair value of individual awards, of the Fiscal 2012 grants. The grant date fair values of these awards are not included in the Stock Awards column of the above table because the forgone cash amounts are included in the Fees Earned or Paid in Cash column.

Name	Restricted Stock Units in Lieu of Annual Retainer	Grant Date Fair Value	Stock Options in Lieu of Annual Retainer	Grant Date Fair Value
Mr. Breyer	5,304	$ 90,009		
Mr. Luce	4,420	75,007		
Mr. Perot			12,606	$ 69,753

20

Table of Contents

PROPOSAL 2 RATIFICATION OF INDEPENDENT AUDITOR

The Board is asking the stockholders to ratify the Audit Committee s selection of PricewaterhouseCoopers LLP as Dell's independent auditor for Fiscal 2013. Although current law, rules and regulations, as well as the charter of the Audit Committee, require Dell's independent auditor to be engaged, retained and supervised by the Audit Committee, the Board considers the selection of an independent auditor to be an important matter of stockholder concern and considers a proposal for stockholders to ratify such selection to be an opportunity for stockholders to provide direct feedback to the Board on an important issue of corporate governance. If the appointment of PricewaterhouseCoopers LLP is not ratified by stockholders, the Audit Committee will take such action, if any, with respect to the appointment of the independent auditor as the Audit Committee deems appropriate.

The Board recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Dell's independent auditor for Fiscal 2013.

Approval of this proposal requires the affirmative vote of holders of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote on the proposal.

PricewaterhouseCoopers LLP is a registered independent public accounting firm and has been Dell's independent auditor since 1986. In addition to retaining PricewaterhouseCoopers LLP to conduct an integrated audit of the financial statements and internal control over financial reporting, Dell engages the firm from time to time to perform other services. The following table sets forth all fees incurred in connection with professional services rendered to Dell by PricewaterhouseCoopers LLP during each of the last two fiscal years.

AUDITOR FEES (in millions)

Fee Type	Fiscal 2012	Fiscal 2011
Audit Fees[a]	$ 16.8	$ 16.2
Audit-Related Fees[b]	0.6	0.7
Tax Fees[c]	0.6	0.4
All Other Fees[d]	0.1	
Total	$ 18.1	$ 17.3

a

This category includes fees incurred for professional services rendered in connection with the audit of the annual financial statements, for the audit of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, for the review of the quarterly financial statements, and for the statutory audits of international subsidiaries.

b This category includes fees incurred for professional services rendered in connection with assurance and other activities not explicitly related to the audit of Dell's financial statements, including the audits of Dell's employee benefit plans and registration statement for debt issuances, contract compliance reviews, and accounting research.

c This category includes fees incurred for domestic and international income tax compliance and tax audit assistance, corporate-wide tax planning, and executive tax consulting and tax return preparation for executives not in a financial reporting oversight role.

d This category include fees incurred while performing advisory or benchmarking functions.

The Audit Committee has determined that the provision of the non-audit services described in notes (c) and (d) above was compatible with maintaining the independence of PricewaterhouseCoopers LLP.

All Fiscal 2012 and Fiscal 2011 services were pre-approved by the Audit Committee. The Audit Committee has adopted a policy requiring pre-approval by the committee of all services (audit and non-audit) to be provided by Dell s independent auditor. In accordance with that policy, the Audit

21

Table of Contents

Committee has given its approval for the provision of audit services by PricewaterhouseCoopers LLP for Fiscal 2013 and has also given its approval for up to one year in advance for the provision by PricewaterhouseCoopers LLP of particular categories or types of audit-related, tax and other permitted non-audit services. In cases where the Audit Committee's pre-approval of such services is not covered by one of those approvals, the chairman of the Audit Committee or a designated member of the Audit Committee has the delegated authority to pre-approve the provision of services, which pre-approvals are then communicated to the full Audit Committee.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting to respond to appropriate questions, and will have an opportunity to make a statement if they desire to do so.

PROPOSAL 3 ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In this proposal 3, in accordance with Section 14A of the Exchange Act and the SEC s rules thereunder, 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 recommends a vote FOR approval of Dell s compensation of its named executive officers as disclosed in this proxy statement.

Approval of this proposal requires the affirmative vote of holders of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote.

As described below under Executive Compensation in the Compensation Discussion and Analysis section of this proxy statement, the Leadership Development and Compensation Committee has structured Dell s executive compensation program to emphasize long-term, performance-dependent pay to motivate and reward long-term value creation for Dell s stockholders. Dell s executive compensation program has a number of features designed to ensure adherence to the company s pay-for-performance philosophy.

The Board urges stockholders to read the Compensation Discussion and Analysis section below, which describes in detail how Dell s executive compensation practices operate and are designed to achieve Dell s core executive compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative discussion appearing under Executive Compensation below, which provide detailed information about the compensation of our named executive officers. The Leadership Development and Compensation Committee and the Board of Directors believe that the compensation practices described in Compensation Discussion and Analysis are effective in achieving Dell s core executive compensation objectives and that the compensation of its named executive officers as disclosed in this proxy statement reflects and supports the appropriateness of Dell s executive compensation philosophy and practices.

In accordance with Section 14A of the Exchange Act and the SEC s rules thereunder, Dell is asking stockholders to approve this proposal by approving the following non-binding resolution:

RESOLVED, that the compensation paid to Dell s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

A vote on this resolution, commonly referred to as a say-on-pay resolution, is not binding on the Board of Directors or Dell. Although the vote is non-binding, the Leadership Development and Compensation Committee will review and consider the voting results when evaluating the compensation program for Dell s named executive officers.

Table of Contents

PROPOSAL 4 APPROVAL OF THE DELL INC. 2012 LONG-TERM INCENTIVE PLAN

Stockholders are asked to consider and vote upon a proposal to approve the Dell Inc. 2012 Long-Term Incentive Plan, which we refer to as the 2012 LTIP.

Upon the recommendation of the Leadership Development and Compensation Committee, the Board on May 15, 2012, 2012 unanimously approved the 2012 LTIP, which will become effective upon receipt of stockholder approval of the plan at the annual meeting. The Board believes that approval of the 2012 LTIP is in the best interests of Dell and its stockholders.

The Board recommends a vote FOR approval of the 2012 LTIP.

Approval of this proposal requires the affirmative vote of holders of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote on the proposal.

Background

The Board has proposed approval of the 2012 LTIP by stockholders to replace Dell s current Amended and Restated 2002 Long-Term Incentive Plan, which we refer to as the Current LTIP, which is scheduled to expire on July 18, 2012. When the 2012 LTIP becomes effective, no additional awards will be made under the Current LTIP.

No awards under the 2012 LTIP have been granted or will be granted unless and until the 2012 LTIP is approved by Dell s stockholders at the annual meeting. Grants of awards under the 2012 LTIP will be in the discretion of the Leadership Development and Compensation Committee and any other committee authorized to grant awards under the plan. Accordingly, it is not possible as of the date of this proxy statement to determine the nature or amount of any awards under the 2012 LTIP that may be subject to future grants to employees, officers and directors of the Dell and its worldwide subsidiaries and other affiliates, or to other persons who will be eligible to participate in the 2012 LTIP. However, any such grants will be limited to the total number of shares available for issuance.

The Board believes in providing total compensation opportunities that are competitive with similar technology and other large global general industry companies with which Dell competes for talent. One key objective is weighting total compensation towards long-term, performance-dependent incentives to better align the interests of Dell employees with stockholders. Long-term equity-based incentives are the most significant component of Dell s compensation programs and pay-for-performance philosophy. Equity incentives motivate employees to make decisions in support of Dell s long-term financial interests while also serving as the primary tool for attracting and retaining high-caliber employees. If stockholders do not approve the 2012 LTIP, Dell will cease granting equity awards under the Current LTIP on July 18, 2012, and the next opportunity for Dell to ask stockholders to approve a new equity plan will be at the 2013 annual meeting of stockholders. Dell s inability to grant equity awards after July 18, 2012, would result in significant gaps in Dell s total compensation program that could impair its goals of attracting, motivating and retaining key employees and aligning their interests with the interests of stockholders.

Key Features of 2012 LTIP

As described below, the 2012 LTIP generally provides for:

Granting of stock options or stock appreciation rights only at an exercise price at least equal to fair market value on the grant date;
A ten-year maximum term for stock options and stock appreciation rights;
No vesting in dividends or dividend equivalent rights paid on performance-based awards unless the underlying awards vest;

Table of Contents

- No repricing of stock options or stock appreciation rights without prior stockholder approval; and
- No reload or evergreen share replenishment features.

Summary of Material Provisions of 2012 LTIP

The following summary of the material provisions of the 2012 LTIP is qualified in its entirety by reference to the complete text of the 2012 LTIP, which is attached as Appendix A to this proxy statement and incorporated by reference into this proposal. You are urged to read this proposal and the text of the 2012 LTIP in their entirety.

Purpose. The 2012 LTIP is intended to (1) provide eligible persons with an incentive to contribute to Dell s long-term success and to manage Dell s business in a manner that will provide for Dell s long-term growth and profitability to benefit its stockholders and other important stakeholders, including its employees and customers, (2) provide a means of obtaining, rewarding and retaining key personnel, and (3) ensure that key personnel act in Dell s best interests during and after their service to the company as a condition of enjoying the benefits of such rewards.

Eligible Participants. Awards may be granted under the 2012 LTIP to individuals who are (1) employees, officers and directors of Dell or any of its subsidiaries or other affiliates, and (2) consultants, contractors and advisers to Dell or any of its subsidiaries or other affiliates who provide services to any of those entities.

As of May 15, 2012, approximately 9,000 individuals would have been eligible to participate in the 2012 LTIP.

Effective Date. The 2012 LTIP will be effective on the date on which it is approved by Dell s stockholders.

Term. The 2012 LTIP will terminate automatically ten years after its effective date, unless it is earlier terminated by the Board.

Administration. The 2012 LTIP generally will be administered by a committee, which we refer to as the Committee, consisting of two or more Dell directors. Each such director will be required to qualify as an independent director under the NASDAQ listing rules, a non-employee director within the meaning of Rule 16b-3 under the Exchange Act and an outside director within the meaning of Section 162(m) of the Internal Revenue Code and related regulations. The Committee initially will be the Leadership Development and Compensation Committee and may be a subcommittee of the Leadership Development and Compensation Committee.

To the extent permitted under applicable law, the 2012 LTIP will authorize the Committee to authorize the Chief Executive Officer, other officers or other persons, acting individually or as a committee, to grant awards under the 2012 LTIP and to determine all terms of such awards, except that the Committee may not delegate to such persons authority to grant awards to participants in the plan who are non-employee directors, officers within the meaning of Rule 16a-1(f) under the Exchange Act, covered employees within the meaning of Section 162(m) of the Internal Revenue Code, or persons delegated authority to grant awards under the plan.

The Board will retain the authority under the 2012 LTIP to exercise any or all of the powers and authorities related to the administration and implementation of the 2012 LTIP.

Except where the authority to act on such matters is specifically reserved to the Board under the 2012 LTIP or applicable law, the Committee and each other committee acting in accordance with the foregoing plan provisions will have full power and authority to interpret and construe all provisions of the 2012 LTIP, any award or any award agreement, and to make all related determinations, including the power and authority to:

- Designate grantees of awards;
- Determine the type or types of awards to be made to a grantee;

Determine the number of shares of stock subject to an award;
Establish the terms and conditions of each award;
Prescribe the form of each award agreement; and
Subject to limitations in the 2012 LTIP (including the prohibition on repricing of options and stock appreciation rights without stockholder approval), amend, modify or supplement the terms of any outstanding award.

Amendment and Termination. The Board will be authorized to amend, suspend or terminate the 2012 LTIP as to any shares of Dell s common stock as to which awards have not been made. Any amendment to the 2012 LTIP, however, will be subject to receipt of the approval of Dell s stockholders if stockholder approval of the amendment is required by any law or regulation or the listing rules of the NASDAQ Stock Market (or any other stock exchange on which the common stock is listed in future), or to the extent determined by the Board. Stockholder approval will be required for any proposed amendment to the 2012 LTIP provisions, which are described below, that prohibit the repricing of outstanding stock options or stock appreciation rights or that generally require the option price of any stock option to be at least equal to the fair market value of Dell s common stock on the option grant date. Without the consent of the affected grantee of an outstanding award, no amendment, suspension or termination of the 2012 LTIP may impair the rights or obligations under that award.

Awards. The following types of awards may be made under the 2012 LTIP, subject to the limitations set forth in the plan:

Stock options, which may be either incentive stock options or non-qualified stock options;
Restricted stock;
Restricted stock units;
Performance shares or other performance-based awards;
Dividend equivalent rights;
Stock appreciation rights, or SARs ;
Other equity-based awards, including unrestricted stock; and
Cash awards.

An incentive stock option is an option that meets the requirements of section 422 of the Internal Revenue Code, and a non-qualified stock option is an option that does not meet those requirements. Restricted stock is an award of Dell s common stock on which are imposed vesting restrictions that subject the shares to a substantial risk of forfeiture, as defined in section 83 of the Internal Revenue Code. A restricted stock unit is an award that represents a conditional right to receive shares of Dell s common stock in the future and that may be made subject to the same types of restrictions and risk of forfeiture as restricted stock. Performance-based awards are awards of options, restricted stock, restricted stock units, SARs, other equity-based awards or cash made subject to the achievement of one or more pre-established performance goals over a performance period established by the Committee. An award of performance shares is a performance-based award representing a right or interest denominated or payable in stock, valued by reference to stock, or otherwise based on or related to stock that is made subject to the achievement of one or more pre-established performance goals over a performance period of up to ten years. Dividend equivalent rights are awards entitling the grantee to receive cash, stock, other awards under the 2012 LTIP or other property equal in value to dividends or other periodic payments paid or made with respect to a specified number of shares of stock. A SAR is a right to receive upon exercise, in the form of Dell common stock, cash or a combination of Dell common stock and cash, the excess of the fair market value of one share of Dell common stock on the exercise date over the grant price of the SAR. Unrestricted stock is an award of shares of Dell common stock that is free of restrictions other than those imposed under federal or state securities laws.

The 2012 LTIP provides that each award will be evidenced by an award agreement, which may specify terms and conditions of the award that differ from the terms and conditions that would apply under the 2012 LTIP in the absence of the different terms and conditions in the award agreement.

Table of Contents

Awards under the 2012 LTIP may be granted alone or in addition to, in tandem with, or in substitution or exchange for any other award under the 2012 LTIP, other awards under another compensatory plan of Dell or any of its affiliates (or any business entity that has been a party to a transaction with Dell or any of its affiliates), or other rights to payment from Dell or any of its affiliates. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

Awards under the 2012 LTIP may be settled in cash, Dell common stock, other awards under the 2012 LTIP or other property. The Committee may permit or require the deferral of any payment pursuant to any award into a deferred compensation arrangement, which may include provisions for the payment or crediting of interest or dividend equivalent rights, in accordance with rules and procedures established by the Committee. No dividend equivalent rights may be granted in connection with, or related to, an award of options or SARs.

Awards under the 2012 LTIP generally will be granted for no consideration other than past services by the grantee of the award or, if provided for in the award agreement or in a separate agreement, the grantee s promise to perform future services to Dell or one of its subsidiaries or other affiliates.

Clawback; Forfeiture. Any award granted pursuant to the 2012 LTIP will be subject to mandatory repayment by the grantee to Dell, to the extent the grantee is, or in the future becomes, subject to (1) any Dell clawback or recoupment policy or (2) any law, rule or regulation which imposes mandatory recoupment, under circumstances set forth in any such law, rule or regulation.

In addition, the Committee may reserve the right in an award agreement to cause a forfeiture of the gain realized by a grantee with respect to an award on account of actions taken by, or failed to be taken by, such grantee to the extent specified in the award agreement, including the grantee s engagement in Conduct Detrimental to the Company as defined in the award agreement. The Committee may revoke an outstanding award if the grantee thereof is an employee and is terminated for Conduct Detrimental to the Company as defined in the applicable award agreement or for cause as defined in any other agreement between Dell or an affiliate and such grantee, as applicable.

Shares Available for Issuance. Subject to the adjustments described below, the maximum number of shares of Dell s common stock that will be available for issuance under the 2012 LTIP will be equal to:

- 75,000,000 shares, plus
- The number of shares subject to awards outstanding under the Current LTIP as of the effective date of the 2012 LTIP which thereafter terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such shares.

The foregoing number of shares available for issuance under the 2012 LTIP will not be increased by the number of shares subject to awards under the 2012 LTIP granted in substitution for awards previously granted under a compensatory plan by another business entity and assumed by Dell in connection with a merger, reorganization, separation or other transaction which involves the other business entity and to which section 424(a) of the Internal Revenue Code applies. Subject to applicable NASDAQ listing rules, shares available for issuance under a stockholder-approved plan of a business entity that is a party to one of the foregoing types of transactions (adjusted as necessary to reflect the transaction) may be used for awards under the 2012 LTIP and will not reduce the number of shares otherwise available for issuance under the 2012 LTIP.

The number of shares subject to an award granted under the 2012 LTIP will be counted against the maximum number of shares of Dell s common stock available for issuance under the plan as one share for every one share of common stock subject to such an award. The gross number of shares issued in connection with an award of SARs will be counted toward the plan s share issuance limit.

Shares subject to an award granted under the 2012 LTIP will again become available for issuance under the 2012 LTIP if the award terminates by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares.

Upon the effectiveness of the 2012 LTIP, no additional awards will be made under the Current LTIP, except that shares of common stock reserved under the Current LTIP before the effectiveness of the 2012 LTIP may be issued and delivered following the effectiveness of the 2012 LTIP to settle such awards granted under the Current LTIP before the effectiveness of the 2012 LTIP.

The number of shares available for issuance under the 2012 LTIP will not be increased by the number of shares:

- Tendered or withheld or subject to an award surrendered in connection with the purchase of shares upon exercise of an option;
- Deducted or delivered from payment of an award in connection with Dell s tax withholding obligations; or
- Purchased by the company with proceeds from option exercises.

The 2012 LTIP contains limitations on the number of shares available for issuance with respect to specified types of awards. During any time when Dell has a class of equity securities registered under Section 12 of the Exchange Act:

- The maximum number of shares of Dell s common stock subject to stock options or SARs that may be granted under the 2012 LTIP in a calendar year to any person eligible for an award will be 10,000,000 shares;
- The maximum number of shares of Dell s common stock that may be granted under the 2012 LTIP, other than pursuant to stock options or SARs, in a calendar year to any person eligible for an award will be 3,000,000 shares; and
- The maximum amount that may be paid as a cash-settled performance-based award will not be greater than 0.5% of Dell s aggregate consolidated operating income in the immediately preceding year.

The maximum number of shares available for issuance pursuant to incentive stock options granted under the 2012 LTIP will be the same as the number of shares available for issuance under the 2012 LTIP.

The number and kinds of shares of stock for which awards may be made under the 2012 LTIP, including the share limits described above, will be adjusted proportionately and accordingly by the Committee if the number of outstanding shares of Dell s common stock is increased or decreased or the shares of Dell s common stock are changed into or exchanged for a different number of shares or kind of capital stock or other securities of the company on account of any recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of stock, stock dividend or other distribution payable in capital stock, or other increase or decrease in shares of Dell s common stock effected without receipt of consideration by the company.

Shares of stock to be issued under the 2012 LTIP will be authorized and unissued shares or shares of treasury stock or any combination of the foregoing, as may be determined by the Board of Directors or the Committee.

On May 15, 2012, the closing price of Dell s common stock as reported on the NASDAQ Stock Market was $15.34 per share.

Fair Market Value Determination. For so long as Dell s common stock remains listed on the NASDAQ Stock Market, the fair market value of the common stock on an award grant date will be the closing price of the common stock as reported on the NASDAQ Stock Market on such date. If there is no such reported closing price on such date, the fair market value of the common stock will be the closing price of the common stock as reported on the NASDAQ Stock Market on the last preceding date on which any sale of Dell s common stock shall have been reported on the NASDAQ Stock Market. For purposes of determining fair market value for determining taxable income and related tax withholding, Dell may use any reasonable method.

Table of Contents

If Dell s common stock ceases to be listed on the NASDAQ Stock Market and is listed on another established national or regional stock exchange or traded on another established securities market, fair market value will similarly be determined by reference to the closing price of the common stock on the applicable date as reported on such other stock exchange or established securities market.

If Dell s common stock ceases to be listed on the NASDAQ Stock Market or another established national or regional stock exchange or traded on another established securities market, the Committee will determine the fair market value of the common stock by the reasonable application of a reasonable valuation method in a manner consistent with section 409A of the Internal Revenue Code.

Award Types

Stock Options. An option granted under the 2012 LTIP will be exercisable only to the extent that it is vested. Each option will become vested and exercisable at such times and under such conditions as the Committee may approve consistent with the terms of the 2012 LTIP. No option may be exercisable more than ten years after the option grant date. The Committee may include in the option agreement provisions specifying the period during which an option may be exercised following termination of the grantee s service.

The exercise price per share under each option granted under the 2012 LTIP may not be less than 100%, or 110% in the case of an incentive stock option granted to a Ten Percent Stockholder (as defined in the 2012 LTIP), of the fair market value of Dell s common stock on the option grant date, except in the case of an option granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan by a business entity acquired or to be acquired by Dell or an affiliate or with which Dell or an affiliate has combined or will combine.

The aggregate fair market value of Dell s common stock determined on the option grant date with respect to which all incentive stock options held by a grantee are exercisable for the first time during any calendar year may not exceed $100,000.

Except in connection with a corporate transaction involving Dell, including any stock dividend, distribution (whether in the form of cash, shares of stock, other securities or other property), stock split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of stock or other securities or similar transaction, Dell may not, without obtaining stockholder approval, (1) amend the terms of outstanding options to reduce the exercise price of such outstanding options, (2) cancel outstanding options in exchange for options with an exercise price that is less than the exercise price of the original options or (3) cancel outstanding options with an exercise price above the current stock price in exchange for cash or other securities.

Payment of the exercise price for shares purchased pursuant to the exercise of an option may be made in such forms as are approved by the Committee. These forms may include, in the Committee s discretion, cash, cash equivalents acceptable to the company, and shares of Dell s common stock.

Awards of stock options generally will be nontransferable, except for (1) transfers by will or the laws of descent and distribution or (2) in the case of non-qualified stock options, for a transfer by a grantee not for value to a family member if such a transfer is authorized in the applicable award agreement or otherwise by the Committee. A transfer not for value is a transfer which is a gift, a transfer under a domestic relations order in settlement of marital property rights, or, unless applicable laws do not permit such a transfer, a transfer to an entity in which more than 50% of the voting interests are owned by family members and/or the grantee in exchange for an interest in such an entity. The 2012 LTIP defines family member of a grantee to include the following:

A person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such grantee;

- A person sharing such grantee s household (other than a tenant or employee);
- A trust in which any one or more of the persons above (and such grantee) own more than 50% of the beneficial interest;
- A foundation in which any one or more of the persons specified in the first two bullets above (and such grantee) control the management of the foundation s assets; and
- Any other entity in which one or more of the persons specified in the first two bullets above (and such grantee) own more than 50% of the voting interests.

Restricted Stock and Restricted Stock Units. Subject to the provisions of the 2012 LTIP, the Committee will determine the terms and conditions of each award of restricted stock or restricted stock units, including the restricted period for all or a portion of the award, the restrictions applicable to the award and the purchase price, if any, for the common stock subject to the award. A grantee of restricted stock will have all the rights of a stockholder, including the right to vote the shares and receive dividends, except to the extent limited by the Committee. Grantees of restricted stock units will have no voting or dividend rights or other rights associated with stock ownership, although the Committee may award dividend equivalent rights on such units.

Grantees will not vest in dividends paid on performance-based awards of restricted stock or in dividend equivalent rights paid on performance-based awards of restricted stock units, and will be required to forfeit and repay to Dell such dividends and dividend equivalent rights, if the performance goals for the underlying awards of restricted stock or restricted stock units are not achieved. In addition, the Committee may subject dividends and dividend equivalent rights paid on time-vested awards of restricted stock and restricted stock units to such forfeiture and repayment obligations if the underlying awards are forfeited before they vest.

The restrictions and the restricted period may differ with respect to each grantee of an award. An award will be subject to forfeiture if events specified by the Committee occur before the lapse of the restrictions.

Awards of restricted stock and restricted stock units generally will be nontransferable during the restricted period or before satisfaction of any other restrictions applicable to the awards.

Dividend Equivalent Rights. The Committee will be authorized to grant rights to dividend equivalents to a participant in connection with an award under the 2012 LTIP, or without regard to any other award, except that no dividend equivalent rights may be granted in connection with, or related to, an award of options or SARs. Dividend equivalent rights will entitle the participant to receive cash or stock equal in value to dividends paid, or other periodic payments made, with respect to a specified number of shares of common stock. The terms and conditions of awards of dividend equivalent rights will be specified in the applicable award agreement.

Dividend equivalents credited to the holder of a dividend equivalent right may be paid currently (with or without being subject to forfeiture or a repayment obligation) or may be deemed to be reinvested in additional shares of stock, which may thereafter accrue additional dividend equivalent rights (with or without being subject to forfeiture or a repayment obligation). Any such reinvestment will be at the fair market value of the stock on the reinvestment date. Dividend equivalent rights may be settled in cash or shares of stock or a combination thereof, in a single installment or in multiple installments, as determined by the Committee.

A dividend equivalent right granted as a component of another award may provide that the dividend equivalent right will be settled upon exercise, settlement, or payment of, or lapse of restrictions on, the other award, and that the dividend equivalent right will expire or be forfeited or annulled under the same conditions as the other award. A dividend equivalent right granted as a component of another award also may contain terms and conditions which are different from the terms and conditions of the other award, except that dividend equivalent rights credited pursuant to a dividend equivalent right granted as a component of another award which vests or is earned based upon the achievement of performance goals may not vest unless the performance goals for the underlying award are achieved.

Table of Contents

Dividend equivalents generally will be nontransferable, except for transfers by will or the laws of descent and distribution.

Performance Shares and Other Performance-Based Awards. The Committee may award performance shares and other performance-based awards in such amounts and upon such terms as the Committee may determine. Each grant of a performance-based award will have an initial value or target number of shares of common stock that is established by the Committee at the time of grant. The Committee may set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and number of performance shares or other performance-based awards that will be paid out to a grantee. The performance goals generally will be based on one or more of the performance measures described below. The Committee will establish the performance periods for performance-based awards. Performance-based awards may be payable in cash or shares of Dell s common stock, or a combination thereof, as determined by the Committee.

The 2012 LTIP identifies some conditions that may warrant revision or alteration of performance goals after they are established by the Committee. Such conditions may include the following:

- Asset write-downs;
- Litigation or claims, judgments or settlements;
- The effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results;
- Any reorganization or restructuring events or programs;
- Extraordinary, non-core, non-operating or non-recurring items;
- Acquisitions or divestitures;
- Foreign exchange gains and losses; and
- The impact of purchases of shares of Dell s common stock pursuant to share repurchase programs.

Performance Measures. The 2012 LTIP is designed to permit the Committee to grant awards to covered executive officers that will constitute qualified performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code.

Section 162(m) generally provides that no federal income tax business expense deduction is allowed for annual compensation in excess of $1 million paid by a publicly traded corporation to its principal executive officer or any of the three other most highly compensated officers (excluding the principal financial officer), as determined in accordance with the applicable rules under the Exchange Act. Under the Internal Revenue Code, however, there is no limitation on the deductibility of compensation paid to such officers, who are referred to as covered executive officers, that represents qualified performance-based compensation as determined under the Internal Revenue Code. To constitute qualified performance-based compensation, the compensation paid by Dell to its covered executive officers must be paid solely on account of the achievement of one or more objective performance goals established in writing by the Committee while the achievement of such goals is substantially uncertain. Performance goals may be based on one or more performance measures consisting of business criteria that apply to the covered officer, a business unit, or the company, a subsidiary or other affiliate on an individual or a consolidated basis, but need not be based on an increase or positive result under the business criteria selected. The Committee is prohibited from increasing the amount of compensation payable if a performance goal is met, but may reduce or eliminate compensation even if the performance goal is achieved.

The 2012 LTIP authorizes the establishment of performance goals based on any one or more of the following performance measures.

- Net earnings, net income or net income per share
- Operating earnings
- Pretax earnings
- Earnings per share
- Share price, including growth measures and total stockholder return

Table of Contents

- Earnings before interest and taxes
- Earnings before interest, taxes, depreciation and/or amortization
- Any one or more of operating income, net income, earnings per share, gross margin, operating expenses, operating margin, and earnings before interest, taxes, depreciation and/or amortization, in each case as adjusted to exclude any one or more of the following:
  - stock-based compensation expense
  - acquisition-related costs, including retention payments, integration costs and other costs
  - income from discontinued operations
  - gain on cancellation of debt
  - debt extinguishment and related costs
  - severance and facility action costs
  - reorganization, restructuring and/or recapitalization charges and costs
  - impairment charges
  - amortization of intangibles and other assets
  - gain or loss related to investments
  - sales and use tax settlement
  - gain on non-monetary transaction
- Net revenues, or sales or revenue growth, whether in general, by type of product or service, or by type of customer
- Gross or operating margins
- Return measures, including return on assets, capital, investment, equity, sales or revenue
- Cash flow, including:
  - operating cash flow
  - cash flow from operations per share
  - free cash flow, defined as cash flow from operations less capital expenditures and excluding financing receivables
  - levered free cash flow, defined as free cash flow less interest expense
  - cash flow return on equity
  - cash flow return on investment
- Productivity ratios
- Expense targets
- Market share
- Financial ratios as provided in credit agreements of Dell and its subsidiaries
- Working capital targets
- Completion of acquisitions of assets, businesses or companies
- Completion of divestitures and asset sale
- Customer satisfaction as measured using the Net Promoter Score (NPS) metric (based on surveys of customers of Dell and its subsidiaries)
- Any combination of the foregoing business criteria

Performance under any of the foregoing performance measures may be calculated on an aggregate or a per share basis.

Performance under any of the foregoing performance measures may be used to measure the performance of (1) Dell and its subsidiaries and other affiliates as a whole, (2) Dell, any subsidiary, and/or any other affiliate or any combination thereof or (3) any one or more business units of Dell, any subsidiary, and/or any other affiliate, as the Committee deems appropriate. In addition, performance under any of the performance measures may be compared to the performance of one or more other companies or one or more published or special indices designated or approved by the Committee. The Committee may select performance under the performance measure of share price for comparison to performance under one or more stock market indices or peer groups designated or approved by the Committee. The Committee will have the authority to provide for accelerated vesting of any performance-based award based on the achievement of performance goals pursuant to the performance measures.

Table of Contents

The Committee will have the discretion to adjust awards that are intended to qualify as performance-based compensation, either on a formula or discretionary basis, or on any combination thereof, as the Committee determines in a manner consistent with the requirements of Section 162(m) for deductibility.

Stock Appreciation Rights. SARs may be granted in conjunction with all or a part of any option or other award granted under the 2012 LTIP, or without regard to any option or other award. The Committee will determine at the SAR grant date or thereafter the time or times at which and the circumstances under which a SAR may be exercised in whole or in part, the time or times at which and the circumstances under which a SAR will cease to be exercisable, the method of ex