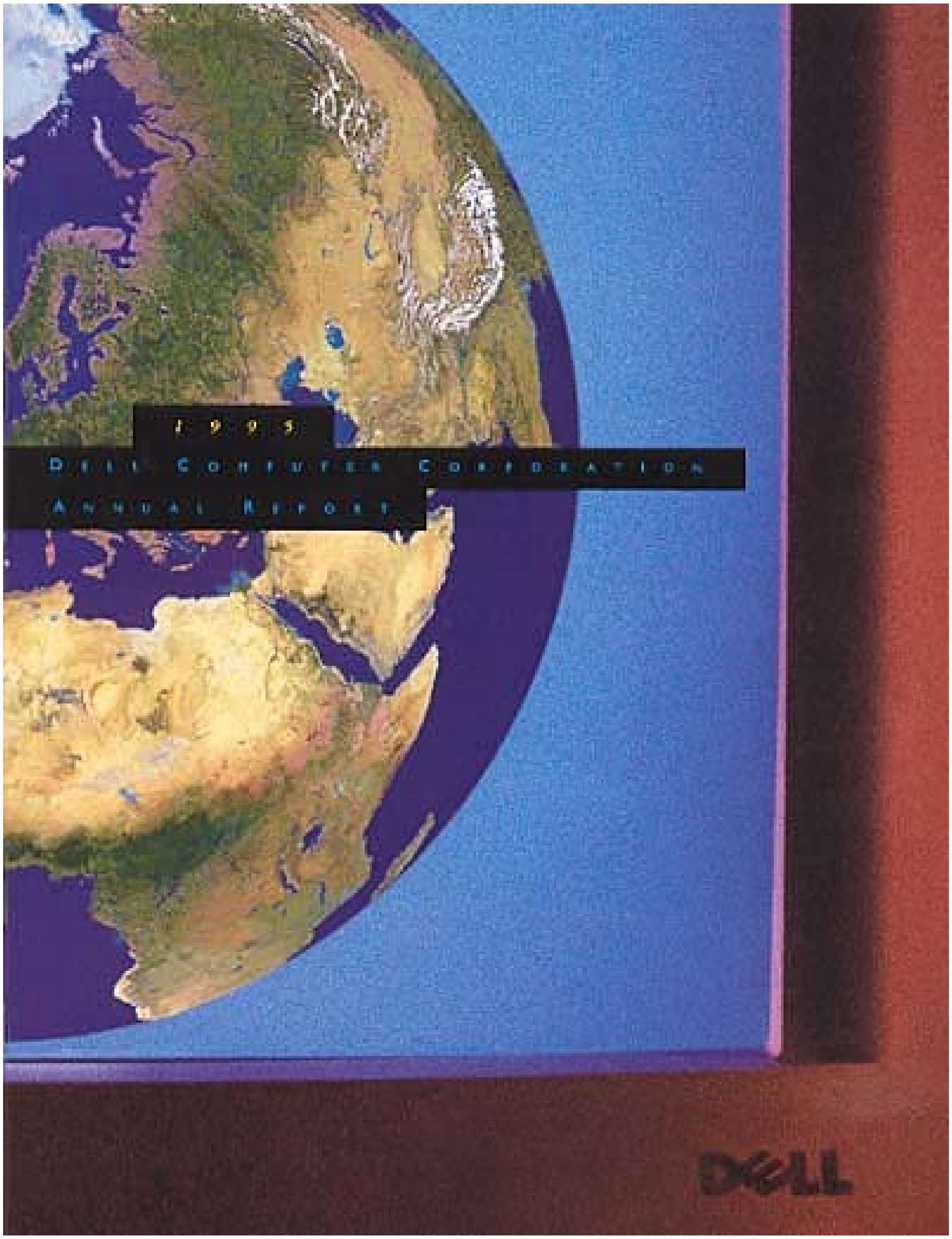


Dell Computer Corporation FY 1995 Annual Report

Dell Computer Corporation was established in 1984, capturing a unique position in the personal computer (PC) industry. The company introduced the concepts of selling PCs directly to customers; offering custom configuration to all customers; and providing direct, toll-free technical support and next-day, on-site service.

Dell today ranks among the world's five largest personal computer companies, based on revenues, and is considered a force behind the popularization of PCs.

The company develops, manufactures and distributes a complete range of high-performance computer systems. These include Latitude and Latitude XP notebook computers; Dimension and OptiPlex desktop computers; PowerEdge network servers; and DellWare software and peripheral products.

Dell's products are sold in more the 125 countries to customers extending from major corporations, government agencies, and medical and educational institutions to small businesses and individuals.

The company employs approximately 6,400 people.

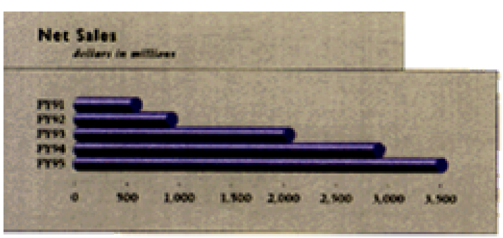
Headquarters are located in Austin, Texas, with manufacturing facilities in Austin and Limerick, Ireland; Dell's third plant is under construction in Penang, Malaysia.

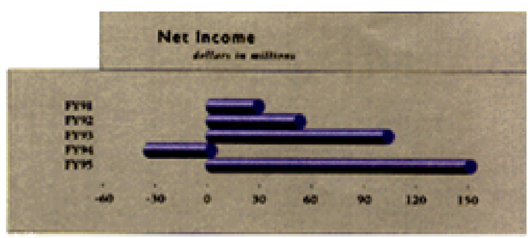
- *Chairman's Message* 4
- *Selected Consolidated Financial Data* 8
- *Management's Discussion and Analysis* 10
- *Consolidated Statement of Financial Position* 22
- *Consolidated Statement of Operations* 23
- *Consolidated Statement of Cash Flows* 24
- *Consolidated Statement of Stockholders' Equity* 25
- *Notes to Consolidated Financial Statements* 26
- *Report of Independent Accountants* 47
- *Corporate Information* 48

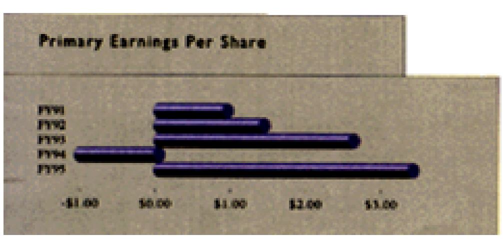
Financial Highlights
Dell Computer Corporation

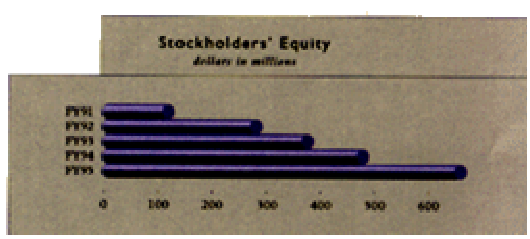
(in thousands, except per share data)

	Jan. 29, 1995	Jan. 30, 1994	Jan. 31, 1993
Net sales	$3,475,343	$2,873,165	$2,013,924
Net income (loss)	$ 149,177	$ (35,833)	$ 101,642
Primary earnings (loss) per common share	$ 3.38	$ (1.06)	$ 2.59
Working capital	$ 718,951	$ 510,397	$ 358,948
Total assets	$1,594,000	$ 1,140,480	$ 927,005
Total stockholders' equity	$ 651,736	$ 471,108	$ 369,200
Primary weighted average shares outstanding	41,542	37,333	39,235









To Our Shareholders, Customers and Employees

Fiscal 1995 was a record year for Dell, as we clearly established that our company is the world leader in the direct marketing of personal computers.

Our performance reflected successful execution of three critical endeavors: re-focusing our business strategy on Dell's proven direct-relationship approach, engineering strong product introductions, and improving infrastructure and systems to support growth and global expansion.

Reporting record results -- Revenue increased 21 percent, from $2.9 billion in fiscal 1994 to $3.5 billion in fiscal 1995. Net income was $149.2 million compared with a loss of $35.8 million last year. Primary earnings per share were $3.38 in fiscal 1995 versus a loss of $1.06 in fiscal 1994.

Gross profit margin represented 21.2 percent of sales for fiscal 1995, due primarily to improvements in: manufacturing logistics and efficiencies, component costs and quality, inventory management, and average revenue per unit. In fiscal 1994, gross profit margin of 15.1 percent was adversely affected by $70.3 million of inventory writedowns and related costs; excluding these charges, gross profit margin would have been 17.5 percent.

Operating expenses were 14.1 percent of consolidated net sales for fiscal 1995. In fiscal 1994, operating expenses of 16.4 percent were affected by charges for consolidating operations, write-offs of certain assets, and employee severance payments; excluding these charges, operating expenses would have been 15.7 percent.

Dell closed fiscal 1995 with one of the strongest liquidity positions in the personal computer industry, generating $243.4 million in net cash provided by operations and ending the year with $527.2 million in cash and short-term investments. Our financial position and balance sheet reflect our effort to balance growth with liquidity and profitability, and the momentum with which we are going forward.

Re-focusing our business strategy -- In fiscal 1995, we made the decision to renew our focus on the direct channel for distribution of our products. This is the channel which we essentially created for personal computers when Dell was founded in 1984, and which best suits our integrated, build-to-order business model, with its emphasis on service and support.

Accordingly, Dell no longer distributes products through traditional retail stores in the United States and Canada. Approximately $72 million in revenue during the first half of fiscal 1995 was derived from retail-outlet sales in these two countries.

Engineering strong product introductions -- Dell concentrated on two market opportunities: notebook computers and the transition to the Pentium processor, the fifth-generation processor from Intel Corporation.

Dell's re-entry into the notebook market in the second quarter was extraordinary. Demand for our Latitude family drove notebook sales to 14 percent of system revenue in the fourth quarter, from 2 percent in the first quarter. In the transition to Pentium processor-based systems, Dell was an industry leader. Sales of these systems increased throughout the year, reaching 44 percent of system revenue in the fourth quarter.

Improving infrastructure and systems to support growth and global expansion -- Dell consolidated operations into three data centers, further developed a global communications network linking every employee and business unit, and phased-in standardized financial systems in the United States, Canada and northern Europe.

We organized our worldwide operations into geographic regions, to support customers in each area through fully integrated, regional business units.

Dell Americas was structured into two segments based on type of customer, to better match products, service and support with disparate customer needs, and to better position Dell for increased penetration of the business market. One segment targets major corporations, government agencies, and medical and educational institutions; the other targets small- to medium-sized businesses and individuals. Manufacturing for this region is located in Austin, Texas.

Dell Europe in fiscal 1995 doubled manufacturing space at our plant in Limerick, Ireland; expanded our major accounts program throughout Europe; strengthened the management group; and focused on execution for profitability and growth. Sales increased 22 percent in fiscal 1995 compared with fiscal 1994.

Dell Asia launched a new Asia-Pacific organization, leveraging our foundation in Japan and Australia, and announced our first manufacturing facility in the region. The facility is in Penang, Malaysia; construction began in the first quarter of fiscal 1996.

Dell Japan remains a separate regional business unit, to focus on the outstanding market opportunity within Japan. This is now one of our most rapidly growing business units, with sales increasing 121 percent in fiscal 1995 compared with fiscal 1994.

To Our Shareholders, Customers and Employees

Underpinning Dell's success -- Our accomplishments in fiscal 1995 are an expression of our excellence in building a company around the right people, management team and board of directors.

Our people -- Dell's performance reflects the spirit, dedication, individual contributions and collective hard work that permeate our organization. We believe our people are successfully blending the entrepreneurial spirit of Dell's first decade with the requirements of a multinational corporation in our second.

Our management team -- Dell strengthened both the corps of leaders handling day-to-day operations and senior management. This included Hiroshi Fukino, vice president and general manager, Dell Japan; Phillip E. Kelly, vice president and general manager, Dell Asia - Pacific; Richard N. Snyder, senior vice president and general manager, Dell Americas; Thomas B. Green, general counsel and secretary; and Julie A. Sackett, vice president, human resources. The Office of the Chairman now is comprised of Michael S. Dell as chairman, to focus strategically; and Morton L. Topfer as vice chairman, to focus on operations.

Our board of directors -- Dell has been fortunate in having an exceptional group of people as board members. We would like to acknowledge their contributions and to introduce two new members who joined in the first quarter of fiscal 1996. Michael A. Miles is former chairman and chief executive officer of Philip Morris Companies, Inc. Klaus S. Luft is president of MATCH GmbH of Munich, Germany, a private company that provides sales and marketing services to high technology companies.

Entering an environment of industry growth and change -- The personal computer industry, according to industry and financial analysts, may experience a unit growth rate of more than 20 percent each year through 1998, driven by advances in semiconductor technology, communications technology and mobile technology. These trends also are creating new applications and facilitating penetration of emerging market economies. In addition, the personal computer increasingly requires replacement about every three years. We believe the confluence of these trends results in an environment rich with opportunity for Dell.

Strategic focus: market opportunities -- In fiscal 1996, we will focus on five opportunities for growth: leading key technology transitions with Dell products, leveraging our position in the portable computer market, taking the next step in the server market, penetrating emerging market economies, and increasing the size of the direct channel and of our current share within the channel. These opportunities are not without risk, of course: the computer industry today is very competitive and fast paced, with rapidly decreasing product life cycles. Given the demands of this environment, we must remain steadfast in our focus, and continue to execute well.

To Our Shareholders, Customers and Employees

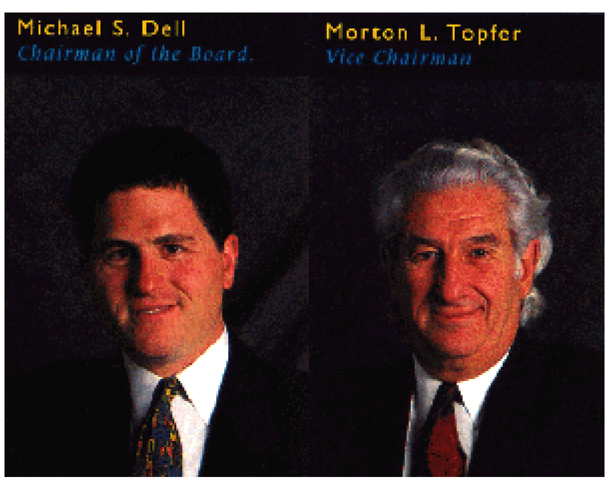
Operations focus: corporate initiatives -- To support our focus on these market opportunities, we have established the following operational priorities: maintaining product leadership; further improving and integrating systems and processes; strengthening programs for recruiting, training and retaining Dell employees; and fulfilling our corporate commitment to improve quality and productivity, and to reduce costs. Our goal is to do everything right the first time, and our intent is to make the Dell brand stand for the best customer experience. Dell's definition of this experience is the theme of our annual report. As with our market opportunities, these endeavors are not without risk: for example, we are in the midst of a three-year process to re-engineer Dell's information systems worldwide, while concurrently supporting a healthy growth rate.

Moving forward with momentum -- Our accomplishments in fiscal 1995 were many: we delivered value to shareholders, we focused on pursuing opportunities that best fit our business model, we started to rebuild Dell for the next phase of expansion, and we balanced growth with liquidity and profitability. We believe Dell is well positioned to move forward with momentum, and the challenge for fiscal 1996 will be execution.

Thank you for your support.

Michael S. Dell, *Chairman of the Board, Chief Executive Officer*

Morton L. Topfer, *Vice Chairman*
May 15, 1995



Selected Consolidated Financial Data

The following selected financial data should be read in conjunction with the consolidated financial statements, including the Notes to Consolidated Financial Statements. The information set forth below is not necessarily indicative of results of future operations. The information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	January 29, 1995(a)	*January 30, 1994(b)*	*January 31, 1993*	*February 2, 1992*	*February 3, 1991*
(In thousands, except per common share data)					
Statement of Operations Data:					
Net Sales:					
Americas	$2,400,012	$2,037,221	$1,459,607	$648,082	$397,271
Europe	952,943	781,905	552,999	241,857	148,964
Other (International)	122,388	54,039	1,318	--	--
Consolidated net sales	3,475,343	2,873,165	2,013,924	889,939	546,235
Cost of sales	2,737,290	2,440,349	1,564,472	607,768	364,183
Gross profit	738,053	432,816	449,452	282,171	182,052
Operating expenses:					
Selling, general and administrative	423,429	422,906	267,982	182,155	115,016
Research, development and engineering	65,361	48,934	42,358	33,140	22,444
Total operating expenses	488,790	471,840	310,340	215,295	137,460
Operating income (loss)	249,263	(39,024)	139,112	66,876	44,592
Financing and other income(expense),net	(36,267)	258	4,180	6,539	(1,020)
Income(loss) before income taxes	212,996	(38,766)	143,292	73,415	43,572
Provision for income taxes(benefit)	63,819	(2,933)	41,650	22,504	16,340
Net income (loss)					

	149,177	(35,833)	101,642	50,911	27,232
Preferred stock dividends					
	(8,750)	(3,743)	--	--	--
Net income (loss) applicable to common stockholders					
	$ 140,427	$ (39,576)	$ 101,642	$ 50,911	$ 27,232
Earnings (loss) per common share					
Primary					
	$ 3.38	$ (1.06)	$ 2.59	$ 1.40	$ .91
Fully diluted					
	$ 3.15	$ --	$ --	$ --	$ --
Weighted average shares used to compute earnings per share					
Primary					
	41,542	37,333	39,235	36,274	30,064
Fully diluted					
	47,322	--	--	--	--

Statement of Financial Position Data:

Working capital	$ 718,951	$ 510,397	$ 358,948	$282,646	$ 95,163
Total assets	$1,594,000	$ 1,140,480	$ 927,005	$559,563	$264,222
Long-term debt	$ 113,429	$ 100,000	$ 48,373	$ 41,450	$ --
Preferred stock	$ 120, 151	$ 120, 151	$ --	$ --	$ --
Total stockholders' equity	$ 651,736	$ 471,108	$ 369,200	$274,180	$112,005

(a) In prior years, the Company consolidated its international operating results on a one-month delay to facilitate consolidated financial reporting. In the fourth quarter of 1995, the Company eliminated this one-month delay. Accordingly, the Company's income before income taxes for 1995 includes one additional month of international operations. Net earnings before taxes of $5.7 million for this additional month are included in the consolidated statement of operations in financing and other income (expense) resulting in an additional $4.1 million of net income or $0.10 of primary earnings per common share. Net earnings for this additional month of international operations had no effect on the Company's operating income.

(b) See Note 8 of Notes to Consolidated Financial Statements for a discussion of certain charges recorded in the first half of 1994 that contributed to the net loss.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company reported net income of $149.2 million or $3.38 per common share for 1995 compared with a net income (loss) of ($35.8) million or ($1.06) per common share for 1994 and $101.6 million or $2.59 per common share in 1993.

In prior years, the Company consolidated its international operating results on a one-month delay to facilitate consolidated financial reporting. In the fourth quarter of 1995, the Company eliminated this one-month delay. Accordingly, the Company's income before income taxes for 1995 includes one additional month of international operations. Net earnings before taxes of $ 5.7 million for this additional month are included in the consolidated statement of operations in financing and other income (expense) resulting in an additional $4.1 million of net income or $0.10 of primary earnings per common share. Net earnings for this additional month of international operations had no effect on the Company's operating income.

The table below sets forth for the years indicated the percentage of consolidated net sales represented by certain items in the Company's consolidated statements of operations.

	Percentage of Consolidated Net Sales Fiscal Year Ended		
	Jan. 29, 1995	*Jan. 30, 1994*	*Jan. 31, 1993*
Net sales:			
Americas	69.1%	70.9%	72.5%
Europe	27.4	27.2	27.5
Other International	3.5	1.9	--
Consolidated net sales	100.0	100.0	100.0
Cost of sales	78.8	84.9	77.7
Gross profit	21.2	15.1	22.3
Operating expenses:			
Selling, general and administrative	12.2	14.7	13.3
Research, development and engineering	1.9	1.7	2.1
Total operating expenses	14.1	16.4	15.4
Operating income (loss)	7.1	(1.3)	6.9
Financing and other income (expense), net	(1.0)	--	0.2

Income (loss) before income taxes	6.1	(1.3)	7.1
Provision for income taxes (benefit)	1.8	(0.1)	2.1
Net income (loss)	4.3	(1.2)	5.0
Preferred stock dividends	(0.3)	(0.1)	--
Net income (loss) applicable to common stockholders	4.0%	(1.3)%	5.0%

Net Sales -- Consolidated net sales increased 21% to $3.5 billion in 1995 from $2.9 billion for 1994. Consolidated net sales for 1994 increased 43% from $2.0 billion in sales for 1993. Average revenue per unit increased 12% and unit volumes increased 8% for 1995 over 1994, primarily because of strong demand for the Company's Pentium processor-based products and notebook computers. Average revenue per unit declined by 12% in 1994 compared with 1993 because of shifts in the Company's product mix and industry-wide pricing strategies. Unit volumes increased by 61% in 1994 over 1993 due to increased volumes of the Company's desktop and server products, offset somewhat by the cancellation of its prior notebook product line in the second quarter of 1994. The Company's consolidated net sales (expressed in United States dollars) benefited by .5% and 2.4% in 1995 and 1993, respectively, and were reduced by 3.9% in 1994, due to fluctuations in the average value of the United States dollar relative to its average value in the comparable periods of the prior year.

Since January 30, 1994, the Company has introduced the Latitude family of notebook computers as well as several Pentium processor-based systems in its PowerEdge server line and in its Dimension, OmniPlex and OptiPlex desktop product lines. The Company believes that its success is largely dependent upon continued growth of its notebook and server product lines and its ability to continue to efficiently manage the transition to Pentium processor-based computers and other technological advancements as they become commercially available. There can be no assurance that the Company's development activities will be successful, that product technologies will be available to the Company, that the Company will be able to deliver commercial quantities of computer products in a timely manner, or that such products will achieve market acceptance.

Consolidated net sales consisted primarily of sales of computer systems, including hardware, certain software and accessories, which amounted to 88%, 87 % and 86 % of consolidated net sales for 1995, 1994 and 1993, respectively. The balance of consolidated net sales consisted of revenue from sales of computer peripherals as well as other hardware, software and accessories sold separately from computer systems, and from sales of extended service contracts. Revenue from the Company's Pentium processor-based products represented 29% and 1% of system revenue in 1995 and 1994, respectively. Pentium processor-based sales continued to gain momentum with fourth quarter sales representing 44 % of total system revenue. The substantial increase in such system sales resulted from the Company's rapid introduction of Pentium processor-based systems relative to its competitors and increased customer acceptance of these systems. Sales of the Company's 486-based systems reflected the shift in demand toward Pentium processor-based systems and decreased to 71% of system revenue for 1995 (56% in the fourth quarter of 1995) from 92% of system revenue for 1994. Sales of 486-based products represented 68% of system revenue in 1993 with 386-based products representing the remaining 32% of system revenue.

Sales of the Company's Latitude family of notebook computers represented 8% of system revenue for 1995. The Company's notebook computer sales grew throughout the year with fourth quarter 1995 notebook computer revenue totaling $128 million or 14% of system revenue, compared with sales of $122 million for the first three quarters of 1995 combined, or 6% of system revenue. The increase in notebook computer revenue during 1995 primarily resulted from strong customer acceptance of the Company's Latitude XP notebook computer line introduced in August 1994. Sales of the Company's notebook computers declined to 3% of system revenue for 1994 from 12% for 1993, primarily due to the cancellation of the Company's prior notebook computer product line in the second quarter of 1994.

Net revenue from the Americas (United States, Canada, Mexico and Latin America) increased 18% in 1995 to $2.4 billion from $2.0 billion in 1994. Net revenue from the Americas increased 40% in 1994 from $1.5 billion in 1993. The Company's European operations contributed net revenue of $953 million for 1995, representing a 22% increase over $782 million in net revenue for 1994. European revenue for 1994 represented a 41% increase over $ 553 million in net revenue for 1993. Other international sales increased 126% to $122 million for 1995, primarily driven by Japan where revenue more than doubled in 1995 compared with 1994. Other international sales increased to $54 million in 1994 from $1.3 million in 1993. The Company expects to begin construction in March 1995 of a 238,000 square-foot combination office and manufacturing facility on a nine-acre site in Penang, Malaysia, to meet the needs of its expanding Asia-Pacific business. Dell intends to continue to expand its international activities by increasing market presence in existing markets, improving support systems, pursuing additional distribution opportunities, and entering new markets primarily through third-party resellers.

Consolidated net sales to national accounts, consisting of sales to major corporate, government and education accounts and value-added resellers, led sales gains with a 26% increase to $2.3 billion in 1995 from $1.8 billion in 1994. Consolidated sales to national accounts increased 50% in 1994 from $1.2 billion in 1993. Sales to medium- to small-sized businesses and individuals increased 12% to $1.2 billion for 1995 from $1.0 billion for 1994, despite the decline in sales to mass merchant and other consumer retailers due to the discontinuation of traditional consumer retailer sales in the United States and Canada in July 1994. Sales to medium- to small-sized businesses and individuals increased 31% in 1994 from $787 million for 1993.

Gross Profit Margin -- The Company's 1995 gross profit margin increased to 21.2% from 15.1% in 1994. Gross profit margin for 1994 was adversely affected by $70.3 million of inventory writedowns and related costs incurred during the first half of 1994. Excluding these charges, gross profit margin would have been 17.5% for 1994. The increase in gross profit margin to 21.2% from 17.5% (as adjusted) is due to improvements in manufacturing logistics and efficiencies, component costs and quality, primarily resulting from the Company's vendor certification and vendor consolidation programs, and lower charges for inventory obsolescence attributable to improved inventory management. Gross profit margins also benefited from higher average revenue per unit resulting from: a more moderate pricing environment in the last half of

1995; a higher margin sales mix driven by notebook computers and Pentium processor-based systems; and changes in the Company's sales incentive programs.

The decline in gross profit margin for 1994 from 22.3% in 1993 was also attributable to significant price reductions to maintain competitive position, manufacturing inefficiencies associated with system and process weaknesses, and price reductions on older products to avoid incurring additional charges for excess and obsolete inventory.

The Company may take pricing actions as it attempts to maintain a competitive mix of price, performance, and customer support services while managing its liquidity, profitability and growth. The Company attempts to mitigate the effects of price reductions by improving product mix, further reducing component costs and lowering operating costs. There can be no assurance that pricing actions will be effective in stimulating higher levels of sales or that cost reduction efforts will offset the effects of pricing actions on the Company's gross margin.

Operating Expenses -- Operating expenses as a percentage of consolidated net sales decreased to 14.1% for 1995 from 16.4% for 1994. Operating expenses increased 4% to $488.8 million for 1995 from $471.8 million for 1994. Operating expenses as a percentage of consolidated net sales would have been 15.7% for 1994, but was increased by $21 million of charges for consolidating operations, write-offs of certain assets, and employee severance payments. The actions were taken to reduce costs, and included the closing of a subsidiary in Europe and consolidation of its former operations into another central European location. European service and support operations were combined to reduce redundant costs. Additionally, certain headcount reductions were made due to the efficiencies created from the consolidations. The decrease in operating expenses as a percentage of consolidated net sales in 1995 from 1994 is primarily due to infrastructure investments incurred during the Company's regional consolidation efforts commenced in 1994, and reduced advertising and promotion expenses offset by increased compensation expense as the Company strengthened its management team and increased research, development and engineering expenses in 1995. Research and development expenses increased 34% in 1995 compared with 1994 primarily due to higher compensation expense relating to a 24% increase in headcount and higher development costs related to notebook computers and other product development efforts. The Company expects research and development expenses to increase in dollar amount in 1996. Operating expenses for 1994 of 15.7%, (as adjusted) were relatively flat compared with 15.4% for 1993.

The Company believes that its ability to manage operating costs is an important factor in its ability to remain price competitive. During 1995, the Company continued its process of consolidating common functions, primarily in Europe, into regional business units to reduce redundant costs and improve the Company's ability to deliver its products and services in these markets. However, the Company will invest in key global information systems through 1998 to manage and support its growth. No assurance can be given that the Company's efforts to manage future operating expenses will be successful.

Financing and Other Income (Expense), net -- Financing and other income (expense) was ($36.3) million, $.3 million and $4.2 million for 1995, 1994 and 1993, respectively. The table below sets forth for the years indicated the components of financing and other income (expense):

	1995	1994	1993
	(in thousands)		
Financing and other income (expense):			
Investment income (loss), net:			
Short-term investments	$ (7,031)	$8,772	$12,945
Investment derivatives	(23,948)	5,184	2,505
Interest expense	(12,203)	(8,350)	(7,869)
Foreign currency transactions	2,790	777	9,084
Foreign currency trading	--	--	(9,649)
International year-end transition	5,725	--	--
Other	(1,600)	(6,125)	(2,836)
	$(36,267)	$ 258	$ 4,180

Short-term investment income (loss) was ($7.0) million in 1995 compared with $8.8 million in 1994 and $12.9 million in 1993. Investment losses for 1995 were primarily due to realized losses of $24.4 million on certain of the Company's short-term investments offset by investment income of approximately $17.4 million for 1995. The investment losses were primarily a result of interest rate increases in the United States, Canadian, Japanese, and European interest rate markets. The increase in investment income to $17.4 million for 1995 compared with $8.8 million for 1994 was primarily due to higher average investment balances and higher effective interest rates. Other unrealized losses on short-term investments in the amount of $4.0 million ($2.6 million net of tax) at January 29, 1995, were assessed to be temporary and recorded as a separate component of stockholders' equity. The Company accounts for highly liquid investments with maturities of three months or less at date of acquisition as short-term investments and reflects the related cash flows as investing cash flows. As a result, a significant portion of its gross investment maturities and purchases disclosed as investing cash flows is related to highly liquid investments.

The Company has historically employed a variety of interest rate derivative instruments to manage its principal, market and credit risks and enhance its investment yield. Derivative instruments utilized include interest rate swaps, written and purchased interest rate options and swaptions (options to enter into interest rate swaps). Prior to June 1994, the Company structured derivative instruments in interest rate markets where it had foreign operations. Interest rate derivatives generally involve exchanges of interest payments based upon fixed and floating interest rates without exchanges of underlying notional amounts. At January 29, 1995, the Company had no investment derivatives outstanding. At January 30, 1994, the Company had outstanding investment derivative contracts with a notional amount of $355 million. For the first and second quarters of 1995, the average fair value of these investment derivative financial instruments totaled ($11.9) million and ($7.8) million, respectively. The Company closed all remaining investment derivatives during the second quarter of 1995. Realized and unrealized net gains (losses) on investment derivatives recognized in income for 1995 were ($23.9) million compared with $5.2 million for 1994 and $ 2.5 million for 1993.

All of the Company's foreign exchange and interest rate derivative instruments involve elements of market and credit risk in excess of the amounts recognized in the financial statements. The counterparties to financial instruments consist of a number of major financial institutions. In addition to limiting the amount of agreements and contracts it enters into with any one party, the Company regularly monitors the credit quality of the financial institutions which are counterparties to these financial instruments. The Company does not anticipate nonperformance by the counterparties.

Interest expense incurred for 1995 increased to $12.2 million from $8.4 million for 1994. The increase in interest expense in 1995 was primarily due to higher average debt balances outstanding and higher net interest costs associated with the 11% Senior Notes (the "Notes") issued in the third quarter of 1994. Concurrently with the issuance of the Notes, the Company entered into interest rate swap agreements to reduce its interest costs associated with the Notes. The swap agreements effectively changed the Company's interest rate exposure from a fixed-rate to a floating-rate basis. However, in response to increasing interest rates, in August 1994, the Company entered into offsetting swap agreements to effectively change its interest rate exposure from a floating-rate basis to a fixed-rate basis. The interest rate swap agreements mature on August 15, 1998, the first available redemption date of the Notes. At January 29, 1995, the Company had outstanding receive fixed/pay floating interest rate swaps with an aggregate notional amount of $100 million offset by receive floating/pay fixed interest rate swaps with an aggregate notional amount of $100 million. In addition, the Company had an interest rate swap which matured in February 1995, with a notional amount of $50 million, which was used to change floating interest rate reset dates on the receive fixed/pay floating interest rate swaps. The weighted average interest rate, adjusted by the swaps, was 12.1% and 9.5% for 1995 and 1994, respectively. At January 29, 1995, the Company is paying a net interest cost of 13.8% on the Notes.

Net foreign currency gains (losses) were $2.8 million, $.8 million and ($.6) million for 1995, 1994 and 1993, respectively. During 1993, the Company entered into foreign currency forward and option contracts with the intent to profit from anticipated movements in exchange rates. The Company marked the contracts to market and recognized resulting gains and losses as a component of net financing and other income. Net foreign exchange losses recognized during 1993 consisted of $9.6 million in losses related to foreign currency trading activities and $9.0 million in foreign currency transaction gains associated with unhedged intercompany balances and other foreign currency transactions. The Company resumed its intercompany hedging practices in the third quarter of 1993. During 1994 and 1995, the Company did not enter into foreign currency contracts with the intent to profit from movements in exchange rates. Accordingly, net foreign currency transaction gains recognized during 1994 resulted from remeasuring nonfunctional currency denominated assets and liabilities, net of transaction hedge results.

In prior years, the Company consolidated its international operating results on a one-month delay to facilitate consolidated financial reporting. In the fourth quarter of 1995, the Company eliminated this one-month delay. Accordingly, the Company's income before income taxes for 1995 includes one additional month of international operations. Net earnings before taxes of $5.7 million for this additional month are included in the consolidated statement of operations in financing and other income (expense) resulting in an additional $4.1 million of net income or $0.10 of primary earnings per common share.

Financing fees and other income (expense) were ($1.6) million for 1995, ($6.1) million for 1994 and ($2.8) million for 1993. In 1995, the reduction in financing fees and other costs was primarily due to higher financing-related expenses incurred in 1994 in connection with refinancing of debt and credit facilities during 1994.

Income Tax -- The Company's effective tax rate was 30.0% for 1995 compared with 7.6% and 29.1% for 1994, and 1993, respectively. The change in the effective tax rate resulted from changes in the geographical distribution of income and losses and from significant second quarter 1994 losses.

Fluctuations in Operating Results -- The Company's operating results may fluctuate from period to period and will depend on numerous factors, including, but not limited to, customer demand and market acceptance of the Company's products, new product introductions, product obsolescence, component price fluctuations, varying product mix, foreign currency exchange rates, foreign currency and interest rate hedging, and other factors. In addition, the Company has operated without a material backlog so that net sales in a given quarter are dependent on customer orders received in that quarter, and operating expenditures are primarily based on forecasts of customer demand. As a result, if demand does not meet the Company's expectations in any given period, the sales shortfall may result in an increased impact on operating results due to the Company's inability to adjust operating expenditures quickly enough to compensate for such shortfall. The Company's business is sensitive to the spending patterns of its customers, which in turn are subject to prevailing economic conditions and other factors beyond the Company's control. The Company's results of operations could be materially adversely affected by changes in economic conditions or customer spending patterns for personal computer products.

Hedging Activities

The results of the Company's international operations are affected by changes in exchange rates between certain foreign currencies and the United States dollar. The financial statements of the Company's international sales subsidiaries have generally been measured using the local currency as the functional currency. An increase in the value of the United States dollar increases costs incurred by the Company's international operations because many of its international subsidiaries' component purchases are denominated in the United States dollar. Changes in exchange rates may negatively affect the Company's consolidated net sales (as expressed in United States dollars) and gross profit margins from international operations. Effective January 30, 1995, most of the Company's European sales will be made from a U.S. dollar functional currency entity.

The purpose of the Company's hedging program is to reduce the Company's exposure to the risk that the dollar-value equivalent of anticipated cash flows will be adversely affected by changes in foreign currency exchange rates. The Company attempts to reduce its exposure to currency fluctuations involving anticipated, but not firmly committed, transactions and involving transactions with firm foreign currency commitments through the use of purchased foreign currency option contracts and forward contracts.

Realized and unrealized gains or losses and premiums on foreign currency purchased option contracts that are designated and effective as hedges of probable anticipated, but not firmly committed, foreign currency transactions are deferred and recognized in income in the same period as the hedged transaction. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts, which could be significant. Forward contracts designated as hedges of anticipated transactions are accounted for on a mark-to-market basis and included in income as a component of cost of sales. Transaction exposures representing firm foreign currency commitments are generally hedged using foreign exchange forward contracts. Forward contracts related to transaction exposures are accounted for on a mark-to-market basis with realized and unrealized gains or losses included in financing and other income (expense) as an offset to the underlying hedged transaction. The risk of loss associated with forward contracts is limited to the exchange rate differential from the time the contract is made until the time it is settled.

The Company enters into foreign currency purchased options and, to a lesser extent, forward contracts to hedge a portion of its anticipated, but not firmly committed, transactions including sales by international subsidiaries, which includes international sales by a U.S. dollar functional currency entity and intercompany shipments to certain international subsidiaries, and foreign currency denominated purchases of certain components. Foreign currency purchased options generally expire in twelve months or less and forward contracts generally mature in three months or less. The principal hedge currencies are the German mark, the British pound and the Japanese yen. At January 29, 1995, the Company held purchased option contracts that were designated and effective as hedges of anticipated sales by international subsidiaries with a total notional amount of $434.3 million and a combined net realized and unrealized loss of $2.1 million. At January 29, 1995, the Company held purchased options that were designated and effective as hedges of foreign currency denominated purchases with a total notional amount of $65.0 million and a combined net realized and unrealized gain of $1.6 million. Based upon foreign currency exchange rates at January 30, 1994, and January 31, 1993, option contracts which hedged anticipated intercompany shipments had a combined net realized and unrealized gain of $2.2 million and $2.0 million, respectively.

Prior to March 20, 1992, the Company principally used combination foreign currency option contracts to hedge anticipated intercompany sales to its international subsidiaries. During this period, the accounting for combination option contracts was actively deliberated by the accounting profession. The Company closely followed the deliberations of the accounting profession during this period. Prior to March 20, 1992, the Company accounted for open combination option contracts entered into with the same strike prices and maturities ("synthetic forward contracts") which were originally entered into to hedge anticipated 1993 sales to international subsidiaries on a mark-to-market basis. On March 19, 1992, the Chief Accountant of the Securities and Exchange Commission (the "Commission") settled much of the accounting controversy associated with hedge accounting for anticipated transactions when he issued a letter indicating that the Commission would object to deferral of realized and unrealized gains or losses arising from complex options and similar transactions entered into after March 20, 1992. Subsequent to that date, the Company has not entered into any combination option contracts to hedge anticipated transactions as described above.

In 1992, the Company realized $1.7 million in losses on forward contracts entered into to hedge anticipated 1993 sales to its international subsidiaries, which losses were deferred at February 2, 1992, and recognized in the first two quarters of 1993. Generally accepted accounting principles do not afford hedge accounting treatment to forward contracts intended to hedge anticipated transactions. The Company does not believe the losses are material in the context of the Company's financial condition or results of operations taken as a whole.

On November 30, 1992, the Commission's Division of Enforcement notified the Company about an informal inquiry regarding the Company's accounting practices for foreign currency hedging and trading activities and the completeness of the Company's public disclosure about those activities. The Company and its independent accountants are voluntarily cooperating with the Commission in this informal inquiry. The Commission's Division of Corporation Finance has also indicated it has concerns about the deferred accounting treatment the Company afforded gains and losses on forward and option contracts entered into to hedge anticipated transactions and has not expressed its definitive views about whether the Company's accounting for these forward and option contracts complies with generally accepted accounting principles in all material respects. The Company has not received correspondence from the Commission regarding this matter since September 1993.

The table below shows the effect on income before income taxes, net income and earnings per common share for each of the four quarters of 1993, 1994, and 1995, if gains and losses on hedging contracts had been accounted for on a mark-to-market basis. However, if the Company had believed this accounting treatment to be appropriate, it likely would have followed different hedging strategies, which could have received differing accounting treatment than indicated below. Accordingly, the Company does not believe that the net income on a mark-to-market basis or the earnings per common share on a mark-to-market basis included in the following table accurately reflect its business results or the effect of hedging on its net income.

	1993				
	Quarter Ended				Year Ended
	May 3, 1992	Aug. 2, 1992	Nov. 1, 1992	Jan. 31, 1993	Jan. 31, 1993
Effect on income before income taxes:					
Forward contracts	$ 1.0	$ 0.7	$ —	$ —	$ 1.7
Synthetic forward contracts	1.8	2.0	0.9	—	4.7
Other option contracts	(4.9)	(13.7)	29.8	9.5	20.7
Total effect on income before income taxes	$ (2.1)	$(11.0)	$30.7	$ 9.5	$ 27.1
Deferred realized and unrealized gain (loss)	$(27.2)	$(38.2)	$ (7.5)	$ 2.0	$ 2.0
Effect on net income and earnings per common share:					
Net income on a mark-to-market basis	$ 18.4	$ 14.7	$48.9	$38.0	$120.8
Net income as reported	$ 19.8	$ 21.9	$28.6	$31.3	$101.6
Earnings per common share on a mark-to-market basis	$ .48	$ .38	$1.24	$ .94	$ 3.08
Earnings per common share as reported	$ .52	$ .57	$ .72	$ .77	$ 2.59

	1994				
	Quarter Ended				Year Ended
	May 2, 1993	Aug. 1, 1993	Oct. 31, 1993	Jan. 30, 1994	Jan. 30, 1994
Effect on income (loss) before income taxes:					
Forward contracts	$ —	$ —	$ —	$ —	$ —
Synthetic forward contracts	—	—	—	—	—
Other option contracts	(0.3)	5.3	(6.4)	1.6	0.2
Total effect on income (loss) before income taxes	$ (0.3)	$ 5.3	$ (6.4)	$ 1.6	$ 0.2
Deferred realized and unrealized gain (loss)	$ 1.7	$ 7.0	$ 0.6	$ 2.2	$ 2.2
Effect on net income (loss) and earnings (loss) per common share:					
Net income (loss) on a mark-to-market basis	$ 10.0	$(71.8)	$ 7.8	$18.7	$(35.6)
Net income (loss) as reported	$ 10.2	$(75.8)	$12.0	$17.7	$(35.8)
Earnings (loss) per common share on a mark-to-market basis	$ .25	$(1.93)	$ .16	$ .41	$(1.06)
Earnings (loss) per common share as reported	$ .25	$(2.03)	$ .26	$ .39	$(1.06)

	1995				
	Quarter Ended				Year Ended
	May 1, 1994	Jul. 31, 1994	Oct. 30, 1994	Jan. 29, 1995	Jan. 29, 1995
Effect on income (loss) before income taxes:					
Forward contracts	$ —	$ —	$ —	$ —	$ —
Synthetic forward contracts	—	—	—	—	—
Other option contracts	(1.9)	(8.2)	0.3	7.1	(2.7)
Total effect on income (loss) before income taxes	$ (1.9)	$ (8.2)	$ 0.3	$ 7.1	$ (2.7)
Deferred realized and unrealized gain (loss)	$ 0.3	$ (7.9)	$ (7.6)	$ (0.5)	$ (0.5)
Effect on net income (loss) and earnings (loss) per common share:					
Net income (loss) on a mark-to-market basis	$ 17.7	$ 22.9	$41.6	$65.3	$147.3
Net income (loss) as reported	$ 19.0	$ 28.6	$41.4	$60.3	$149.2
Earnings (loss) per common share on a mark-to-market basis	$ .38	$ .51	$ .94	$1.47	$ 3.33
Earnings (loss) per common share as reported	$ .42	$ .65	$ .93	$1.36	$ 3.38

Liquidity and Capital Resources

The Company's cash flow from operating activities in 1995 was $243.4 million, which represented the Company's primary source of cash. At January 29, 1995, the Company's working capital totaled $719.0 million. Days in accounts receivable at the end of 1995 decreased to 47 days from 50 days at the end of 1994. Days in accounts payable increased to 49 days at the end of 1995 from 42 days at the end of 1994. Inventory levels decreased to 32 days of supply at the end of the 1995 from 33 days at the end of 1994. Maintaining the Company's current inventory level is dependent upon the Company's ability to achieve targeted revenue and product mix, to further minimize complexities in its product line, and to maximize commonality of parts. There can be no assurance that the Company will be able to maintain these low inventory levels in future periods.

The Company utilized $63.7 million of cash during 1995 to construct facilities and to acquire information systems and personal computer office equipment. Capital expenditures for 1996 are expected to be approximately $100 million, primarily related to the construction of manufacturing and administrative facilities, the acquisition and development of an integrated management information system and the acquisition of computer equipment for internal use. The Company believes that its cash and short-term investments and cash flow from operations will be adequate to fund its planned 1996 capital expenditures.

Effective June 10, 1994, the Company entered into a new line of credit facility which bears interest at a defined Base Rate or Eurocurrency Rate with covenants based on quarterly income, maintenance of net worth, a maximum ratio of total liabilities to tangible net worth, and a maximum inventory level. Maximum amounts available under the credit facility are limited to $90 mil- lion less the aggregate of outstanding letters of credit. During the commitment period, the Company is obligated to pay a fee on the unused portion of the credit facility. No borrowings are outstanding under this credit facility, and the maximum available totaled $77.3 million as of January 29, 1995.

The Company's subsidiary, Dell Receivables Corporation, has a Receivables Purchase Agreement, which was renewed effective May 24, 1994, pursuant to which the Company may raise up to $100 million through the sale of interests in certain of its accounts receivable. The funding expense is based on the rate of interest on commercial paper issued by the purchaser. The Company is obligated to pay a commitment fee based on the unused portion of the amount available under the Receivable Purchase Agreement. This facility was unused during 1995 and the maximum available at January 29, 1995, totaled $100 million.

On August 26, 1993, the Company issued $100 million of 11% Senior Notes due August 15, 2000. Interest on the Notes is payable semiannually, commencing February 15, 1994. The Notes are redeemable, in Whole or in part, at the option of the Company, on and after August 15, 1998, at redemption prices decreasing from 103.50% to 101.75 % of principal, depending upon the redemption date.

Concurrent with the issuance of the Notes, on August 26, 1993, the Company sold 1,250,000 shares of Series A Preferred Stock generating gross proceeds of $125 million. Each share of Series A Preferred Stock entities its holder to 7% cumulative annual dividends and to convert to shares of common stock. In the event of voluntary or involuntary liquidation, each share of Preferred Stock entities its holder to receive $100 per share liquidation preference plus an amount equal to accrued and unpaid dividends before any distributions to common stock-holders. On February 21, 1995, the Company offered to pay a cash premium of $8.25 for each share of its Series A Preferred that is converted to common stock. The offer of premium upon conversion is available to holders of Series A Preferred Stock until March 22, 1995, unless extended by the Company. The Company has offered to register resales of the shares of common stock issued upon conversion of the Series A Preferred Stock pursuant to the offer of premium for a limited period with the Securities and Exchange Commission. For purposes of primary earnings per share, the effect of payment of the conversion premium and the expenses of the conversion offer will be treated as an additional dividend on the Series A Preferred Stock for financial reporting purposes in the period in which the conversion offer is completed. In December 1994, the Company obtained a $14 million loan secured by its recently constructed facility in Round Rock, Texas. The loan is for 15 years at an interest rate of 10.28% with monthly payments of principal and interest, payable in arrears, commencing in February 1995. The long-term portion of the loan was $13.4 million at January 29, 1995.

Repayment of the Company's $100 million in 11% Senior Notes due August 15, 2000, the $14 million loan secured by its facilities in Round Rock, Texas, and its operating lease commitments constitute the Company's long-term commitments to use cash.

Management believes that sufficient resources will be available to meet the Company's cash requirements through at least the next twelve months. Cash requirements for periods beyond the next twelve months depend on the Company's profitability, its ability to manage working capital requirements, and its rate of growth.

Consolidated Statement of Financial Position

Dell Computer Corporation

(in thousands, except share data)

	January 29, 1995	January 30, 1994
Assets		
Current assets:		
Cash	$ 42,953	$ 3,355
Short-term investments	484,294	333,667
Accounts receivable, net	537,974	410,774
Inventories	292,925	220,265
Other current assets	112,215	80,323
Total current assets	1,470,361	1,048,384
Property and equipment, net	116,981	86,892
Other assets	6,658	5,204
	$1,594,000	$1,140,480
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 447,071	$ 282,708
Accrued liabilities	279,402	237,651
Income taxes	24,937	17,628
Total current liabilities	751,410	537,987
Long-term debt	113,429	100,000
Other liabilities	77,425	31,385
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: $.01 par value; shares authorized: 5,000,000; shares outstanding: 1,250,000	13	13
Common stock: $.01 par value; shares authorized: 100,000,000; shares issued and outstanding: 39,679,638 and 37,929,031, respectively	397	379
Additional paid-in capital	356,768	320,041
Unrealized (loss) gain on short-term investments	(2,628)	3,230
Retained earnings	311,217	170,790
Cumulative translation adjustment	(14,031)	(23,345)
Total stockholders' equity	651,736	471,108
	$1,594,000	$1,140,480

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Operations

Dell Computer Corporation

(in thousands, except per share data)

	Fiscal Year		
	1995	1994	1993
Net sales	$3,475,343	$2,873,165	$2,013,924
Cost of sales	2,737,290	2,440,349	1,564,472
Gross profit	738,053	432,816	449,452
Operating expenses:			
Selling, general and administrative	423,429	422,906	267,982
Research, development and engineering	65,361	48,934	42,358
Total operating expenses	488,790	471,840	310,340
Operating income (loss)	249,263	(39,024)	139,112
Financing and other income (expense), net	(36,267)	258	4,180
Income (loss) before income taxes	212,996	(38,766)	143,292
Provision for income taxes (benefit)	63,819	(2,933)	41,650
Net income (loss)	149,177	(35,833)	101,642
Preferred stock dividends	(8,750)	(3,743)	—
Net income (loss) applicable to common stockholders	$ 140,427	$ (39,576)	$ 101,642
Earnings (loss) per common share:			
Primary	$ 3.38	$ (1.06)	$ 2.59
Fully Diluted	$ 3.15	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Dell Computer Corporation

(in thousands)

	Fiscal Year 1995	1994	1993
Cash flows from operating activities:			
Net income (loss)	$ 149,177	$ (35,833)	$ 101,6
Charges to income not requiring cash outlays:			
Depreciation and amortization	33,141	30,646	19,5
Net loss on short-term investments	21,218	—	
Other	3,476	3,971	1
Changes in:			
Operating working capital	(2,664)	97,008	(162,5
Non-current assets and liabilities	39,034	17,254	2,1
Net cash provided by (used in) operating activities	243,382	113,046	(39,0
Cash used in investing activities:			
Short-term investments:			
Purchases	(4,643,768)	(2,587,858)	(1,808,4
Maturities and other redemptions	4,339,505	2,287,998	1,750,9
Sales	123,406	46,560	76,5
Capital expenditures	(63,691)	(48,055)	(47,2
Net cash used in investing activities	(244,548)	(301,355)	(28,2
Cash flows from financing activities:			
Net proceeds from (payments for) short-term borrowings	—	(8,500)	8,5
Borrowings from long-term debt	13,429	96,654	7,2
Repayments of borrowings	(695)	(49,861)	(7
Net proceeds from issuance of preferred stock	—	120,151	
Preferred stock dividends paid	(8,750)	(1,921)	
Issuance of common stock under employee plans	35,000	21,935	12,2
Net cash provided by financing activities	38,984	178,458	27,3
Effect of translation exchange rate changes on cash	1,780	(1,742)	(5
Net increase (decrease) in cash	39,598	(11,593)	(40,5
Cash at beginning of period	3,355	14,948	55,4
Cash at end of period	$ 42,953	$ 3,355	$ 14,9

See Note 10 for Supplemental Consolidated Statement of Cash Flow Information.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Stockholders' Equity

Dell Computer Corporation

(in thousands, except share data)

	Stockholders' Equity					
	Preferred Stock	*Common Stock*	*Paid-in Capital*	*Retained Earnings*	*Other*	*Total*
Balances at February 2, 1992	$—	$358	$165,745	$106,902	$ 1,175	$274,180
Net income	—	—	—	101,642	—	101,642
Issuance of 1,056,328 shares of common stock under employee plans	—	11	12,233	—	—	12,244
Foreign currency translation adjustment	—	—	—	—	(18,866)	(18,866)
Balances at January 31, 1993	—	369	177,978	208,544	(17,691)	369,200
Net loss	—	—	—	(35,833)	—	(35,833)
Issuance of 1,250,000 shares of preferred stock	13	—	120,138	—	—	120,151
Issuance of 1,071,083 shares of common stock under employee plans	—	10	21,925	—	—	21,935
Preferred stock dividends paid	—	—	—	(1,921)	—	(1,921)
Unrealized gain on short-term investments	—	—	—	—	3,230	3,230
Foreign currency translation adjustment	—	—	—	—	(5,654)	(5,654)
Balances at January 30, 1994	13	379	320,041	170,790	(20,115)	471,108
Net income	—	—	—	149,177	—	149,177
Issuance of 1,750,607 shares of common stock under employee plans	—	18	36,727	—	—	36,745
Preferred stock dividends paid	—	—	—	(8,750)	—	(8,750)
Unrealized loss on short-term investments	—	—	—	—	(5,858)	(5,858)
Foreign currency translation adjustment	—	—	—	—	9,314	9,314
Balances at January 29, 1995	$13	$397	$356,768	$311,217	$(16,659)	$651,736

The accompanying notes are an integral part of these consolidated financial statements.

Note I -- Description of Business and Summary of Significant Accounting Policies

The Company designs, develops, manufactures, markets, services and supports a broad range of personal computers, including desktops, notebooks and servers compatible with industry standards under the Dell(R) brand name. The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles. The fiscal year of the Company ends on the Sunday nearest January 31. Unless otherwise indicated, all references to years in connection with financial information refer to the Company's fiscal years and all references to quarters refer to the Company's fiscal quarters. The Company's significant accounting policies are set forth below.

Principles of Consolidation -- The consolidated financial statements include the accounts of Dell Computer Corporation and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. Certain prior period amounts have been reclassified for comparative purposes.

In prior years, the Company consolidated its international operating results on a one-month delay to facilitate consolidated financial reporting. In the fourth quarter of 1995, the Company eliminated the one-month delay. Accordingly, the Company's income before income taxes for 1995 includes one additional month of international operations. Net earnings before taxes of $5.7 million for this additional month are included in the consolidated statement of operations in financing and other income (expense) and the related cash flows have been included in operating cash flows in the consolidated statement of cash flows. Net earnings for this additional month of international operations had no effect on the Company's operating income.

Short-term Investments -- Short-term investments consist primarily of debt securities and equity securities with readily determinable fair values. The Company accounts for highly liquid investments with maturities of three months or less at date of acquisition as short-term investments. The Company's short-term investments are classified as available-for-sale and accordingly are reported at fair value, with unrealized gains and losses reported net of taxes in a separate component of stockholders' equity. Unrealized losses whose decline is determined to be other than temporary are charged against income. The specific identification method is used to determine the cost of securities sold. Investments whose turnover is quick and maturities are short are reflected as gross purchases and gross maturities and other redemptions in the Consolidated Statement of Cash Flows. Effective January 30, 1994, the Company adopted Statement of Financial Accounting Standards 115, "Accounting for Certain Investments in Debt and Equity Securities," which had no effect on the Company's results of operations. Prior to January 30, 1994, short-term investments were classified as available-for-sale and carried at the lower of aggregate amortized cost or market, with changes in the valuation allowance recognized in current period income.

Inventories -- Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out basis. On a quarterly basis, the Company compares on a part by part basis the amount of the inventory on hand and under commitment with its latest forecasted requirements to determine whether writedowns for excess or obsolete inventory are required.

Property and Equipment -- Property and equipment are carried at cost. Depreciation is provided using the straight-line method over the economic lives of the assets ranging from ten to thirty years for buildings and two to five years for all other assets. Leasehold improvements are amortized over the shorter of five years or the lease term.

Foreign Currency Translation -- The financial statements for most of the Company's international subsidiaries are generally measured using the local currency as the functional currency. Accordingly, assets and liabilities of these subsidiaries are translated at current rates of exchange at the balance sheet date of the reporting entity. The resulting gains or losses from translation are included in a separate component of stockholders' equity. Income and expense items for these subsidiaries are translated using monthly average exchange rates. Gains or losses resulting from remeasuring monetary asset and liability accounts that are denominated in currencies other than a subsidiary's functional currency are included currently as a component of financing and other income (expense) in the consolidated financial statements. Financial statements for international subsidiaries with a U.S. dollar functional currency, such as the Company's European manufacturing facility, are translated to U.S. dollars using current rates of exchange for monetary assets and liabilities and historical rates of exchange for nonmonetary assets. Income and expense items for these subsidiaries are translated using monthly average exchange rates. Gains and losses from this process are included in the results of operations.

Financial Instruments -- In the normal course of business, the Company has utilized derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange and interest rates. Additionally, the Company has utilized certain derivative financial instruments for trading purposes. In the future, the Company intends to use derivative financial instruments only to manage its exposure to fluctuations in foreign currency exchange rates and to manage market risk on components of its debt and equity.

Foreign currency hedging instruments -- The Company enters into foreign exchange option and forward contracts to hedge its probable anticipated, but not firmly committed, transactions and transaction foreign currency exposures. Subsequent to March 20, 1992, anticipated foreign currency transactions have been hedged using purchased foreign currency option contracts for periods not exceeding twelve months and, to a lesser extent, foreign exchange forward contracts, generally for periods not exceeding three months. Realized and unrealized gains or losses and premiums on foreign currency purchased option contracts that are designated and effective as hedges of probable anticipated currency transactions are deferred and recognized in income in the same period as the hedged transaction. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts, which could be significant.

Prior to March 21, 1992, the Company principally used combination option contracts that were designated as hedges of probable anticipated, but not firmly committed, foreign currency transactions. Gains and losses on such transactions were deferred and recognized in income in the same period as the hedged transaction.

Forward contracts designated as hedges of anticipated transactions are accounted for on a mark-to-market basis and included in income as a component of cost of sales. Transaction exposures representing firm foreign currency commitments are generally hedged using foreign exchange forward contracts. Forward contracts related to transaction exposures are accounted for on a mark-to-market basis with realized and unrealized gains or losses included in financing and other income (expense) as an offset to the underlying hedged transaction.

Interest rate management -- Interest rate differential to be paid or received on interest rate swaps which are designated to specific borrowings are accrued and recognized as an adjustment to interest expense. Realized gains or losses on terminated interest rate swap positions designated to specific borrowings are recognized as an adjustment to interest expense over the original life of the interest rate swaps.

Investment derivatives -- Derivative financial instruments that are not designated to a specific asset or liability are considered investment derivatives and are accounted for on a mark-to-market basis, with realized and unrealized gains or losses recognized as incurred and included as a component of financing and other income (expense), in the consolidated financial statements. The Company discontinued its investment derivative program in the second quarter of 1995.

Additionally, during 1993, the Company actively traded foreign currency forward and option contracts with the intent to profit from anticipated changes in the financial markets. These contracts were designated at inception as trading activities and accordingly, were accounted for on a mark-to-market basis with the realized and unrealized gain or loss recognized as a component of financing and other income (expense) in the consolidated financial statements.

Revenue Recognition -- Sales revenue is recognized at the date of shipment to customers. Provision is made currently for estimated product returns. Revenue from separately priced extended warranty programs is deferred and recognized over the extended warranty period and the related extended warranty costs are recognized as incurred.

Warranty and Other Post-sales Support Programs -- The Company provides currently for the estimated costs which may be incurred under its warranty and other post-sales support programs.

Income Taxes -- The provision for income taxes is based on earnings reported in the financial statements under an asset and liability approach that requires the recognition of deferred tax assets and liabilities and their reported amounts for financial statement purposes.

Earnings (Loss) Per Common Share -- Primary earnings or loss per common share are computed by dividing net income applicable to common stockholders by the weighted average number of common shares and common share equivalents outstanding (if dilutive) during each period. Common share equivalents include stock options. The Series A Convertible Preferred Stock is not a common share equivalent for purposes of computing earnings or loss per common share. The number of common equivalent shares outstanding is computed using the treasury stock method. Shares used in the fully diluted earnings per share have been adjusted for the assumed conversion of the Company's Series A Convertible Preferred Stock. See Note 4 -- Stockholders' Equity, Preferred Stock.

Note 2 -- Short-term Investments

Short-term investments at January 29, 1995, and January 30, 1994, are as follows:

January 29, 1995

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Preferred stock	$ 70,048	$ 367	$ 21	$ 70,394
Mutual funds	54,750	--	235	54,515
State and municipal securities	188,678	214	327	188,565
U.S. corporate and bank debt	137,860	131	4,171	133,820
International corporate and bank debt	36,999	1	--	37,000
Total short-term investments	$488,335	$ 713	$4,754	$484,294

January 30, 1994

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Preferred stock	$ 52,470	$ 484	$3,250	$ 49,704
Mutual funds	10,000	--	14	9,986
State and municipal securities	133,340	263	17	133,586
U.S. corporate and bank debt	136,124	4,345	78	140,391
Total short-term investments	$331,934	$5,092	$3,359	$333,667

The Company's gross realized gains on the sale of short-term investments were $2.8 million for 1995 and $0.6 million for 1994 and 1993. Gross realized losses were $24.4 million for 1995, $1.1 million for 1994 and $0.03 million for 1993.

The contractual maturities of debt securities classified as available-for-sale carried at fair value at January 29, 1995, are as follows:

	Less than 60 days	*60 days to one year*	*One to three years*	*Total*
		(in thousands)		
State and municipal securities	$114,525	$ 68,164	$ 5,876	$188,565
U.S. corporate and bank debt	62,981	28,910	41,929	133,820
International corporate and bank debt	27,000	10,000	--	37,000
Total debt securities	$204,506	$107,074	$47,805	$359,385

Note 3 -- Financing Arrangements

On August 26, 1993, the Company issued $100 million of 11% Senior Notes (the "Notes") due August 15, 2000. Interest on the Notes is payable semiannually on February 15 and August 15. The Notes are redeemable, in whole or in part, at the option of the Company, on and after August 15, 1998, at redemption prices decreasing from 103.50% to 101.75 % of principal, depending upon the redemption date, plus accrued interest to the date of redemption.

The Indenture governing the Notes contains certain covenants including limitations on the amount of future indebtedness and restrictions on the payment of cash dividends on the Company's common stock under certain circumstances. However, covenants limiting future indebtedness may be inapplicable from time to time if the Notes are assigned an investment grade rating by both of the major rating services.

Concurrently with the issuance of the Notes, the Company entered into interest rate swap agreements to reduce its interest costs associated with the Notes. The swap agreements effectively changed the Company's interest rate exposure from a fixed-rate to a floating-rate basis. However, in response to increasing interest rates, in August 1994, the Company entered into offsetting swap agreements to effectively change its interest rate exposure from a floating-rate basis to a fixed-rate basis. The interest rate swap agreements mature on August 15, 1998, the first available redemption date of the Notes. At January 29, 1995, the Company had outstanding receive fixed/pay floating interest rate swaps with an aggregate notional amount of $100 million offset by receive floating/pay fixed interest rate swaps with an aggregate notional amount of $100 million. In addition, the Company had an interest rate swap which matured in February 1995, with a notional amount of $50 million which was used to change floating interest rate reset dates on the receive fixed/pay floating interest rate swaps. The weighted average interest rate, adjusted by the swaps, was 12.1% and 9.5% for 1995 and 1994, respectively. At January 29, 1995, the Company is paying a net interest cost of 13.8% on the Notes.

In December 1994, the Company obtained a $14 million loan secured by its recently constructed facility in Round Rock, Texas. The loan is for 15 years at an interest rate of 10.28% with monthly payments of principal and interest, paid in arrears, commencing in February 1995. The long-term portion of the loan was $13.4 million at January 29, 1995. Principal due under the loan over the next five years is as follows: 1996-$.4 million; 1997-$.5 million; 1998-$.5 million; 1999-$.6 million; 2000-$.6 million.

Effective June 10, 1994, the Company entered into a new line of credit facility which bears interest at a defined Base Rate or Eurocurrency Rate with covenants based on quarterly income, maintenance of net worth, a maximum ratio of total liabilities to tangible net worth, and a maximum inventory level. The line of credit also contains certain restrictions on the payment of cash dividends on the Company's common stock. Maximum amounts available under the credit facility are limited to $90 million less the aggregate of outstanding letters of credit. During the commitment period, the Company is obligated to pay a fee on the unused portion of the credit facility. At January 29, 1995, no amounts were outstanding under this credit facility, and the maximum amount available totaled $77.3 million.

The Company's subsidiary, Dell Receivables Corporation, has a Receivable Purchase Agreement, which was renewed effective May 24, 1994, pursuant to which the Company may raise up to $100 million through the sale of interests in certain of its accounts receivable. The Company is obligated to pay a commitment fee on the unused portion of the amount available under the Receivable Purchase Agreement. The discount on sale of receivables is included in financing and other income (expense). During 1994, the Company sold $85 million of receivables. As of January 30, 1994, there were no receivables sold which remained to be collected. This facility was unused in 1995.

In fiscal 1994, the Company repaid its borrowings under Section 84 of Ireland's Corporation Tax Act of 1976 and retired its commercial paper program.

Note 4 -- Stockholders' Equity

Preferred Stock -- On August 26, 1993, the Company sold 1,250,000 shares of Series A Convertible Preferred Stock (the "Preferred Stock") generating gross proceeds of $125 million. Preferred stock issuance costs were approximately $4 million. Each share of Preferred Stock entities its holder to receive annual cumulative cash dividends of $7 and to convert it into 4.2105 shares of common stock (equivalent to a conversion price of $23.75 per share of common stock), subject to adjustment to prevent dilution in certain circumstances. In the event of voluntary or involuntary liquidation, each share of Preferred Stock entities its holder to receive up to $100 per share plus an amount equal to accrued and unpaid dividends before any distributions to common stock. The aggregate liquidation preference value of the Preferred Stock at January 29, 1995, including accrued and unpaid dividends, was $126.8 million. The preferred shares are not redeemable before August 25, 1996. On and after August 25, 1996, the Preferred Stock may be redeemed by the Company, at its option, in whole or in part at any time at a redemption price per share decreasing from $104.67 to $100, depending on the redemption date, together in each case with any accrued and unpaid dividends.

Dividends on the Preferred Stock are cumulative, have priority over dividends on common stock, and must be paid in the event of liquidation and before any distribution to holders of common stock. On January 26, 1995, the Board of Directors declared a $1.75 per share quarterly cash dividend which was paid on February 15, 1995, to Preferred Stockholders of record on January 27, 1995.

In addition, so long as any Preferred Stock is outstanding, the Company may not, without the affirmative vote or consent of the holders of at least 66 2/3% (unless a higher percentage shall then be required by applicable law) of all outstanding shares of Preferred Stock, voting separately as a class, (i) amend, alter or repeal any provision of the Company's Certificate of Incorporation or Bylaws so as to affect adversely the relative rights, preferences, qualifications, limitations, or restrictions of the Preferred Stock, (ii) create, authorize or issue, or reclassify any authorized stock of the Company into, or increase the authorized amount of, any series or class of stock that ranks senior to the Preferred Stock as to dividends or distributions of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any security convertible into any such class or series of such stock, or (iii) enter into a share exchange that affects the Preferred Stock, consolidate with or merge into another entity, or permit another entity to consolidate with or merge into the Company, unless in each such case each share of Preferred Stock remains outstanding and unaffected or is converted into or exchanged for convertible preferred stock of the surviving entity having powers, preferences and relative participating optional or other rights and qualification limitations and restrictions thereof identical to that of a share of Preferred Stock (except for changes that do not affect the holders of the Preferred Stock adversely).

The holders of the Preferred Stock have no voting rights except if dividends have not been paid in an aggregate amount for at least six quarterly dividends on such shares. Under these circumstances, the number of members of the Company's Board of Directors will be increased by two, and the holders of the Preferred Stock will be entitled to elect two additional directors at any meeting of stockholders at which directors are to be elected held during the period such dividends remain in arrears.

On February 21, 1995, the Company offered to pay a cash premium of $8.25 for each share of its Preferred Stock that is converted to common stock. The offer of premium upon conversion is available to holders of Preferred Stock through March 22, 1995, unless extended by the Company. The Company has offered to register the resale of the shares of common stock issued upon conversion of the Preferred Stock for a 50-day period with the Securities and Exchange Commission (the "Commission"). Assuming all of the outstanding shares of Series A Preferred Stock are converted during the conversion period, the holders of Preferred Stock will receive an aggregate of 5,263,125 shares of common stock and $10,312,500 in cash. The payment of the conversion premium and the expenses of the conversion offer will be treated as an additional dividend on Preferred Stock for financial reporting purposes. Accordingly, the aggregate amount of the conversion premium and expenses paid will be deducted from net income to determine the net income applicable to common stockholders for the period in which the conversion offer is completed, which will be the first quarter of 1996 unless the offer is extended or withdrawn. In addition, weighted average shares outstanding used to compute primary earnings per common share will include the shares of common stock issued upon conversion from the closing of the conversion until the end of the period.

Common Stock -- During 1993, the Company's Board of Directors declared a 3 for 2 stock split in the form of a 50% stock dividend. All share and per-share information has been retroactively restated in the consolidated financial statements to reflect the stock split.

Employee Stock Purchase Plan -- The Company has an Employee Stock Purchase Plan which permits substantially all employees to acquire the Company's common stock. Participating employees may acquire common stock at the end of each period at a purchase price of 85% of the lower of the fair market value at the beginning or the end of the participation period. Periods are semi-annual and begin on January 1 and July 1 of each year. Employees may designate up to 10% of their base compensation for the purchase of common stock. Common stock reserved for future employee purchases aggregated 1,370,592 shares at January 29, 1995, and 1,655,036 shares at January 30, 1994. Shares issued under this plan were 284,444 shares in 1995, 238,539 shares in 1994 and 150,326 shares in 1993. There have been no charges to income in connection with the issuance of these shares.

The 401(k) Plan -- The Company has a defined contribution retirement plan which complies with Section 401(k) of the Internal Revenue Code. Substantially all employees who have completed three months of service are eligible to participate in the plan. Effective January 1, 1995, the plan was amended to provide for Company matching contributions of 100% of the employees' voluntary contributions, up to a maximum of 3% of the employees' compensation, and to reduce the service period to three months. Prior to the change, the plan provided for Company matching contributions of 50% of the employees' voluntary contributions, up to a maximum of 6 % of the employees' compensation, and required a service period of six months. The Company has accrued for its estimated matching amounts to be funded from authorized, previously unissued, shares of the Company's common stock. Shares are issued to the plan based on the fair market value of the Company's common stock at the time of issuance. The amounts expensed for the Company's matching contribution during 1995, 1994, and 1993, were $4.1 million, $3.0 million and $2.0 million, respectively.

Stock Option Plans -- On June 22, 1994, the Company's stockholders approved the Dell Computer Corporation Incentive Plan (the "Incentive Plan") which effectively replaced the 1993 Stock Option Plan (the "1993 Plan") and the 1989 Stock Option Plan (the "1989 Plan"), as amended. At the time of approval of the Incentive Plan, 4,500,923 shares of common stock were reserved for issuance under the Incentive Plan; that amount equaled the remaining shares reserved for issuance under the 1993 Plan and 1989 Plan, as amended, which were subsequently canceled. The Incentive Plan has provisions which are substantially the same as those of the 1993 Plan and the 1989 Plan, as amended. The Incentive Plan, administered by the Compensation Committee of the Board of Directors, provides for the granting of incentive awards in the form of stock options, stock appreciation rights ("SARs"), stock and cash to directors, executive officers, employees of the Company and its subsidiaries and certain other persons who are not employees of the Company who provide substantial advice or other assistance or services to the Company. Awards under the Incentive Plan must be granted within ten years of the plan adoption date. Options granted may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code or nonqualified options. The right to purchase shares under the existing stock option plans typically vest over a five year period beginning on the option's date of grant. Stock options must be exercised within ten years from date of grant. Stock options are generally issued at fair market value. For stock options which have been issued at discounted prices, the Company accrues compensation expense over the vesting period for the difference between the exercise price and the fair market value on the measurement date. During 1995, the Company also granted 140,000 shares of restricted stock, all of which were held for vesting at January 29, 1995. Restricted shares typically vest over a seven year period beginning on the date of grant; restrictions may not extend more than ten years from date of grant. For grants of restricted stock, the Company accrues compensation expense, equal to the fair market value at the date of grant, and recognizes such expense over the vesting period. Options vesting over a ten year period with an exercise price of $.01 per share were granted to certain key employees in 1995, 1994 and 1993 at fair market values ranging from $24.88 to $27.94, $18.50 to $36.50 and $15.75 to $35.88 in 1995, 1994 and 1993, respectively.

Under the Incentive Plan, each non-employee director automatically receives nonqualified stock options on the day after the first Board of Directors meeting he or she attends in person or by telephone as a non-employee director. In addition, each non-employee director who is a member of the Board of Directors as of both the day before and after the Company's annual meeting of stockholders each year beginning with 1994 will automatically be granted nonqualified stock options on the date of the first Board of Directors meeting following the annual meeting of stockholders.

Prior to the adoption of the 1989 Stock Option Plan, the Company had two incentive stock option plans and a nonqualified stock option plan for its employees and directors. Options under those plans must be exercised within ten years from date of grant.

The following table summarizes stock option activity under the plans for each of the three years ended January 29, 1995:

Stock Option Plans

	Price Range of Shares Under Option	Number of Shares Under Option
Outstanding at February 2, 1992	$.11-$19.55	3,727,773
Granted	$.01-$36.31	2,642,079
Canceled	$.01-$24.69	(475,729)
Exercised	$.11-$23.31	(850,135)
Outstanding at January 31, 1993	$.01-$36.31	5,043,988
Granted	$.01-$36.31	2,505,590
Canceled	$.01-$30.69	(1,204,814)
Exercised	$.01-$23.66	(726,412)
Outstanding at January 30, 1994	$.01-$36.31	5,618,352
Granted	$.01-$46.63	2,161,249
Canceled	$.01-$30.69	(820,551)
Exercised	$.01-$36.31	(1,367,527)
Outstanding at January 29, 1995	$.01-$46.63	5,591,523

Options on 1,418,672 shares were exercisable under the plans at January 29, 1995. Shares available for future grants under the plans are 2,409,614 at January 29, 1995. On August 24, 1993, the Company granted 390,623 nonqualified options to purchase its common stock at $18.69 per share under the 1993 Plan in exchange for cancellation of outstanding options to purchase its common stock for $30.69 which had been previously granted under the 1989 Plan. Pursuant to the exchange agreement, vesting of these options shall occur on the earlier of August 24, 2002, or the date that the Company's common stock has traded for thirty consecutive days at or above $32.69 per share, which occurred in 1995.

Note 5 -- Income Taxes

The provision for income taxes consists of the following:

	Fiscal Year		
	1995	1994	1993
	(in thousands)		
Current:			
Domestic	$51,600	$29,404	$42,827
Foreign	15,895	8,033	12,727
Prepaid	(3,676)	(40,370)	(13,904)
Provision for income taxes (benefit)	$63,819	$(2,933)	$41,650

Income (loss) before income taxes included approximately $126 million, ($32) million and $51 million related to foreign operations in the fiscal years ended January 29, 1995, January 30, 1994, and January 31, 1993, respectively.

The Company has not recorded a deferred income tax liability of $22.5 million for additional U.S. federal income taxes that would result from the distribution of earnings of its foreign subsidiaries, if they were repatriated. The Company currently intends to reinvest indefinitely the undistributed earnings of its foreign subsidiaries.

The deferred tax asset is comprised of the following principal temporary differences:

	Jan. 29, 1995	Jan. 30, 1994	Jan. 31, 1993
	(in thousands)		
Depreciation	$(4,994)	$(96)	$1,578
Provisions for doubtful accounts and returns	22,499	19,988	13,472
Inventory and warranty provisions	26,431	27,626	13,032
Deferred service contract revenue	24,971	9,507	3,074
Other	8,899	7,239	(1,979)
Deferred tax asset	$77,806	$64,264	$29,177

The difference between the income tax provisions in the consolidated financial statements and the tax expense computed at the United States statutory rates are as follows:

	Fiscal Year 1995	1994	1993
	(in thousands)		
Tax provision (benefit) computed at the U.S. federal statutory rate of 35%, 35% and 34%, respectively	$74,548	$(13,568)	$48,719
Research and development credit	(1,438)	(1,345)	(1,007)
Foreign income taxed at different rate	(15,584)	10,315	(7,849)
Net operating loss carryovers	1,471	3,969	(204)
Other nondeductible accruals	383	(1,568)	--
Other	4,439	(736)	1,991
Provision (benefit) for income taxes	$63,819	$(2,933)	$41,650
Effective tax rates	30.0%	7.6%	29.1%

Note 6 -- Financial Instruments

Financial instruments with off-balance sheet risk

Foreign currency hedging instruments -- The results of the Company's international operations are affected by changes in exchange rates between certain foreign currencies and the United States dollar. The financial statements of the Company's international sales subsidiaries have generally been measured using the local currency as the functional currency. Effective January 30, 1995, most of the Company's European sales will be made from a U.S. dollar functional currency entity.

The Company attempts to reduce its exposure to currency fluctuations involving anticipated, but not firmly committed, transactions and involving transactions with firm foreign currency commitments through the use of purchased foreign currency option contracts and forward contracts. The risk of loss associated with forward contracts is limited to the exchange rate differential from the time the contract is made until the time it is settled. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts, which could be significant.

Hedging of Anticipated Transactions. The Company enters into foreign currency purchased options and, to a lesser extent, forward contracts to hedge a portion of its anticipated, but not firmly committed, transactions including sales by international subsidiaries, which includes international sales by a U.S. dollar functional currency entity and intercompany shipments to certain international subsidiaries, and foreign currency denominated purchases of certain components. Foreign currency purchased options generally expire in twelve months or less and forward contracts generally mature in three months or less. The principal hedge currencies are the German mark, the British pound and the Japanese yen. At January 29, 1995, the Company held purchased option contracts that were designated and effective as hedges of anticipated sales by international subsidiaries with a total notional amount of $434.3 million and a combined net realized and unrealized loss of $2.1 million. At January 29, 1995, the Company held purchased options that were designated and effective as hedges of foreign currency denominated purchases with a total notional amount of $65.0 million and a combined net realized and unrealized gain of $1.6 million. Based upon foreign currency exchange rates at January 30, 1994, and January 31, 1993, option contracts which hedged anticipated intercompany shipments had a combined net realized and unrealized gain of $2.2 million and $2.0 million, respectively.

On November 30, 1992, the Securities and Exchange Commission's Division of Enforcement notified the Company about an informal inquiry regarding the Company's accounting practices for foreign currency hedging and trading activities and the completeness of the Company's public disclosure about those activities. The Company believes its accounting treatment for foreign currency hedging and trading activities complies with generally accepted accounting principles in all material respects and that the Company has provided appropriate disclosures of its hedging activities. The Company has not received correspondence from the Commission regarding this matter since September 1993.

Transaction Hedging. Transaction exposures representing firm foreign currency commitments are generally hedged using foreign currency forward contracts. Forward contracts with maturity dates of less than three months designated to hedge foreign currency transaction exposures of $29.4 million and $19 million were outstanding at January 29, 1995, and January 30, 1994, respectively.

Investment Derivatives -- The Company has historically employed a variety of interest rate derivative instruments to manage its principal, market and credit risks and enhance its investment yield. Derivative instruments utilized include interest rate swaps, written and purchased interest rate options and swaptions (options to enter into interest rate swaps). Prior to June 1994, the Company structured derivative instruments in interest rate markets where it had foreign operations. Interest rate derivatives generally involve exchanges of interest payments based upon fixed and floating interest rates without exchanges of underlying notional amounts. At January 29, 1995, the Company had no investment derivatives outstanding. At January 30, 1994, the Company had outstanding investment derivative contracts with a notional amount of $355 million. For the first and second quarters of 1995, the average fair value of these investment derivative financial instruments totaled ($11.9) million and ($7.8) million, respectively. The Company closed all remaining investment derivatives during the second quarter of 1995. Realized and unrealized net gains (losses) on investment derivatives recognized in income for 1995 were ($23.9) million compared with $5.2 million for 1994 and $2.5 million for 1993.

Interest Rate Management -- The Company has also entered into certain interest rate derivative instruments as a means of managing its interest rate risk and the interest costs associated with the Senior Notes. See Note 3 - Financing Arrangements.

Fair value of financial instruments

The estimated fair value amounts disclosed below have been determined by the Company using available market information and appropriate valuation methodologies as described below. However, considerable judgment is necessary in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Changes in assumptions could significantly affect the estimates. Cash, accounts receivable, short-term borrowings, accounts payable and accrued liabilities are reflected in the financial statements at fair value because of the short-term maturity of these instruments. The estimated fair values of the Company's other financial instruments at January 29, 1995, and January 30, 1994, are as follows:

	Jan. 29, 1995		*Jan. 30, 1994*	
	Carrying Amount	*Fair Value*	*Carrying Amount*	*Fair Value*
	(in thousands)			
Short-term investments	$484,294	$484,294	$333,667	$333,667
Long-term debt	(113,429)	(117,929)	(100,000)	(105,500)
Derivative financial instruments:				
Transaction hedging:				
Forward contracts	5,402	5,402	(81)	(81)
Hedging of anticipated transactions:				
Foreign currency option contracts	15,154	14,668	5,800	8,035
Interest rate management:				
Receive fixed/ pay floating interest rate swaps	--	(9,258)	--	(1,170)
Receive floating/ pay fixed interest rate swaps	--	(827)	--	--
Investment derivatives:				
Interest rate options and swaptions	--	--	(2,444)	(2,444)
Interest rate swaps	--	--	812	812

The fair values of short-term investments, long-term debt and interest rate derivative instruments were estimated based upon quotes from brokers. Foreign exchange forward contracts fair values are estimated using market quoted rates of exchange at the applicable balance sheet date. The estimated fair value of foreign currency option contracts is based on market quoted rates of exchange at the applicable balance sheet date and the Black-Scholes options pricing model.

Concentrations of credit risk

All of the Company's foreign exchange and interest rate derivative instruments involve elements of market and credit risk in excess of the amounts recognized in the financial statements. The counterparties to financial instruments consist of a number of major financial institutions. In addition to limiting the amount of agreements and contracts it enters into with any one party, the Company monitors its positions with and the credit quality of the financial institutions which are counterparties to these financial instruments. The Company does not anticipate non-performance by the counterparties.

The Company has business activities with large corporate, government and education customers, small- to medium-sized businesses and individuals and remarketers. Its receivables from such parties are well diversified. The Company places its short-term investments with high quality financial institutions and other companies and currently invests primarily in equity securities and debt instruments that have maturities of less than three years. The Company's receivables, short-term investments and financial instruments holdings are subject to potential credit risk. However, in management's opinion, no significant concentration of credit risk exists for the Company. There can be no assurance that the credit quality of the financial institutions for which the Company invests or transacts business with will be stable or that efforts to diversify receivables, investments or financial instrument holdings will prevent the Company from incurring material losses.

Note 7 -- Commitments and Contingencies

Legal Matters -- The Company is subject to certain legal proceedings and claims which arise in the ordinary course of its business. Additionally, the Company has been made aware of others in the industry who assert exclusive rights to certain technologies, some of which have offered related licenses to the Company. Such an offer of a license is usually taken in the industry as a notice of a patent infringement claim. The Company's policy is to evaluate such claims on a case-by-case basis and, if appropriate, to enter into licensing arrangements that appear necessary or desirable. Management does not believe that the outcome of any of these matters will have a material adverse effect on the Company's financial condition or results of operations.

The Company and its Chairman, Michael S. Dell, were defendants in nineteen lawsuits filed between May and November 1993, in the United States District Court for the Western District of Texas, Austin Division. On November 17, 1994, the Company announced that Mr. Dell and the Company had reached settlement with the plaintiffs. Under the settlement, the Company and its insurers will pay a total of $13.4 million (plus accrued interest from the settlement date) to the plaintiffs. In the settlement, neither the Company nor Mr. Dell admitted liability or obligation of any kind in connection with the lawsuit or the underlying allegations. The court approved the settlement and entered a final judgment of dismissal in February 1995. The settlement did not have a material effect on Dell's financial position or results of operations, since the settlement amount was covered by insurance or previously taken reserves.

The Company has been named as a defendant in 26 repetitive stress injury lawsuits, most of which are in New York state courts or United States District Courts for the New York City area. One is in the Federal District Court for the State of Pennsylvania. The allegations in all of these lawsuits are similar; each plaintiff alleges that he or she suffers from symptoms generally known as "repetitive stress injury," which allegedly were caused by the design or manufacture of the keyboard supplied with the computer the plaintiff used. The Company has denied or is in the process of denying the claims and intends to vigorously defend the suits. The suits naming the Company are just a few of many lawsuits of this type which have been filed, often naming Apple, Atex, Compaq, IBM, Keytronic and other major suppliers of keyboard products. The Company currently is not able to predict the out- come of these suits. It is possible that the Company may be named in additional suits. Ultimate resolution of the litigation against the Company may depend on progress in resolving this type of litigation overall. However, the Company does not believe that the outcome of any of these matters will have a material adverse effect on the Company's financial condition or results of operations.

Other Commitments -- The Company is subject to certain patent royalty agreements that require fixed cash payments with scheduled increases over the next four years. The Company is also subject to ongoing software royalty agreements for periods exceeding twelve months which require cash payments. Additionally, the Company leases property and equipment, manufacturing facilities and office space under non-cancelable leases. Certain leases obligate the Company to pay taxes, maintenance and repair costs. Future minimum payments under these leases at January 29, 1995, are as follows:

Fiscal Year	*Operating Leases*
	(in thousands)
1996	$18,597
1997	14,403
1998	11,044
1999	7,894
2000	4,189
Thereafter	2,760
Total minimum lease payments required	$58,887

Rental expense recorded under all operating leases was $20 million, $19 million and $14 million for the fiscal years ended 1995, 1994, and 1993, respectively.

Note 8 -- Other Charges

During the first half of 1994, the Company delayed and canceled certain notebook development projects and reevaluated its probable future sales for the notebook products then offered. The Company recorded over $39.3 million of charges in the first half of 1994 due to the notebook inventory writedowns and delayed and canceled notebook projects. The Company canceled its existing notebook product line in August, 1993, and sold its then-remaining inventories of notebooks at significantly reduced prices. The Company focused its efforts on the development of a 486-based notebook product line and re-entered the notebook computer market with a phased approach. Completion of the first phase of the Company's reentry into the notebook computer market resulted in the introduction on February 21, 1994, of the 486-based Dell Latitude family of notebook computers.

During the first half of 1994, the Company also recorded \$29.3 million of other costs, consisting of \$13.8 million of inventory writedowns due to excess components, \$12.0 million of costs incurred for the cancellation of certain contracts and a \$3.5 million reserve established for litigation in connection with a stockholder suit. These charges arose from the Company's determination that certain products and inventory were excess or obsolete because the products were scheduled to be replaced with newer products or because the Company otherwise had lowered its estimates of expected demand for materials in inventory or under outstanding purchase commitments.

During the first haft of 1994, the Company recorded \$22.8 million for the costs of restructuring certain of its operations. The charge included \$10.2 million for asset writedowns, \$8.1 million related to the consolidation of operations and \$4.5 million for employee severance payments. Most of these restructuring charges were associated with consolidating certain common functions in the European subsidiaries and creating regional business units. This consolidation effort was designed to reduce redundant costs and improve the Company's ability to deliver higher levels of operational efficiency and higher quality support in European markets. Operations in some subsidiaries were closed and transferred to other subsidiaries, and some consolidation occurred outside of Europe. Approximately 60% of these charges were cash provisions, approximately half of which were incurred in fiscal 1994. During fiscal 1995, the Company completed certain of the consolidations and closure of a subsidiary. There are no reserves remaining at January 29, 1995.

Note 9 -- Geographic Area Information

The Company operates in one principal segment across geographically diverse markets. Americas includes the United States, Canada, Mexico and Latin America. Substantially all of Americas operating results and identifiable assets are in the United States. Transfers between geographic areas are recorded at cost plus a markup.

	Fiscal Year 1995				
	Americas	*Europe*	*Other International*	*Eliminations*	*Consolidated*
			(in thousands)		
Sales to unaffiliated customers	$2,400,012	$ 952,943	$122,388	$ —	$3,475,343
Transfers between geographic areas	3,861	108,769	—	(112,630)	—
Total sales	$2,403,873	$1,061,712	$122,388	$(112,630)	$3,475,343
Operating income	$ 110,653	$ 132,297	$ 6,313	$ —	$ 249,263
Identifiable assets	$1,121,790	$ 411,089	$ 61,121	$ —	$1,594,000

	Fiscal Year 1994				
	Americas	*Europe*	*Other International*	*Eliminations*	*Consolidated*
			(in thousands)		
Sales to unaffiliated customers	$2,037,221	$ 781,905	$ 54,039	$ —	$2,873,165
Transfers between geographic areas	1,035	98,553	—	(99,588)	—
Total sales	$2,038,256	$ 880,458	$ 54,039	$ (99,588)	$2,873,165
Operating income	$ (35,540)	$ 14,610	$(18,094)	$ —	$ (39,024)
Identifiable assets	$ 894,867	$ 229,609	$ 16,004	$ —	$1,140,480

	Fiscal Year 1993				
	Americas	*Europe*	*Other International*	*Eliminations*	*Consolidated*
			(in thousands)		
Sales to unaffiliated customers	$1,459,607	$ 552,999	$ 1,318	$ —	$2,013,924
Transfers between geographic areas	35,326	—	—	(35,326)	—
Total sales	$1,494,933	$ 552,999	$ 1,318	$ (35,326)	$2,013,924
Operating income	$ 110,761	$ 34,668	$ (6,317)	$ —	$ 139,112
Identifiable assets	$ 671,379	$ 251,633	$ 3,993	$ —	$ 927,005

Note 10 – Supplemental Consolidated Financial Information

SUPPLEMENTAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION

Fiscal Year Ended	*Jan. 29, 1995*	*Jan. 30, 1994*
	(in thousands)	
Accounts receivable:		
Gross accounts receivable	$563,555	$436,789
Allowance for doubtful accounts	(25,581)	(26,015)
	$537,974	$410,774
Inventories:		
Production materials	$262,150	$195,744
Work-in-process and finished goods	30,775	24,521
	$292,925	$220,265
Other current assets:		
Deferred premiums and other foreign exchange contracts	$ 20,248	$ 8,035
Deferred income taxes	77,806	64,264
Other current assets	14,161	8,024
	$112,215	$ 80,323
Property and Equipment:		
Land and buildings	$ 41,954	$ 12,157
Computer equipment	73,125	63,531
Office furniture and fixtures	22,853	20,992
Machinery and other equipment	36,288	28,377
Leasehold improvements	33,633	26,645
Total property and equipment	207,853	151,702
Accumulated depreciation and amortization	(90,872)	(64,810)
	$116,981	$ 86,892
Accrued liabilities:		
Royalties and licensing	$ 34,815	$ 50,185
Accrued compensation	35,060	14,396
Accrued warranty costs	65,468	49,201
Taxes other than income taxes	39,873	18,143
Deferred profit on warranty contracts	22,451	21,106
Other accrued liabilities	81,735	84,620
	$279,402	$237,651

SUPPLEMENTAL CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION

Fiscal Year Ended	*Jan. 29, 1995*	*Jan. 30, 1994*	*Jan. 31, 1993*
		(in thousands)	
Research, development and engineering expenses:			
Research and development expenses	$39,389	$36,338	$31,282
Engineering expenses	25,972	12,596	11,076
	$65,361	$48,934	$42,358
Financing and other income (expense):			
Investment income (loss), net:			
Short-term investments	$(7,031)	$8,772	$12,945
Investment derivatives	(23,948)	5,184	2,505
Interest expense	(12,203)	(8,350)	(7,869)
Foreign currency transaction	2,790	777	9,084
Foreign currency trading	—	—	(9,649)
International year-end transition	5,725	—	—
Other	(1,600)	(6,125)	(2,836)
	$(36,267)	$258	$4,180
Weighted average shares used to compute earnings (loss) per share:			
Primary	41,542	37,333	39,235
Fully Diluted	47,322	—	—

SUPPLEMENTAL CONSOLIDATED STATEMENT OF CASH FLOW INFORMATION

Fiscal Year Ended	*Jan. 29, 1995*	*Jan. 30, 1994*	*Jan. 31, 1993*
		(in thousands)	
Changes in operating working capital accounts:			
Accounts receivable, net	$(116,621)	$(44,942)	$(222,470)
Inventories	(72,083)	81,605	(180,517)
Accounts payable	164,544	(5,260)	208,923
Accrued liabilities	37,889	70,782	56,208
Other	(16,393)	(5,177)	(24,665)
	$(2,664)	$97,008	$(162,521)
Changes in non-current assets and liabilities:			
Other assets	$(1,578)	$974	$(1,116)
Other liabilities	40,612	16,280	3,227
	$39,034	$17,254	$2,111
Supplemental cash flow information:			
Income taxes paid	$56,510	$6,671	$27,233
Interest paid	$10,499	$5,024	$1,334

Note 11 -- Quarterly Results (unaudited)

In prior years, the Company consolidated its international operating results on a one-month delay to facilitate consolidated financial reporting. In the fourth quarter of 1995, the Company eliminated this one-month delay. Accordingly, the Company's income before income taxes for the fourth quarter of 1995 includes one additional month of international operations. Net earnings before taxes of $5.7 million for this additional month are included in the consolidated statement of operations in financing and other income (expense), resulting in an additional $4.1 million of net income. Net earnings for this additional month had no effect on operating income.

The Company believes that the following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The following tables contain selected unaudited consolidated statement of operations and stock price data for each quarter of fiscal 1995 and 1994. The operating results for any quarter are not necessarily indicative of results for any future period.

	Fiscal Year 1995			
	4th Quarter	*3rd Quarter*	*2nd Quarter*	*1st Quarter*
	(in thousands, except per share data)			
Net sales	$1,032,663	$884,552	$791,496	$766,632
Gross profit	217,161	181,423	169,637	169,832
Operating income	78,671	59,546	51,061	59,985
Net income	60,291	41,354	28,559	18,973
Earnings per common share:				
Primary	$ 1.36	$ .93	$ .65	$ .42
Fully diluted	$ 1.25	$ .86	$ .62	$ —
Weighted average shares used to compute earnings per share:				
Primary	42,862	42,091	40,620	40,315
Fully diluted	48,079	47,840	46,047	—
Stock bid prices per share:				
High	$ 47 3/4	$ 44	$ 30 3/4	$ 30 1/8
Low	$ 36 3/4	$ 27 1/2	$ 21 1/2	$ 19 1/8

	Fiscal Year 1994			
	4th Quarter	*3rd Quarter*	*2nd Quarter* [(a)]	*1st Quarter*
	(in thousands, except per share data)			
Net sales	$742,948	$757,284	$700,569	$672,364
Gross profit	138,350	135,568	45,774	113,124
Operating income (loss)	27,156	17,789	(98,118)	14,149
Net income (loss)	17,708	11,982	(75,708)	10,185
Earnings (loss) per common share:	$ .39	$ .26	$ (2.03)	$ .25
Weighted average shares used to compute earnings (loss) per share:	39,870	39,653	37,229	40,455
Stock bid prices per share:				
High	$ 28 1/8	$ 21 5/8	$ 34 1/4	$ 49 1/4
Low	$ 20 1/8	$ 15 1/8	$ 13 7/8	$ 27 5/8

(a) As more fully discussed in Note 8 of Notes to Consolidated Financial Statements, during the second quarter of 1994, the Company recorded $71 million of charges primarily associated with inventory writedowns and restructuring and other charges.

Earnings per share are computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share may not equal the annual earnings per share.

Report of Independent Accounts

To the Board of Directors and Stockholders of Dell Computer Corporation

In our opinion, the accompanying consolidated statements of financial position and related consolidated statements of operations and stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Dell Computer Corporation and its subsidiaries at January 29, 1995 and January 30, 1994, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 29, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse
Austin, Texas
February 21, 1995

Corporate Information

Dell Computer Corporation Board of Directors

Michael S. Dell
Chairman and Chief Executive Officer
Dell Computer Corporation

Donald J. Carty
President
American Airlines, Inc.
Executive Vice President
AMR Corporation (2,3)

Paul O. Hirschbiel, Jr.
Vice President
Prudential Equity Investors, Inc. (2)

Michael H. Jordan
Chairman and Chief Executive Officer
Westinghouse Electric Corporation (4)

Dr. George Kozmetsky
Executive Associate for Economic Affairs
The University of Texas System (1,3)

Thomas W. Luce III
Senior Partner
Hughes & Luce, L.L.P. (3)

Klaus S. Luft
Owner and President
MATCH-Market Access for Technology Services GmbH (2)

Claudine B. Malone
President
Financial & Management Consulting, Inc. (2,4)

Michael A. Miles
Former Chairman and Chief Executive Officer
Philip Morris Companies, Inc. (1,4)

Dell Computer Corporation Executive Officers

Michael S. Dell
Chairman of the Board,
ChiefExecutive Officer

Morton L. Topfer
Vice Chairman

Hiroshi Fukino
Vice President,
General Manager - Japan

Thomas B. Green
General Counsel and Secretary

Eric F. Harslem
Senior Vice President,
Product Group

Dalton W. Kaye
Vice President, Treasurer

Phillip E. Kelly
Vice President,
General Manager - Asia-Pacific

Thomas J. Meredith
Chief Financial Officer

Martyn R. Ratcliffe
Vice President,
General Manager - Europe

Julie A. Sackett
Vice President, Human Resources

Richard N. Snyder
Senior Vice President,
General Manager - Dell Americas

Thomas L. Thomas
Chief Information Officer

Catherine P. Thompson
Vice President, Corporate Controller

Committees of the Board
(1) Nominating Committee
(2) Finance Committee
(3) Audit Committee
(4) Compensation Committee

Independent Accountants

Price Waterhouse LLP
Austin, Texas

Common Stock

Dell's common stock is traded on the Nasdaq National Market under the symbol DELL. For information on market prices of Dell's common stock, see Note 11 of Notes to Consolidated Financial Statements.

Company Information

If you have questions about Dell's operations, financial results or historical performance, or if you wish to receive previous annual reports or other company information, please contact:

Investor Relations
Dell Computer Corporation
2214 West Braker Lane
Austin, Texas 78758-4063, (512) 728-8315

Dell Worldwide Web server address:
http://www. us.dell.com/

Copies of the Dell annual report and Form 10-K for the fiscal year ended January 29, 1995, are available without charge.

Stock Information

If you have questions about stock certificates, change of address, consolidation of accounts, transfer of ownership or other stock matters, please contact Dell's stock transfer agent:

American Stock Transfer and Trust Company
40 Wall Street
New York, New York 10005
(718) 921-8200

Dividend Information

The company has never paid cash dividends on its common stock. The company intends to retain earnings for use in its business and, therefore, does not anticipate paying any cash dividends on common stock for at least the next twelve months. In addition, the terms of the company's current loan agreements and credit facilities place restrictions on the payment of cash dividends by the company.

Annual Meeting

The annual meeting of stockholders of Dell Computer Corporation will be held at 9:00 a.m. on Friday, July 21, 1995, at the Stouffer Renaissance Austin Hotel, 9721 Arboretum Boulevard, Austin, Texas.

Regional Headquarters

Dell Americas
Dell Computer Corporation
2214 W. Braker Lane, Suite D
Austin, Texas 78758-4053
Tel: 512-338-4400
Fax: 512-728-3653

Dell Computer Corporation
2300 Greenlawn Blvd.
Round Rock, Texas 78664-7098
Tel: 512-338-4400
Fax: 512-728-3653

Dell Europe
Dell Computer Corporation
Western Road
Bracknell, Berkshire
U.K. RG12 1RW
Tel: 011-44-344-860-456
Fax: 011-44-344-714-697

Dell Asia - Pacific
Dell Computer Asia Ltd.
Suite 2204-7, Fortress Tower
250 King's Road, North Point
Hong Kong
Tel: (852) 2508 0500
Fax: (852) 2887 2040

Dell Japan
Dell Computer Corporation K.K. .
F-Nissei Ebisu Bldg
3-16-3, Higashi
Shibuya-ku, Tokyo 150
Japan
Tel: 81-3-5466-4600
Fax: 81-3-5466-4585

Worldwide Offices

AUSTRALIA:
Dell Australia
Unit 13, Allambie Grove Business Park
26 Frenchs Forest Rd.
Frenchs Forest NSW 2086
Australia
Tel: (61) 2-930-3355
Fax: (61) 2-930-3311

AUSTRIA:
Dell Computer Ges. m.b.H.
Inkustrasse 1-7
Haus H/7
A-3400 Klostornouburg
Austria, Europe
Tel: 011-43-2243-34100-0
Fax: 011-43-2243-34100-11

BELGIUM & LUXEMBOURG:
Dell Computer NV/SA
Doornveld 1,B 15
1731 Asse-Zellik
Belgium
Tel: 011-32-2-466-91-99
Fax: 011-32-2-466-47-89

CANADA:
Dell Computer Corporation
255 Consumers Road, Ste. 240
North York, Ontario
Canada M2J 1R4
Tel: 1425-0/1-416-758-2100
Fax: 1-416-758-2305

MALAYSIA:
Dell Computer Corporation
Unit 10, Lower Level 6, Equatorial Hotel
1 Jalan Bukit Jambul
11900 Penang
Malaysia
Tel: (60) 4 642 3355
Fax: (60) 4 642 5433

MEXICO:
Dell Computer de Mexico, S.A. de C.V.
Blvd. M. de Cervantes Saavedra 61
Colonia Granda
11520 Mexico, D.F.
Tel: (525) 228-7800
Fax: (525) 228-7840

MEXICO:
(Toluca)
Dell Computer de Mexico, S.A. de C.V.
Calle 2, Manzana 6
Lote 11
Parque Industrial Toluca 2000
Mexico 50200
Tel: 525 228 7888
Fax: 525 228 7840

NETHERLANDS:
Dell Computer BV
Zekeringstraat 45B
1014 BP Amsterdam
The Netherlands 23
Tel: (31) 20-6812666
Fax: (31) 20-6812751

CZECH REPUBLIC:
Dell Computer Czech Republic
Osadni 12a Prague 7
PSC 17000
Czech Republic
Tel: (42) 2-879250
Fax: (42) 2-808237

DENMARK:
Dell Denmark
Slotsmarken II
DK-2970 Hrsholm
Denmark
Tel: (45) 396 19060
Fax: (45) 396 19062

FINLAND:
Junodos OY
Vartunlemenrante 2,
SF - 00210 Helsinki
Finland
Tel: 011-358-0-692-3122
Fax: 011-358-0-692-2847

FRANCE:
Dell France/Puteaux La Defense
12-12 Bis Rue Jean Jaures
Immeuble Piein Jour 92800 Puteaux la Defense, France
Tel: (33) 1-4762 6900
Fax: (33) 1-4762 6901

FRANCE:
(Montepellier) (Customer Service Center)
Dell Computer S.A.
1068 rue de la Vielie Poste
BP 9646
34054 Montpellier Cedex 1
Fax: (33)6706-6001

NORWAY:
Dell Computer AS
Elveveien 25b
PO Box 176
1324 Lysaker, Norway
Tel: (47) 67 12 57 11
Fax: (47) 67 12 55 03

POLAND:
Dell Computer Poland Sp.zo.o
ul. Srebrna 16
00-810 Warszaw, Polska Poland
Tel: 0048-22-202-662
Fax: 0048-22-204-584

SINGAPORE:
Dell Computer Asia Pte. Ltd.
Level 37 Shell Tower
50 Raffles Place
Singapore 0104
Tel: 011-65-320-8370
Fax: 011-65-320-8383

SPAIN:
Dell Computer S.A.
c/San Severo s/n
Barajas Park
28042 Madrid, Spain
Tel: (34) 1-329-10-80
Fax: (34) 1-329-26-10

SWEDEN:
Dell Computer AB
Kanalvagen 8, Box 709
S - 194 27 Upplands Vasby
Sweden
Tel: (46) 08-590 05 100
Tel: (33)6706-6000
Fax: (46) 08-590 737 89

GERMANY:
Dell Computer GmbH
Monzastr. 4
D-6070 Langen
West Germany
Tel: (49) 6103-971-0
Fax: (49) 6103-971-701

HONG KONG
Dell Computer Asia Ltd.
Suite 2204-7, Fortress Tower
250 King's Road, North Point
Hong Kong
Tel: (852) 2508 0500
Fax: (852) 2887 2040

IRELAND:
Dell Products (Europe) B.V.
Raheen Industrial Estate
Limerick, Ireland
Tel: 1426-0/011-353-61-304091
Fax: (353) 61-304090

IRELAND:
(Customer Service Center)
Dell Computer Corporation
Boghall Road
Bray
Co. Wicklow
Republic of Ireland
Tel: (353) 61 286 0500
Fax: (353) 61 286 6915

SWITZERLAND:
Dell Computer SA
46 Chemin de l'Etang
1211 Geneve 28
Switzerland
Tel: 011-41-22-979-0101
Fax: 011-41-22-979-0190

UNITED KINDGOM:
Dell Computer Corporation Ltd.
Milbanke House, Western Road
Bracknell, Berkshire
U.K. RG12 1RW
Tel: (44) 344-860456
Fax: (44) 344-860187

Southeast Asia Procurement Office
7F-1, No. 200, KeeLung Road
Sec. 1
Taipei, Taiwan, R.O.C.
Tel: 886-2-723-2232
Fax: 886-2-723-2631