DELL INC
Form S-4/A
October 14, 2008

As filed with the Securities and Exchange Commission on October 14, 2008

Registration No. 333-153440

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1 to
FORM S-4

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

DELL INC.
(Exact name of registrant as specified in its charter)

Delaware	**3571**	**74-2487834**
State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

One Dell Way **Round Rock, Texas 78682** **(512) 338-4400**	**Lawrence P. Tu** **General Counsel and Secretary** **Dell Inc.** **One Dell Way** **Round Rock, Texas 78682** **(512) 338-4400**
(Address, including zip code, and telephone number, including area code, of the registrant s principal executive offices)	*(Name, address, including ZIP code, and telephone number, including area code, of agent for service)*

Copy to:

Janet B. Wright **Director Corporate Legal** **Dell Inc.** **One Dell Way** **Round Rock, Texas 78682** **(512) 338-4400**	**Douglass M. Rayburn** **Baker Botts L.L.P.** **2001 Ross Avenue** **Dallas, Texas 75201** **(214) 953-6500**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable following the effectiveness of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer,   accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED OCTOBER 14, 2008

PROSPECTUS

Dell Inc.
Offer to Exchange

up to

$600,000,000 of 4.700% Notes due 2013
that have been registered under the Securities Act of 1933, as amended (the Securities Act)

for

$600,000,000 of 4.700% Notes due 2013
that have not been registered under the Securities Act

and

$500,000,000 of 5.650% Notes due 2018
that have been registered under the Securities Act

for

$500,000,000 of 5.650% Notes due 2018
that have not been registered under the Securities Act

and

$400,000,000 of 6.500% Notes due 2038
that have been registered under the Securities Act

for

$400,000,000 of 6.500% Notes due 2038
that have not been registered under the Securities Act

The exchange offer and withdrawal rights will expire at
5:00 p.m., New York City time, on , 2008, unless extended.

We are offering to exchange up to $600,000,000 aggregate principal amount of our new 4.700% Notes due 2013, which have been registered under the Securities Act, or the new 2013 notes , for any and all of our outstanding unregistered 4.700% Notes due 2013, or the old 2013 notes ; up to $500,000,000 aggregate principal amount of our new 5.650% Notes due 2018, which have been registered under the Securities Act , or the new 2018 notes , for any and all of our outstanding unregistered 5.650% Notes due 2018, or the old 2018 notes ; and up to $400,000,000 aggregate principal amount of our new 6.500% Notes due 2038, which have been registered under the Securities Act, or the new 2038 notes , for any and all of our outstanding unregistered 6.500% Notes due 2038, or the old 2038 notes . The new 2013 notes, the new 2018 notes and the new 2038 notes are referred to in this prospectus as the new notes. The old 2013 notes, the old 2018 notes and the old 2038 notes are referred to in this prospectus as the old notes. We issued the old notes on April 17, 2008 in a transaction not requiring registration under the Securities Act. We are offering you new notes in exchange for old notes in order to satisfy our registration obligations from that previous transaction. The old notes and the new notes are collectively referred to in this prospectus as the notes, and the new notes of each series will be treated as a single class with any old notes of such series that remain outstanding after the completion of the exchange offer.

Please read Risk Factors beginning on page 7 for a discussion of factors you should consider before participating in the exchange offer.

We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn before expiration of the exchange offer. You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer. The exchange procedure is more fully described in Exchange Offer Procedures for Tendering. If you fail to tender your old notes, you will continue to hold unregistered notes that you will not be able to transfer freely.

The terms of the new notes are substantially the same as the old notes, except that the transfer restrictions and registration rights applicable to the old notes do not apply to the new notes and, unlike the old notes, the new notes have been registered under the Securities Act and therefore are freely transferable. Please read Description of New Notes for more details on the terms of the new notes. We will not receive any cash proceeds from the issuance of the new notes in the exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to this offering must acknowledge that it will deliver this prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date (as defined herein), we will make this prospectus available to any broker-dealer for use in connection with any such resale. Please read Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. You should rely only upon the information provided in this prospectus and the other information that we have specifically provided you in connection with this offering. We have not authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of this prospectus.

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AVAILABLE INFORMATION

We have filed a registration statement on Form S-4 under the Securities Act with the SEC with respect to the issuance of the new notes. This prospectus, which is included in the registration statement, does not contain all of the information included in the registration statement. Certain parts of this registration statement are omitted in accordance with the rules and regulations of the SEC. For further information about us and the new notes, we refer you to the registration statement. You should be aware that the statements made in this prospectus as to the contents of any agreement or other document filed as an exhibit to the registration statement are not complete. Although we believe that we have summarized the material terms of these documents in the prospectus, these statements should be read along with the full and complete text of the related documents.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC s website at www.sec.gov or from our website at www.dell.com. **However, neither the information on our website nor our filings on the SEC s website constitute a part of this prospectus.**

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents to which we refer you in this prospectus contain forward-looking statements that are based on Dell s current expectations. Actual results in future periods may differ materially from those expressed or implied by those forward-looking statements because of a number of risks and uncertainties. In addition to other factors and matters contained in this document, including those disclosed under Risk Factors, these statements are subject to risks, uncertainties and other factors, including, among others:

- failure to exchange your old notes may adversely affect their value because they may be more difficult to sell;
- general economic, business and industry conditions;
- our ability to reestablish a cost advantage over our competitors;
- our ability to generate substantial non-U.S. net revenue;
- our ability to accurately predict product, customer and geographic sales mix and seasonal sales trends;
- information technology and manufacturing infrastructure failures;
- our ability to effectively manage periodic product transitions;
- disruptions in component or product availability;
- our reliance on vendors;
- our reliance on third-party suppliers for quality product components, including reliance on several single-source or limited-source suppliers;
- our ability to access the capital markets;
- risks relating to our internal controls;
- unfavorable results of legal proceedings could harm our business and result in substantial costs;
- our acquisition of other companies;
- our ability to properly manage the distribution of our products and services;
- our cost-cutting measures;
- effective hedging of our exposure to fluctuations in foreign currency exchange rates and interest rates;
- obtaining licenses to intellectual property developed by others on commercially reasonable and competitive terms;

our ability to attract, retain and motivate key personnel;

loss of government contracts;

expiration of tax holidays or favorable tax rate structures;

changing environmental laws;

the effect of armed hostilities, terrorism, natural disasters and public health issues;

we may incur substantially more debt and increase the risks associated with our proposed leverage;

effective subordination of the notes may reduce amounts available for payment of the notes;

changes in our credit ratings may adversely affect the value of the notes; and

your ability to transfer the notes may be limited since there is no active trading market for them.

Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition and results of operations. Accordingly, readers should not place undue reliance on these forward-looking statements. The use of words such as anticipates, estimates, expects, intends, plans, and believes, among others, generally forward-looking statements; however, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. We are not under any obligation and do not intend to publicly update or review any of these forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized. Please carefully review and consider the various disclosures made in this prospectus that attempt to advise interested parties of the risks and factors that may affect our business, results of operations, financial condition or prospects.

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INDUSTRY AND MARKET DATA

This prospectus includes estimates of market share and industry data and forecasts that we obtained from industry publications and surveys, including those of IDC Worldwide Quarterly PC Tracker, and internal company estimates. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. We have not independently verified any of the data from third-party sources nor have we or the initial purchasers ascertained the underlying economic assumptions relied upon therein. Unless otherwise noted, all references to industry share and total industry growth data in this prospectus are for personal computers (including desktops, notebooks, and x86 servers), and are based on information provided by IDC Worldwide Quarterly PC Tracker dated March 4, 2008 (in the case of data relating to Fiscal 2008) or July 25, 2008 (in the case of data relating to the three and six months ended August 1, 2008). Market share and industry data and forecasts based on internal company estimates may vary materially from others in our industry. We cannot assure you that internal company estimates are accurate or that estimated growth rates will be achieved. Our estimates involve risks and uncertainties, and are subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus.

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SUMMARY

The following summary contains basic information about our company and the exchange offer. It may not contain all of the information that is important to you and it is qualified in its entirety by the more detailed information included in this prospectus. You should carefully consider the information contained in the entire prospectus, including the information set forth under the heading Risk Factors in this prospectus. In addition, certain statements included forward-looking information that involves risks and uncertainties. See Forward-Looking Statements. Except as otherwise required by the context, in prospectus, our company , we , us and our refer to Dell Inc. and its subsidiarie the issuer or Dell refers to Dell Inc., exclusive of its subsidiaries.

GENERAL

We listen to customers and deliver innovative technology and services they trust and value. As a leading technology company, we offer a broad range of product categories, including desktop PCs, notebooks, software and peripherals, servers and networking products, services, and storage. According to IDC, we are the number one supplier of personal computer systems in the United States, and the number two supplier worldwide.

Our company is a Delaware corporation and was founded in 1984 by Michael Dell on a simple concept: by selling computer systems directly to customers, we can best understand their needs and efficiently provide the most effective computing solutions to meet those needs. Our corporate headquarters are located in Round Rock, Texas, and we conduct operations worldwide through subsidiaries. When we refer to our company and its business in this prospectus, we are referring to the business and activities of our consolidated subsidiaries. We operate principally in one industry, and we manage our business in four operating segments: Americas Commercial; Europe, Middle East and Africa (EMEA) Commercial; Asia Pacific-Japan (APJ) Commercial; and Global Consumer. See Business Operating Business Segments.

We are committed to managing and operating our business in a responsible and sustainable manner around the globe. This includes our commitment to environmental responsibility in all areas of our business. In June 2007, we announced an ambitious long-term goal to be the greenest technology company on the planet and have a number of efforts that take the environment into account at every stage of the product lifecycle. See Business Sustainability. This also includes our focus on maintaining a strong control environment, high ethical standards, and financial reporting integrity.

BUSINESS STRATEGY

Our core business strategy is built around our direct customer model, relevant technologies and solutions, and highly efficient manufacturing and logistics; and we are expanding that core strategy by adding new distribution channels to reach even more commercial customers and individual consumers around the world. Using this strategy, we strive to provide the best possible customer experience by offering superior value; high-quality, relevant technology; customized systems and services; superior service and support; and differentiated products and services that are easy to buy and use. Historically, our growth has been driven organically from our core businesses. Recently, we have begun to pursue a targeted acquisition strategy designed to augment select areas of our business with more products, services, and technology that our customers value. For example, with our recent acquisition of EqualLogic, Inc., a leading provider of high-performance storage area network solutions, and the subsequent expansion of Dell s PartnerDirect channel, we are ready to deliver customers an easier and more affordable solution for storing and processing data.

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THE EXCHANGE OFFER

On April 17, 2008, we completed a private offering of $600 million aggregate principal amount of our 4.700% Notes due 2013, $500 million aggregate principal amount of our 5.650% Notes due 2018 and $400 million aggregate principal amount of our 6.500% Notes due 2038, or the old notes. As part of this private offering, we entered into a registration rights agreement with the initial purchasers of the old notes in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable best efforts to complete the exchange offer no later than the 45th business day after the date on which the registration statement, of which the prospectus forms a part, is declared effective by the SEC. The following is a summary of the exchange offer.

Old Notes	On April 17, 2008, we issued $600 million aggregate principal amount of our 4.700% Notes due 2013, $500 million aggregate principal amount of our 5.650% Notes due 2018 and $400 million aggregate principal amount of our 6.500% Notes due 2038.
New Notes	4.700% Notes due 2013, 5.650% Notes due 2018 and 6.500% Notes due 2038. The terms of the new notes are substantially the same as the terms of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. The new notes of each series offered hereby, together with any old notes of such series that remain outstanding after the completion of the exchange offer, will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The new notes will have a CUSIP number different from that of any old notes that remain outstanding after the completion of the exchange offer. In the case of the new notes, all unpaid interest accrued on old notes from April 17, 2008 will be treated as having accrued on the new notes that are issued in exchange for the old notes.
Exchange Offer	We are offering to exchange up to $600 million aggregate principal amount of our 4.700% Notes due 2013, $500 million aggregate principal amount of our 5.650% Notes due 2018 and $400 million aggregate principal amount of our 6.500% Notes due 2038 that have been registered under the Securities Act of 1933, as amended, or the Securities Act, for an equal amount of our outstanding $600 million aggregate principal amount of our 4.700% Notes due 2013, $500 million aggregate principal amount of our 5.650% Notes due 2018 and $400 million aggregate principal amount of our 6.500% Notes due 2038, respectively, that have not been so registered to satisfy our obligations under the registration rights agreement that we entered into when we issued the old notes in a transaction exempt from registration under the Securities Act.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2008, unless we decide to extend it.
Conditions to the Exchange Offer	The registration rights agreement does not require us to accept old notes for exchange if the exchange offer or the making of any exchange by a holder of the old notes would violate any applicable law or interpretation of the staff of the SEC or if any legal action has been instituted or is

reasonably likely to be instituted that would impair our ability to proceed with the exchange offer. A minimum aggregate principal amount of old notes being tendered is not a condition to the exchange offer. Please read Exchange Offer Conditions to the Exchange Offer for more information about the conditions to the exchange offer.

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Procedures for Tendering Old Notes	All of the old notes are held in book-entry form through the facilities of The Depository Trust Company, or DTC. To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by DTC for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration date of the exchange offer, a computer-generated message known as an agent s message that is transmitted through ATOP and that DTC confirm that: DTC has received instructions to exchange your old notes; and you agree to be bound by the terms of the letter of transmittal included herewith. For more details, please read Exchange Offer Terms of the Exchange Offer and Exchange Offer Procedures for Tendering.
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of old notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read Exchange Offer Withdrawal of Tenders.
Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept any and all old notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return any old notes that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the new notes promptly after the expiration date. Please read Exchange Offer Terms of the Exchange Offer.
Fees and Expenses	We will bear all expenses related to the exchange offer. Please read Exchange Offer Fees and Expenses.
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making the exchange offer solely to satisfy our obligations under our registration rights agreement.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in the exchange offer, you will no longer be able to require us to register the old notes under the Securities Act, except in the limited circumstances provided under our registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the old notes unless we have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise

	transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Consequences	The exchange of new notes for old notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read Certain United States Federal Income Tax Considerations.

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Exchange Agent	We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus (including the letter of transmittal) to the exchange agent addressed as follows: Bank of New York Mellon Corporation Corporate Trust Operations Reorganization Unit 101 Barclay Street - 7 East New York, NY 10286 Telephone: (212) 815-5788 Facsimile: (212) 298-1915

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Terms of New Notes

The new notes will be substantially the same as the old notes, except that the new notes are registered under the Securities Act and will not have restrictions on transfer or registration rights. The new notes will evidence the same debt as the old notes, and the same indenture will govern the new notes and the old notes. We sometimes refer to the new notes and the old notes collectively as the notes.

The following summary contains basic information about the new notes and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the new notes, please read Description of New Notes.

Issuer	Dell Inc.
Notes Offered	$600 million aggregate principal amount of 4.700% Notes due 2013
	$500 million aggregate principal amount of 5.650% Notes due 2018
	$400 million aggregate principal amount of 6.500% Notes due 2038
Interest Rates	4.700% for the Notes due 2013
	5.650% for the Notes due 2018
	6.500% for the Notes due 2038
Interest Payment Dates	April 15 and October 15 of each year, beginning October 15, 2008
Maturity Date	April 15, 2013 for the Notes due 2013
	April 15, 2018 for the Notes due 2018
	April 15, 2038 for the Notes due 2038
Ranking	The new notes will be:
	our general unsecured obligations;
	pari passu in right of payment with all of our existing and future unsecured senior indebtedness;
	effectively junior to our secured indebtedness up to the value of the collateral securing such indebtedness; and
	senior in right of payment to any of our future subordinated indebtedness.
	The notes will effectively rank junior to all indebtedness and other liabilities, including trade payables, of our subsidiaries with respect to the assets of those subsidiaries. In the event of bankruptcy, liquidation, or

	reorganization of any of these subsidiaries, the subsidiaries will pay the holders of their debt and other obligations, including trade creditors, before they will be able to distribute any of their assets to us. See Capitalization, Note 2 of Notes to Consolidated Financial Statements for the year ended February 1, 2008 (Annual Consolidated Financial Statements) and Note 12 of Notes to Condensed Consolidated Financial Statements for the three and six month periods ended August 1, 2008 (Quarterly Condensed Consolidated Financial Statements) for more information regarding our indebtedness.
Optional Redemption	We may redeem the notes, in whole or in part, at any time and from time to time at 100% of the principal amount plus the make-whole premium described under the heading Description of New Notes - Optional Redemption.

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Certain Covenants	The indenture governing the notes contains covenants that, among other things, limits our ability to: create certain liens; enter into sale and lease-back transactions; and consolidate or merge with, or convey, transfer or lease all or substantially all of our assets to, another person. However, each of these covenants is subject to a number of significant exceptions. You should read Description of New Notes - Covenants for a description of these covenants.
Transfer Restrictions; Absence of a Public Market for the Notes	The new notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. We do not intend to arrange for a trading market in the new notes after the exchange offer, and it is therefore unlikely that such a market will exist for the new notes.
Form of New Notes	The new notes will be represented by one or more global notes. Each global new note will be deposited with the trustee, as custodian for DTC.
Same-Day Settlement	The global new notes will be shown on, and transfers of the global new notes will be effected only through, records maintained in book-entry form by DTC and its direct and indirect participants. The new notes are expected to trade in DTC s Same Day Funds Settlement System until maturity or redemption. Therefore, secondary market trading activity in the new notes will be settled in immediately available funds.
Trading	We do not expect to list the new notes for trading on any securities exchange.
Trustee, Registrar and Exchange Agent	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The notes and the indenture relating to the notes are governed by, and construed in accordance with, the laws of the State of New York.

RISK FACTORS

An investment in the notes and participation in the exchange offer involve significant risks. You should carefully consider all of the information contained in this prospectus. In particular, you should evaluate the specific risk factors set forth under the section entitled Risk Factors.

OUR CORPORATE OFFICES AND INTERNET ADDRESS

Our principal executive offices are located at One Dell Way, Round Rock, Texas, 78682-2244. Our telephone number is (512) 728-4737. Our website address is www.dell.com. Information contained on our website does not constitute part of this prospectus.

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RISK FACTORS

In considering whether to participate in the exchange offer, you should consider carefully all of the information that we have included in this prospectus. In particular, you should consider carefully the risk factors described below. The risks set out below are not the only risks we face. If any of the following risks occurs, our business, financial condition and results of operations could be materially adversely affected. In such case, you may lose all or part of your investment.

Risks Related to the Exchange Offer

If you fail to exchange your old notes, the existing transfer restrictions will remain in effect and the market value of your old notes may be adversely affected because they may be more difficult to sell.

If you fail to exchange your old notes for new notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the old notes. In general, the old notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement that we entered into when we issued the old notes, we do not intend to register resales of the old notes.

The tender of old notes under the exchange offer will reduce the principal amount of the currently outstanding old notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any currently outstanding old notes that you continue to hold following completion of the exchange offer.

Risks Related to Our Business

Declining general economic, business, or industry conditions may cause reduced net revenue.

We are a global company with customers in virtually every business and industry. Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining real estate market in the U.S. have contributed to increased volatility and diminished expectations for the global economy and expectations of slower global economic growth going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and fears of a possible recession. If the economic climate in the U.S. or abroad continues to deteriorate, customers or potential customers could reduce or delay their technology investments, which could impact our ability to manage inventory levels, collect customer receivables, and ultimately decrease our net revenue and profitability.

Failure to reestablish a cost advantage may result in reduced market share, revenue, and profitability.

Our success has historically been based on our ability to profitably offer products at a lower price than our competitors. However, we compete with many companies globally in all aspects of our business. If our increasing reliance on third-party original equipment manufacturers, original design manufacturing partnerships, and manufacturing outsourcing relationships fails to generate cost efficiencies, our profitability could be adversely impacted. Our profitability is also affected by our ability to negotiate favorable pricing with our vendors, including vendor rebates, marketing funds, and other vendor funding. Because these supplier negotiations are continuous and reflect the ongoing competitive environment, the variability in timing and amount of incremental vendor discounts and rebates can affect our profitability. An inability to reestablish our cost advantage or determine alternative means to deliver value to our customers may adversely affect our market share, revenue, and profitability.

Our ability to generate substantial non-U.S. net revenue faces many additional risks and uncertainties.

Sales outside the U.S. accounted for approximately 47% of our consolidated net revenue in Fiscal 2008. Our future growth rates and success are dependent on continued growth outside the U.S., including the key developing countries of Brazil, Russia, India, and China (BRIC). Our international operations face many risks and uncertainties, including varied local economic and labor conditions, political instability, and unexpected changes in the regulatory environment, trade protection measures, tax laws (including U.S. taxes on foreign operations), copyright levies, and foreign currency exchange rates. Any of these factors could adversely affect our operations and profitability.

Our profitability may be affected by our product, customer, and geographic sales mix and by seasonal sales trends.

Our profit margins vary among products, customers, and geographies. In addition, our business is subject to certain seasonal sales trends. For example, sales to government customers (particularly the U.S. federal government) are typically stronger in our third fiscal quarter, sales in EMEA are often weaker in our third fiscal quarter, and consumer sales are typically strongest during our fourth fiscal quarter. As a result of these factors, our overall profitability for any particular period will be affected by the mix of products, customers, and geographies reflected in our sales for that period, as well as by seasonality trends.

Infrastructure failures and breaches in data security could harm our business.

We depend on our information technology and manufacturing infrastructure to achieve our business objectives. If a problem, such as a computer virus, intentional disruption by a third party, natural disaster, manufacturing failure, or telephone system failure impairs our infrastructure, we may be unable to book or process orders, manufacture, and ship in a timely manner, or otherwise carry on our business. An infrastructure disruption could damage our reputation and cause us to lose customers and revenue, result in the unintentional disclosure of company or customer information, and require us to incur significant expense to eliminate these problems and address related data security concerns. The harm to our business could be even greater if it occurs during a period of disproportionately heavy demand.

Our failure to effectively manage a product transition could reduce the demand for our products and the profitability of our operations.

Continuing improvements in technology mean frequent new product introductions, short product life cycles, and improvement in product performance characteristics. Product transitions present execution challenges and risks for any company. If we are unable to effectively manage a product transition, our business and results of operations could be unfavorably affected.

Disruptions in component or product availability could unfavorably affect our performance.

Our manufacturing and supply chain efficiencies give us the ability to operate with reduced levels of component and finished goods inventories. Our financial success is partly due to our supply chain management practices, including our ability to achieve rapid inventory turns. Because we maintain minimal levels of component and product inventories, a disruption in component or product availability, such as the current industry shortage of notebook batteries, could harm our financial performance and our ability to satisfy customer needs.

Our reliance on vendors creates risks and uncertainties.

Our manufacturing process requires a high volume of quality components from third-party suppliers. Defective parts received from these suppliers could reduce product reliability and harm the reputation of our products. Reliance on suppliers subjects us to possible industry shortages of components and reduced control over delivery schedules (which can harm our manufacturing efficiencies), as well as increases in component costs (which can harm our profitability).

We could experience manufacturing interruptions, delays, or inefficiencies if we are unable to timely and reliably procure components and products from single-source or limited-source suppliers.

We maintain several single-source or limited-source supplier relationships, either because multiple sources are not available or the relationship is advantageous due to performance, quality, support, delivery, capacity, or price considerations. If the supply of a critical single- or limited-source product or component is delayed or curtailed, we may not be able to ship the related product in desired quantities and in a timely manner. For example, the current industry shortage of notebook batteries could prevent us from meeting customer demand for notebooks. Even where

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multiple sources of supply are available, qualification of the alternative suppliers, and establishment of reliable supplies, could result in delays and a possible loss of sales, which could harm operating results.

Our business is increasingly dependent on our ability to access the capital markets.

The debt and capital markets have been experiencing extreme volatility and disruption for more than twelve months. In recent weeks, the volatility and disruption have reached unprecedented levels. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. We are increasingly dependent on access to debt and capital sources to provide financing for our customers and to obtain funds in the U.S. for general corporate purposes, including share repurchases and acquisitions. Additionally, we have customer financing relationships with companies whose business models rely on accessing the capital markets. The inability of these companies to access such markets could force us to self-fund transactions or forgo customer financing opportunities, potentially harming our financial performance. We believe that we will be able to obtain appropriate financing from third parties even in light of the current market conditions; nevertheless, changes in our credit ratings, deterioration in our business performance, or further adverse changes in the economy could limit our ability to obtain financing from debt or capital sources or could adversely affect the terms on which we may be able to obtain any such financing, which could unfavorably affect our net revenue and profitability. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity, Capital Commitments, and Contractual Cash Obligations Liquidity.

We face risks relating to our internal controls.

If management is not successful in maintaining a strong internal control environment, material weaknesses could reoccur, causing investors to lose confidence in our reported financial information. This could lead to a decline in our stock price, limit our ability to access the capital markets in the future, and require us to incur additional costs to improve our internal control systems and procedures.

Unfavorable results of legal proceedings could harm our business and result in substantial costs.

We are involved in various claims, suits, investigations, and legal proceedings that arise from time to time in the ordinary course of our business and that are not yet resolved, including those that are set forth under Note 10 of Notes to Annual Consolidated Financial Statements and Note 10 of Notes to Quarterly Condensed Consolidated Financial Statements included elsewhere in this prospectus, and additional claims may arise in the future. Litigation is inherently unpredictable. Regardless of the merit of the claims, litigation may be both time-consuming and disruptive to our business. Therefore, we could incur judgments or enter into settlements of claims that could adversely affect our operating results or cash flows in a particular period. For example, we could be exposed to enforcement or other actions with respect to the continuing investigation into certain accounting and financial reporting matters being conducted by the SEC. In addition, if any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results, and financial condition could be materially and adversely affected.

The acquisition of other companies may present new risks.

We have begun to acquire companies as a part of our overall growth strategy. These acquisitions may involve significant new risks and uncertainties, including distraction of management attention away from our current business operations, insufficient new revenue to offset expenses, inadequate return of capital, integration challenges, new regulatory requirements, and issues not discovered in our due diligence process. No assurance can be given that such acquisitions will be successful and will not adversely affect our profitability or operations.

Failure to properly manage the distribution of our products and services may result in reduced revenue and profitability.

We use a variety of distribution methods to sell our products and services, including directly to customers and through select retailers and third-party value-added resellers. As we sell through an increasing number of indirect channels, inventory management becomes more challenging as successful demand forecasting becomes more difficult. Our inability to properly manage and balance inventory levels and potential conflicts among these various distribution methods could harm our operating results.

If our cost cutting measures are not successful, we may become less competitive.

A variety of factors could prevent us from achieving our goal of better aligning our product and service offerings and cost structure with customer needs in the current business environment through reducing our operating expenses; reducing total costs in procurement, product design, and transformation; simplifying our structure; and eliminating redundancies. For example, we may experience delays in the anticipated timing of activities related to our cost savings plans and higher than expected or unanticipated costs to implement them. As a result, we may not achieve our expected costs savings in the time anticipated, or at all. In such case, our results of operations and profitability may be negatively impaired, making us less competitive and potentially causing us to lose market share.

Failure to effectively hedge our exposure to fluctuations in foreign currency exchange rates and interest rates could unfavorably affect our performance.

We utilize derivative instruments to hedge our exposure to fluctuations in foreign currency exchange rates and interest rates. Some of these instruments and contracts may involve elements of market and credit risk in excess of the amounts recognized in our financial statements.

Our continued business success may depend on obtaining licenses to intellectual property developed by others on commercially reasonable and competitive terms.

If we or our suppliers are unable to obtain desirable technology licenses, we may be prevented from marketing products; could be forced to market products without desirable features; or could incur substantial costs to redesign products, defend legal actions, or pay damages. While our suppliers may be contractually obligated to indemnify us against such expenses, those suppliers could be unable to meet their obligations. In addition, our operating costs could increase because of copyright levies or similar fees by rights holders and collection agencies in European and other countries. For a description of potential claims related to copyright levies, see Note 10 of Notes to Annual Consolidated Financial Statements and Note 10 of Notes to Quarterly Condensed Consolidated Financial Statements included elsewhere in this prospectus.

Our success depends on our ability to attract, retain, and motivate our key employees.

We rely on key personnel to support anticipated continued rapid international growth and increasingly complex product and service offerings. There can be no assurance that we will be able to attract, retain, and motivate the key professional, technical, marketing, and staff resources we need.

Loss of government contracts could harm our business.

Government contracts are subject to future funding that may affect the extension or termination of programs and are subject to the right of the government to terminate for convenience or non-appropriation. In addition, if we violate legal or regulatory requirements, the government could suspend or disbar us as a contractor, which would unfavorably affect our net revenue and profitability.

The expiration of tax holidays or favorable tax rate structures could result in an increase of our effective tax rate in the future.

Portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays that expire in whole or in part during Fiscal 2010 through Fiscal 2021. Many of these holidays may be extended when certain conditions are met. If they are not extended, then our effective tax rate would increase in the future. See Note 3 of Notes to Annual Consolidated Financial Statements included elsewhere in this prospectus.

Current environmental laws, or laws enacted in the future, may harm our business.

Our operations are subject to environmental regulation in all of the areas in which we conduct business. Our product design and procurement operations must comply with new and future requirements relating to the materials composition, energy efficiency and collection, recycling, treatment, and disposal of our electronics products, including restrictions on lead, cadmium, and other substances. If we fail to comply with the rules and regulations regarding the use and sale of such regulated substances, we could be subject to liability. While we do not expect that the impact of these environmental laws and other similar legislation adopted in the U.S. and other countries will have a substantial unfavorable impact on our business, the costs and timing of costs under environmental laws are difficult to predict.

Armed hostilities, terrorism, natural disasters, or public health issues could harm our business.

Armed hostilities, terrorism, natural disasters, or public health issues, whether in the U.S. or abroad, could cause damage or disruption to us, our suppliers or customers, or could create political or economic instability, any of which could harm our business. These events could cause a decrease in demand for our products, could make it difficult or impossible for us to deliver products or for our suppliers to deliver components, and could create delays and inefficiencies in our supply chain.

Risks Related to the Notes

Despite our current levels of debt, we may still incur substantially more debt and increase the risks associated with our proposed leverage.

The provisions contained or to be contained in the agreements relating to our indebtedness do not completely prohibit our ability to incur additional indebtedness and the amount of indebtedness that we could incur could be substantial. Accordingly, we or our subsidiaries could incur significant additional indebtedness in the future, much of which could constitute secured or senior indebtedness. If we incur any additional debt that ranks equally with the notes, the holders of that debt will be entitled to share ratably with the holders of these notes in any proceeds distributed in connection with any bankruptcy, liquidation, reorganization or similar proceedings. If new debt is added to our current debt levels, the related risks that we now face could intensify.

Effective subordination of the notes may reduce amounts available for payment of the notes.