

Plaintiff, individually and on behalf of all other persons similarly situated, by plaintiff's undersigned attorneys, for plaintiff's complaint against defendants, alleges the following based upon personal knowledge as to plaintiff and plaintiff's own acts, and upon information and belief as to all other matters, based on, *inter alia*, the investigation conducted by and through plaintiff's attorneys, which included, amongst other things, a review of the defendants' press releases, Securities and Exchange Commission ("SEC") filings by Dell Inc. ("Dell" or the "Company") and media reports about the Company. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE CASE

1. This is a securities class action on behalf of plaintiff and all other persons or entities, except for defendants, who purchased or otherwise acquired Dell securities (the "Class") during the period February 13, 2003 and September 8, 2006, inclusive (the "Class Period"), pursuing remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. Jurisdiction is conferred by § 27 of the Exchange Act. The claims asserted herein arise under §§ 10(b) and 20(a) of the Exchange Act and Rule 10b-5.

3. Venue is proper in this District pursuant to § 27 of the Exchange Act. The corporate headquarters of Dell are located in the District.

4. In connection with the acts and conduct alleged herein, defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including the United States mails and the facilities of the national securities exchanges.

PARTIES

5. Plaintiff James Klein, as set forth in the accompanying certification, incorporated by reference herein, purchased shares of Dell stock at artificially inflated prices during the Class Period, and was damaged thereby.

6. Defendant Dell and its subsidiaries engage in the design, development, manufacture, marketing, sale and support of various computer systems and services to customers worldwide. The Company's products and services enable customers to build their information technology and Internet infrastructures. The Company's principal corporate offices are located at One Dell Way, Round Rock, Texas 78682.

7. Defendant Kevin B. Rollins ("Rollins") was, at all relevant times, President, Chief Executive Officer and a Director of Dell.

8. Defendant James M. Schneider ("Schneider") was, at all relevant times, Chief Financial Officer of Dell.

9. The individuals named as defendants in ¶¶7-8 are referred to herein as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Dell quarterly reports, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market.

10. Each defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them but not to the public, each of these defendants knew that the adverse facts specified herein had not been disclosed to

and were being concealed from the public and that the positive representations that were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

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11. In addition to the above-described involvement, each Individual Defendant had knowledge of Dell’s problems. Each defendant was motivated to conceal such problems. Defendants Rollins as CEO and Schneider as CFO each provided for financial reporting and communications with the market. Communications with the market, including conference calls, as well as internal reports showing Dell’s forecasted and actual growth, were prepared under their direction. Each Individual Defendant sought to demonstrate that he could lead the Company successfully and generate the growth expected by the market. Each Individual Defendant also owed a duty to the Company and its shareholders not to trade on inside information.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

12. Each defendant is liable for (a) making false statements, *or* (b) failing to disclose adverse facts known to him about Dell. Defendants’ fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Dell’s publicly traded securities was a success, as it: (a) deceived the investing public regarding Dell’s prospects and business; (b) artificially inflated the prices of Dell’s publicly traded securities; and (c) caused plaintiff and other members of the Class to purchase Dell’s publicly traded securities at inflated prices.

SUBSTANTIVE ALLEGATIONS

13. On February 13, 2003, the Company issued a press release entitled, “Dell’s Fourth-Quarter Shipments, Revenue, Operating Income Set Company Records - Q1 Guidance is \$9.5 Billion in Sales, 23 Cents in Per-Share Earnings.” The press release stated in part:

Dell ended its fiscal 2003 by posting best-ever quarterly product shipments, revenue and operating profit in the period ended Jan. 31.

The company's strength spanned all customer and product categories around the world. Dell gained almost three points of global market share from one year ago—more than three points in servers—and nearly five share points in the United States.

Fourth-quarter unit shipments were 25 percent higher; without Dell, the global industry grew less than 1 percent. Shipments in strategically important countries China, France, Germany and Japan increased a combined 39 percent. Dell server growth in those markets was 47 percent.

Quarterly revenue was \$9.7 billion, up 21 percent from last year. Company earnings were 23 cents per share, an increase of 35 percent. Full-year net earnings were \$2.12 billion, on record revenue of \$35.4 billion. Earnings per share for fiscal 2003 reached 80 cents, up from 65 cents absent a special charge in the prior year.

"Customers always look for higher levels of value, particularly when economic conditions are weak," said Kevin Rollins, Dell's president and chief operating officer. "And the Dell team is exceptional at continually increasing customer value."

"That's why we're profitably gaining market share, and consistently producing industry-leading operating results. This performance would be outstanding in any environment, and we have no intention to depart from a very successful strategy."

14. Defendants' press release was false and misleading for the following reasons. From a time prior to the completion of the Company's 2003 fiscal year ended January 31, 2003, defendants had become aware that the Company's leadership position in the U.S and worldwide markets for laptop and desktop computers and accessories was under siege. Lean business operations and marketing strategies could no longer be counted on to generate competitive retail product pricing differentials of 20% or more, as in previous years, serving to undermine Dell's future business prospects.

15. Defendant Rollins' claims, including those describing Dell's continued positive growth and expectations for "industry-leading operating results" were objectively unreasonable,

false and misleading in nature. As a result, Dell's stock became artificially inflated, as it immediately climbed nearly 11%, reaching a closing price of \$25.77 on February 14, 2003, on elevated volume of 60.7 million shares.

16. On April 2, 2003, the Company issued a press release entitled, "Dell Will Reaffirm First-Quarter Revenue, Earnings Guidance at Thursday Analyst Meeting - Company Expects 25-Percent Growth in Units, 18-Percent in Revenue, 35-Percent for EPS." The press release stated in part:

Dell executives tomorrow will reiterate expectations for strong first-quarter results and describe the company's tremendous opportunity for growth in servers, storage systems and services in remarks to investors, analysts and reporters.

The comments are planned as part of Dell's analyst meeting here Thursday morning. The 8 a.m. (EST) event will be webcast "live," with supporting material, at www.dell.com/investor.

Dell will reaffirm fiscal first-quarter guidance initially provided on Feb. 13: unit volumes up more than 25 percent from one year ago; revenue 18 percent higher, to \$9.5 billion; and an increase in earnings per share of 35 percent, to 23 cents per share.

"We're seeing double-digit year-over-year revenue growth in all regional markets and customer segments," Kevin Rollins, Dell's president and chief operating officer, said before the meeting.

Mr. Rollins added Dell is confident about prospects for profitable growth, in large part because of expanding worldwide customer preference for powerful, but less expensive, standards-based enterprise computing. Nine of 10 servers sold industrywide use standard technology, including Microsoft Corp.'s Windows or the Linux operating system. He said customers are choosing standards-based servers for increasingly complex applications, and the same trend is now reaching into data-storage systems.

"Customers continually want higher value, and they're getting flexibility, performance and reliability from standard technology," said Mr. Rollins. "They are embracing Dell as a trusted partner in the enterprise because we're uniquely able to understand their needs, and to efficiently innovate products and services to meet them."

Mr. Rollins said the company's value proposition is well received around the world. In the most recent quarter, Dell product shipments in China, Japan, Germany and France, all strategically important markets, increased a combined 39 percent, compared with a rise of 2 percent for the rest of the industry.

17. Following this, on May 15, 2003, August 14, 2003 and November 13, 2003, the Company issued press releases detailing its quarterly progress, which continued to state false and misleading pronouncements of Dell's "unique ability to deliver high customer value," "leading profitability" and positive prospects for continued sales and revenue growth. Defendants actively concealed their dire considerations, in large part by these pronouncements, that Dell's prospects for continued growth and profitability were bright, by baiting investors with these objectively unreasonable quarterly claims of ever-increasing revenue growth.

18. On April 7, 2004, defendants issued a press release entitled, "Dell to Increase Q1 Revenue Guidance at Thursday Analysts Meeting - Repurchases Will Nearly Double to About \$1.1 Billion." The press release stated in part:

Dell will raise guidance for first-quarter revenue, reiterate expectations for resulting earnings and detail a significant increase in near-term stock repurchases during a meeting with investors, analysts and reporters here Thursday.

Dell executives will be speaking at the company's annual analyst meeting. The event starts at 8 a.m. (CDT) and will be webcast "live," with supporting material, at www.dell.com/investor.

The company now anticipates fiscal first-quarter sales to reach \$11.4 billion, \$200 million higher than guidance Dell provided on Feb. 12, and 20 percent better than the same quarter one year ago. Dell continues to expect earnings per share of 28 cents, up 22 percent year-over-year.

Kevin Rollins, Dell's president and chief operating officer, said the higher revenue is being driven particularly by growth in markets outside the United States.

"Customers around the world want powerful, reliable technology at great prices," said Mr. Rollins. "That's true in markets like China and Japan and France, and in the U.S., England and Canada, and why we're seeing rapid, profitable growth."

According to Mr. Rollins, there is strong demand across Dell's full range of products and services. The company's fastest growth has been in servers, storage systems, professional services and, more recently, the company's nascent printing and imaging business.

Dell also will tell analysts and others Thursday that it is increasing share buyback in the current quarter. The company now expects to spend about \$1.1

billion to repurchase its common stock during the three-month period, up from a planned \$600 million at the start of the quarter. Mr. Rollins said the increase was the result of Dell's exceptionally strong operating results and cash generation, and among the ways the company can enhance shareholder value over time.

19. Following this, on May 13, 2004, defendants issued a press release entitled, "Dell's Continued Strong Growth Outside U.S. Drives Company To Record Q1 Revenue - Dell Anticipates Second-Quarter Sales of \$11.7 Billion, EPS 21 Percent Higher." The press release stated in part:

Dell exceeded its own robust worldwide growth expectations while achieving record revenue during fiscal first-quarter 2005.

Product shipments for the period ended April 30 were up 25 percent from the same quarter a year ago; volumes for the rest of the industry increased 14 percent. Dell growth was 38 percent in Asia-Pacific and Japan, where the company's share ranked No. 2 for the first time. Shipments in Europe, the Middle East and Africa increased 37 percent.

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

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

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

Dell generated \$1.0 billion in cash from operations during the quarter. Cash and investments at the end of the period totaled \$11.9 billion, as the company spent \$1.1 billion to repurchase its common stock-up from a planned \$600 million at the start of the quarter.

For the fiscal second quarter, Dell anticipates year-over-year growth in product shipments of 24 percent. Such volumes are expected to produce revenue of about \$11.7 billion, up 20 percent, and per-share earnings of 29 cents, a 21-percent increase.

20. Then, on July 16, 2004, defendants issued a press release entitled, "Customer Shift to Standard Enterprise Technology Favors Dell, Michael Dell Tells Investors at Annual Meeting - Company Shareholders Approve All Management Proposals, Re-Elect Three Directors." The press release stated in part:

Michael Dell today said more and more customers are making the company a trusted enterprise partner, especially for standards-based servers, storage systems and services. And shareholders embracing Dell's broader reach have approved a corporate name change-from Dell Computer Corp. to Dell Inc.

Mr. Dell, chairman of the board and chief executive officer, reinforced in remarks at the company's annual meeting of shareholders here this morning that *the competitive advantages of Dell's customer-focused, direct way of doing business are enabling it to expand and deepen its customer relationships.*

"We've always done business differently from other companies," said Mr. Dell. "That allows us to better understand the needs of and create superior value for customers, and consistently produce leading operating results for investors and others who hold stakes in Dell."

He said the applicability of Dell's direct model and opportunities for the company are vast. While the company's United States business remains exceptionally strong, growth in other markets is also rapid. Product shipments last quarter were up 40 percent in Asia-Pacific and Japan, and 29 percent in Europe, the Middle East and Africa. Operating income in both regions nearly doubled, to record levels.

In the enterprise, Dell's first-quarter server shipments rose 40 percent, more than four times the average of other suppliers, and the company accounted for almost one-third of U.S. server volume. External-storage revenue was up 65 percent.

"Customers are increasingly using clusters of standard servers in place of mainframe computers that rely on costly proprietary technology," Mr. Dell said. "Standards-based systems are now the better choice for most computing applications, and the trend to such powerful and reliable technology favors our company."

Dell's large and growing influence in the enterprise explains the company's name change, a management proposal approved by shareholders in proxy voting. Mr. Dell said the company's formal name is "catching up" with its evolution from supplying strictly computer hardware to providing a diverse range of technology products and services.

In other matters, shareholders voted to return three directors-Michael A. Miles, Alex J. Mandl and Morton L. Topfer-to the Dell board. They also approved

two other management proposals: that all directors stand for re-election annually, and for a tax-deductible, performance-based executive compensation plan.

21. Defendants' prognostications of forward guidance and unbridled bragging about the virtues in the marketplace of the Company's business enterprise on April 7, 2004, May 13, 2004 and July 16, 2004 were false and misleading. Defendants had now undertaken the prediction of a skyward trajectory of quarterly revenue growth during this period, in ever-increasing increments in the tens of billions of dollars. However, these predictions defied what defendants already knew and actively concealed, that Dell's leadership position in the U.S and worldwide markets for laptop and desktop computers and accessories had been rapidly eroded and could no longer be counted on to deliver strong growth prospects.

22. Defendants' prognostications for continued strong sales and revenue growth continued into 2005. On July 15, 2005, the Company issued a press release entitled, "Dell Expanding With Global Opportunity, Kevin Rollins Tells Shareholders at Annual Meeting - Diversified Technology Portfolio Supports Revenue Growth to \$80 Billion." The press release stated in part:

Dell has vast potential for providing great value to more customers around the world, resulting in continued expansion, growth and profitability, CEO Kevin Rollins told shareholders today at the company's annual meeting.

"Even with our extraordinary success, we have barely begun to tap opportunities available to us," Mr. Rollins said. "Our revenue last year accounted for only about 4 percent of global spending on information-technology products and services, so we have tremendous room to grow."

"We intend to realize that opportunity, to the benefit of customers and Dell shareholders."

Mr. Rollins said even as many technology companies have struggled over the past five years, Dell revenue has increased 58 percent. Earnings per share are up 98 percent during the same period. Still, he said the company's fiscal 2005 revenue of \$49.2 billion-within \$1.4 trillion in total technology sales-ports significant potential.

Mr. Rollins addressed Dell's goal to reach \$80 billion in revenue in three to four years, which would represent unprecedented growth for a company its size. Continued growth in servers and storage systems; enhanced services; mobility products including notebook computers; imaging and printing; and televisions and monitors-particularly in regions outside the United States where Dell's presence is younger and its share smaller-account for company optimism about reaching such a scale.

Imaging and printing provides a related illustration. Mr. Rollins disclosed at the meeting that Dell has shipped 10 million printers in just more than the two years since the company introduced the first of its own line of printers. Dell now is No. 2 in the U.S. in both the inkjet and laser categories with a broad and growing range of printers, and a unique, easy service for customers to purchase replacement ink, toner and other supplies.

"We are focusing on opportunities with a wide-angle lens," Mr. Rollins said. "We continue to identify product and service categories where customers are paying too much for technology and services, even as we expand our capabilities in existing areas. Customer satisfaction remains essential to us and to our success."

Dell is expanding significantly around the world in order to best meet customer requirements. A new manufacturing plant in Winston-Salem, N.C.-the company's largest-will begin operations in September. The company is also increasing its manufacturing capacity in Xiamen, China. Dell is also adding a second building to and increasing employment at its customer-contact center in Oklahoma City and opened new centers in El Salvador and Chandigarh, India, earlier this year.

23. Then, on August 11, 2005, the Company issued a press release entitled, "Dell Generates Record EPS, Outpaces Industry Growth - Strong Growth in Services, Storage and International Markets." The press release stated in part:

Dell achieved record earnings in its fiscal 2006 second-quarter, as it exceeded industry shipment growth in a competitive pricing environment. Sales of storage systems, mobility products, enhanced services and software and peripherals were up strongly around the world.

Dell's second quarter, which ended July 29, was highlighted by industry-record shipments of 9.1 million computer systems - including 2.7 million mobility products - and company-record revenue of more than \$2 billion from software and peripheral products, including printers and displays.

The company's second-quarter earnings were \$1.02 billion, or 41 cents per share, up 32 percent from a year ago. Second-quarter EPS includes a three-cent revision to the previously recorded tax estimate for the repatriation of funds under the American Jobs Creation Act of 2004. Absent that benefit, EPS was a record 38 cents, up 23 percent. Dell revenue for the quarter was \$13.4 billion, 15 percent higher than the same quarter last year.

"Our teams performed well in a dynamic market. Our growth in Q2 was characterized by share increases in every region," said Kevin Rollins, Dell's chief executive officer.

"While average selling prices were down more than we would have liked, we focused on balanced profitability and, in the process, delivered to our guidance for EPS."

Dell's operating margin as a percent of revenue was 8.7 percent, up from 8.6 percent a year ago. The company generated more than \$900 million in cash flow from operations. Dell spent \$1.8 billion during the quarter to repurchase almost 47 million shares, and has now repurchased almost 280 million shares over the past 10 quarters.

Mr. Rollins said continued steady purchase rates by corporate customers, the seasonal impact of back-to-school buying in the consumer segment, and continued growth in markets outside of the United States will drive Dell's third-quarter business. The company expects Q3 revenue of \$14.1 to \$14.5 billion, and earnings per share of 39 to 41 cents. Dell plans to repurchase at least \$1.2 billion in stock during the current fiscal quarter.

24. Defendants' press releases issued on July 15, 2005 and August 11, 2005 were false and misleading. Amidst their continued false and misleading predictions of skyward trajectory of quarterly revenue growth during the period from 2004 to 2005, ***including a remarkable prediction of \$80 billion in revenue within 2-3 years***, defendants now concealed erroneous, false and misleading accounting practices, constituting violations of generally accepted accounting practices ("GAAP"), inclusive of wayward figures for the Company's reserves on its financial statements. Moreover, by mid-2005, the SEC had already begun to investigate its wayward accounting practices.

25. On April 5, 2006, Reuters published an article entitled "Dell CEO says \$100 billion annual revenue achievable." The article stated in part:

ROUND ROCK, Texas (Reuters) - Dell Inc. <DELL.O> can nearly double annual revenue to \$100 billion as it expands in Asia and Europe and grows businesses including data storage and services, Chief Executive Kevin Rollins said in an interview on Wednesday, declining to give a time frame.

"It becomes very logical to say \$80 billion, \$90 billion, \$100 billion," based on current growth trends, Rollins told Reuters in an interview at Dell's Round Rock, Texas, headquarters.

"Is it achievable? Yes. Are we giving it a date and a time? No. The whole point is we are going to grow," he said.

The No. 1 personal computer maker had revenue of \$55.9 billion last year but grew less than some analysts had expected after cutting prices on entry-level, consumer models.

Last year, in April, Rollins appeared to back away from a goal of reaching \$80 billion in annual revenue by 2008 or 2009.

Asked about Apple Computer Inc.'s <AAPL.O> decision on Wednesday to make available free software to make it easy to install Microsoft Corp.'s <MSFT.O> Windows operating system on some of its Mac models, Rollins said Dell wasn't unduly concerned.

"It looks like Apple with 'Intel inside' and 'Microsoft inside' is turning into a commodity PC business," Rollins said.

Dell, which disappointed investors last year with slower-than-forecast growth as it lowered prices on entry-level consumer models, is looking beyond the United States to boost revenue gains. Sales outside the United States reached a company record of 43 percent of total revenue in Dell's fiscal fourth quarter that ended February 3.

Revenue outside the United States rose 33 percent in the fourth quarter compared with 10 percent in the United States. Revenue in Europe, the Middle East and Africa surged 21 percent and the Asia-Pacific region including Japan increased 21 percent.

Rollins said the company plans to aggressively increase its businesses of providing computer services and data storage, two of the fastest growing areas in information technology. ***Dell aims to grow as much as twice the rate of the overall markets it serves, he added.***

Dell also plans to sell more notebook computers, a business that grew 42 percent last year as the company sold 11 million units worldwide, said Alex Gruzen, head of the Dell division that includes notebook computers, printing and displays.

"There's been explosive growth in mobile computing, driven by new features such as built-in wireless Internet connections and security features," Gruzen said in an interview on Wednesday.

26. On August 14, 2006, Dell issued a press release entitled, "Dell Announces Battery Recall - Instructions on Company's Web Site Tuesday at 1 A.M. Central Daylight Time." While

the press release pointed to the fact that the approximately 4.1 million Dell-branded lithium-ion batteries were built with cells manufactured by Sony, a Sony representative noted that “configuration” in an electronic device can contribute to problems, suggesting that there was something about Dell’s proprietary use of the Sony lithium-ion cells that caused the problem.

THE TRUTH IS REVEALED

27. Then, on August 17, 2006, after the close of the markets, the Company announced its quarter financial results, announcing that Dell’s net income was down 51% and that the SEC had been investigating Dell’s revenue recognition practices. The press release stated in part:

Dell reported revenue of \$14.1 billion for the second quarter of fiscal year 2007, an increase of 5 percent year-over-year. Operating income was \$605 million, or 4.3 percent of revenue, which includes \$119 million of stock-based compensation. *The company priced aggressively in a slower market resulting in operating income which was lower than its May expectations on similar revenue. As a result, EPS for the quarter finished at 22 cents.*

"While we are disappointed with the results for the quarter, we are taking the necessary actions to correct missteps and improve our results for the long term," said Kevin Rollins, Dell chief executive officer. "Key actions include accelerating cost initiatives, increasing investments in service and support, and better pricing management."

Dell’s Record Global Share Gain led by International Markets

In the Asia-Pacific and Japan region, Dell had unit growth of 27 percent; almost triple the rate of the industry, excluding Dell. This allowed the company to move into the No. 2 position in the region with 11.1 percent share, up 1 percentage point year-over-year. In Japan, Dell also moved to the No. 2 position with 16.1 percent share.

In Dell’s Americas region, revenue was up 3 percent year-over-year, led by 29 percent growth in Americas International as the countries outside of the U.S. approached a \$4 billion run rate. In the U.S., revenue growth was 1 percent. Dell gained two share points sequentially and has 34.2 percent share for the U.S. market, which is larger than its next three competitors combined.

In Western Europe, the market’s overall revenue decreased due to a slowdown in commercial, but Dell’s share in the overall region reached an all time high of 14 percent with revenue up 3 percent year-over-year and unit growth of 6 percent.

Informal Investigation

In August 2005, Dell received notice from the U.S. Securities and Exchange Commission that it was conducting an informal investigation of the company. The notice stated that the investigation is not an indication that any violations of law have occurred. The SEC has requested information relating to revenue recognition and other accounting and financial reporting matters for certain past fiscal years, and Dell has been cooperating. In the course of responding to the requests, the company recently discovered information that raises potential issues relating to certain periods prior to fiscal 2006. While the company does not believe that these issues have had or will have any material impact on its financial position or the reported results of operations for the relevant years, the company's audit committee, upon the recommendation of management, has initiated an independent investigation. Management is committed to addressing any questions, concerns or issues the SEC or the audit committee may have.

28. Finally, on September 11, 2006, prior to the open of the markets, Dell issued a shocking press release entitled, "Dell Will Delay Filing of Form 10-Q," advising that it would be unable to timely file its SEC Form 10-Q and that it received subpoenas for Company documents from the SEC and the U.S. Attorney for the Southern District of New York. The press release stated in part:

Dell Inc. announced today that it is delaying the filing of the Form 10-Q for its fiscal second quarter ended August 4, 2006.

The company said it is unable to file because of questions raised in connection with the previously announced informal investigation by the U.S. Securities and Exchange Commission (SEC) into certain accounting and financial reporting matters and the subsequently initiated independent investigation by the Audit Committee of its board of directors. The company said it plans to file the report as soon as possible.

The investigations have indicated the possibility of misstatements in prior period financial reports, including issues relating to accruals, reserves and other balance sheet items that may affect the company's previously reported financial results. The company is working with the Audit Committee and with the company's independent auditors to determine if any restatements of prior period financial reports will be necessary. "We have not yet reached any conclusion on materiality as to these issues," said Don Carty, chairman of the Audit Committee reviewing the matter. "We are continuing to investigate the matter fully," Carty added.

The SEC requests for information have been joined by a similar request from the United States Attorney for the Southern District of New York, who has

subpoenaed documents related to the company's financial reporting from 2002 to the present.

"We are fully cooperating with the investigations and working to resolve any and all issues raised in connection with those investigations as quickly as possible, and we will take any appropriate remedial or corrective actions to address any problems," Chairman Michael Dell said.

In light of these developments, the company has suspended its ongoing share repurchase program until further notice. In addition, given the delay in its 10-Q filing, the company has postponed the meeting with analysts that was to be held on Wednesday, September 13 and will reschedule it to a later date. Dell will be holding its Technology Day on Tuesday, September 12, in New York showcasing its latest products and services.

All inquiries should be directed to Lynn A. Tyson, Vice President, Investor Relations and Global Corporate Communications.

29. During the Class Period, defendants employed flawed and defective accounting practices and internal controls, particularly those related to the identification of operational and marketing constraints and prediction of forward guidance. Defendants' unjustifiably optimistic and aggressive description of Dell's personal current and future business prospects deceived the financial community, serving to cause and maintain the artificially inflated price of Dell's stock. As a result of this inflation, the price of Dell's stock traded and closed as high as \$42.33 per share on December 14, 2004.

30. As a direct result of a series of corrective disclosures of the true dimensions of the continuing problems and adversely impacted business prospects at Dell, the Company's stock staged a dramatic decline, trading as low \$21.19 on September 11, 2006. This result reflects a loss of as much as 50% in the market capitalization of Dell, ***resulting in tens of billions of dollars in damage to Dell investors.***

31. During the Class Period, defendants concealed the fact that:

(a) defendants employed *flawed and defective accounting practices and internal controls*, particularly those related to the identification of operational and marketing constraints and prediction of forward guidance;

(b) defendants were unjustifiably *optimistic and aggressive* in the description of Dell's personal computing business prospects, prediction of forward guidance and unrealistic financial results, colored by the Company's erroneous, false and misleading revenue recognition practices;

(c) the *false and misleading financial statements and guidance* served to conceal the impact of the erroneous, false and misleading revenue recognition practices on the Company's earnings and income; and

(d) the ongoing governmental investigations into Dell's financial statements and accounting practices would make it difficult for analysts and investors to accurately determine the Company's earnings and income for present and future quarters.

FALSE FINANCIAL STATEMENTS

32. In order to overstate its revenues, income and forward guidance during the Class Period, Dell violated GAAP and SEC rules by failing to properly report the Company's revenue recognition for accruals and reserves, attending to the proper training of its staff and the implementation of adequate and reliable internal controls over the Company's financial reporting.

33. The financial statements issued during the Class Period and the statements about them were false and misleading, as such financial information was not prepared in conformity with GAAP or SEC guidelines, nor was the financial information a fair presentation of the Company's operations due to the Company's improper accounting in violation of GAAP and SEC rules.

34. GAAP are those principles recognized by the accounting profession as the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. Regulation S-X (17 C.F.R. §210.4-01(a) (1)) states that financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate. Regulation S-X requires that interim financial statements must also comply with GAAP, with the exception that interim financial statements need not include disclosure which would be duplicative of disclosures accompanying annual financial statements. 17 C.F.R. §210.10-01(a).

35. Due to these accounting improprieties, the Company presented its financial results and statements in a manner which violated GAAP, including the following fundamental accounting principles:

(a) The principle that interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements was violated (APB No. 28, ¶10);

(b) The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions was violated (FASB Statement of Concepts No. 1, ¶34);

(c) The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events and circumstances that change resources and claims to those resources was violated (FASB Statement of Concepts No. 1, ¶40);

(d) The principle that financial reporting should provide information about how management of an enterprise has discharged its stewardship responsibility to owners (stockholders) for the use of enterprise resources entrusted to it was violated. To the extent that management offers securities of the enterprise to the public, it voluntarily accepts wider

responsibilities for accountability to prospective investors and to the public in general (FASB Statement of Concepts No. 1, ¶50);

(e) The principle that financial reporting should provide information about an enterprise's financial performance during a period was violated. Investors and creditors often use information about the past to help in assessing the prospects of an enterprise. Thus, although investment and credit decisions reflect investors' expectations about future enterprise performance, those expectations are commonly based at least partly on evaluations of past enterprise performance (FASB Statement of Concepts No. 1, ¶42);

(f) The principle that financial reporting should be reliable in that it represents what it purports to represent was violated. That information should be reliable as well as relevant is a notion that is central to accounting (FASB Statement of Concepts No. 2, ¶¶58-59);

(g) The principle of completeness, which means that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions was violated (FASB Statement of Concepts No. 2, ¶79); and

(h) The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered was violated. The best way to avoid injury to investors is to try to ensure that what is reported represents what it purports to represent (FASB Statement of Concepts No. 2, ¶¶95, 97).

36. Further, the undisclosed adverse information concealed by defendants during the Class Period is the type of information which, because of SEC regulations, regulations of the national stock exchanges and customary business practice, is expected by investors and securities analysts to be disclosed and is known by corporate officials and their legal and financial advisors to be the type of information which is expected to be and must be disclosed.

37. In connection with one or more of these concerns, Dell's financial records have now been subpoenaed by the U.S. Attorney's Office for the Southern District of New York.

APPLICABILITY OF PRESUMPTION OF RELIANCE

FRAUD-ON-THE-MARKET DOCTRINE

38. At all relevant times, the market for Dell securities was an efficient market, for the following reasons, among others:

- (a) Dell's stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Dell filed periodic public reports with the SEC; and
- (c) Dell regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services.

39. As a result of the foregoing, the market for Dell's securities promptly digested current information regarding Dell from all publicly available sources and reflected such information in Dell's stock price. Under these circumstances, all persons who purchased or acquired Dell's securities during the Class Period suffered similar injury through their purchase of the aforementioned securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

40. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each

of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Dell who knew that those statements were false when made.

CLASS ACTION ALLEGATIONS

41. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased Dell publicly traded securities on the open market during the Class Period. Excluded from the Class are defendants.

42. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. Dell had more than 2.27 billion shares of stock outstanding, owned by hundreds if not thousands of persons.

43. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual Class members include:

- (a) Whether the Exchange Act was violated by defendants;
- (b) Whether defendants omitted and/or misrepresented material facts;
- (c) Whether defendants' statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether defendants knew or deliberately disregarded that their statements were false and misleading;
- (e) Whether the prices of Dell's publicly traded securities were artificially inflated; and

(f) The extent of damage sustained by Class members and the appropriate measure of damages.

44. Plaintiff's claims are typical of those of the Class because plaintiff and the Class sustained damages from defendants' wrongful conduct.

45. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with those of the Class.

46. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

COUNT I

For Violation of § 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

47. Plaintiff incorporates ¶¶ 1-46 by reference.

48. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

49. Defendants violated § 10(b) of the Exchange Act and Rule 10b-5 in that they:

- (a) Employed devices, schemes, and artifices to defraud;
- (b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Dell publicly traded securities during the Class Period.

50. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Dell publicly traded securities. Plaintiff and the Class would not have purchased Dell publicly traded securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

51. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Dell publicly traded securities during the Class Period.

COUNT II

For Violation of § 20(a) of the Exchange Act Against All Defendants

52. Plaintiff incorporates ¶¶ 1-51 by reference.

53. The Individual Defendants acted as controlling persons of Dell within the meaning of § 20(a) of the Exchange Act. By reason of their positions as officers and/or directors of Dell, and their ownership of Dell stock, the Individual Defendants had the power and authority to cause Dell to engage in the wrongful conduct complained of herein. Dell controlled each of the Individual Defendants and all of its employees. By reason of such conduct, the Individual Defendants and Dell are liable pursuant to § 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows:

A. Declaring this action to be a class action properly maintained pursuant to Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding plaintiff and other members of the Class compensatory damages;

C. Awarding plaintiff and members of the Class pre-judgment and post-judgment interest, as well as reasonable attorneys' fees, expert witness fees, and other costs and disbursements;

D. Awarding extraordinary, equitable and/or injunctive relief as permitted by law, equity and the federal statutory provisions sued hereunder, pursuant to Rules 64 and 65 and any appropriate state law remedies to assure that the Class has an effective remedy; and

E. Awarding plaintiff and other members of the Class such other relief as this Court may deem just and proper under the circumstances.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

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