

Dell Inc.
State of Oklahoma
2009 Individual
Manufacturer Plan
Revision 1.0

**Oklahoma Computer Equipment
Recovery Act (Title 27A, Section 2-11-
601)**

December 2008



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Attachment 1 - Dell's Recovery and Waste Disposition Channels Environmental Guidelines, December 2007

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State of Oklahoma 2009 Individual Manufacturer Plan Revision 1.0 Oklahoma Computer Equipment Recovery Act (Title 27A, Section 2-11-601) Dell Inc.

Dell and Dell Financial Services have offered various forms of recycling services for more than a decade. We are the only computer company to offer no-charge, worldwide computer recycling for consumer products and continue to challenge the IT industry to join us in this commitment.

*“Protecting the environment is too important an issue for one company to be leading alone,” said Dell Chairman and CEO Michael Dell.
“Customers should not be forced into improper disposal due to a lack of environmentally responsible options. To that end, we are renewing our challenge to every computer manufacturer, regardless of size or location, to join us in offering a free, global consumer-recycling program. It is the right thing for our customers and the earth we share.”*

Dell believes that no computer, materials or component should go to waste. Computers and the natural resources used to make them are too valuable to discard. Dell makes reuse our priority, keeping resources in the system and looking to recycling and proper environmental management next. Dell offers our consumers a variety of convenient options to reuse and recycle computer products.

Figure 1.1 illustrates the components of our recycling program.



Figure 1.1 - Dell's Recycling Program

Dell has developed and implemented standards for reuse, recycling and environmental stewardship. We accept responsibility to provide recycling for all Dell-branded products. We are equally ambitious about the requirements we place on our global Environmental Partners (EPs), our recycling vendors. Dell requires all downstream recycling partners to meet our worldwide standards.

To ensure this, Dell has developed and implemented 3 global policies:

- Recovery and Waste Disposition Channels Environmental Guidelines (established June 2004, revised annually)
- Reuse Disposition Channels Guidelines Environmental Guidelines (established 2004, revised annually)
- Data Destruction Channels Guidelines (established 2007, revised annually)

These policies emphasize individual producer responsibility. Under them, Dell commits to providing efficient and easy product recovery options directly to our customers:

- We provide free end-of-life management for any brand electronic product when an individual purchases a new, similar Dell product.
- We provide free end-of-life management for any individual's Dell product, regardless of new product purchase.
- We employ these same standards globally across all consumer product lines, and we are continually working to expand our recovery and recycling operations to countries where our business grows.
- We provide transparent and effective goal setting and public reporting on our end-of-life recovery programs.

The specific details of how Dell intends to leverage our portfolio of consumer recycling programs to meet our individual manufacturer covered device recovery commitments in the State of Oklahoma are presented below.

1. Financing

Dell was established 24 years ago by Michael Dell. In 2008, Dell ranked 34 on the Fortune 500 list with revenues of \$61,133M ([Fortune 500 2008: Fortune 1000 1-100](#)). The company is publicly traded on the NASDAQ. Our most recent financial highlights, shown in figure 1.1 below can be accessed at [Fiscal 2008 in Review](#).

Figure 1.1. Dell Financial Highlights FY04-FY08

DELL FINANCIAL HIGHLIGHTS					
	FY04	FY05	FY06	FY07	FY08
Revenue	41,327	49,121	55,788	57,420	61,133
EPS	\$ 1.00	\$ 1.18	\$ 1.47	\$ 1.14	\$ 1.31
Cash Flow from Operations	4,064	5,821	4,751	3,969	3,949
Revenue by Geography	41,327	49,121	55,788	57,420	61,133
Americas	28,520	32,903	36,325	36,380	37,369
EMEA	8,472	10,753	12,887	13,682	15,267
APJ	4,335	5,465	6,576	7,358	8,498

FINANCIAL DATA TABLE			
	FY07	FY08	Change
Revenue	57,420	61,133	6%
Gross Margin	9,516	11,671	23%
Operating Income	3,070	3,440	12%
Diluted EPS	\$ 1.14	\$ 1.31	15%
Cash and Investments	12,445	9,532	-23%

All data except per share data is in \$M

Based on the financial growth and stability indicated by the data above, Dell clearly possesses the financial resources to implement our proposed electronics recycle program in the State of Oklahoma.

2. Management

Dell intends to leverage our portfolio of consumer recycling programs to meet our individual manufacturer covered device recovery requirements in the State of Oklahoma. By leveraging our existing collection and vendor risk management programs, we will be able to meet our obligations to the State of Oklahoma without adding significant management efforts.

Our current portfolio of take-back (reuse and recycle) options are managed on a national basis and will not require additional Oklahoma-plan specific resources to effectively implement. We also manage and hold our environmental partners (reuse and recycle vendors) to a single global standard that includes inspection and audit functions that we carry out on all of our EPs annually through a third party audit firm. This effort will continue globally as additional volume of covered devices are routed to our EP from Oklahoma.

Key Dell employees who will be responsible for ensuring compliance with this plan and for meeting Dell's reporting obligations under the program are:

Kristyn Rankin, Compliance Programs Manager
kristyn_rankin@dell.com
 512.728.4107

Melissa Mallory, Sustaining Compliance Programs Specialist
Melissa_mallory@dell.com
 512.723.4937

Mike Watson, Senior Compliance Manager
Mike_Watson@dell.com
 512.728.1848

3. Operation

3.1 Collection sites and services

Dell believes that our customers define “convenient” differently thus our approach to providing free and convenient covered device recycle options for our products is built on a portfolio of **free** takeback options. These programs include:

- Retail – Free recycle opportunities through our national partnership with Staples
- Residential Collection (mail-back)– Free residential collection through our logistics partner of any Dell branded covered devices
- Residential Collection with Purchase (mail-back)– Free residential collection through our logistics partner of any brand of covered device with the purchase of a similar Dell system
- Goodwill-Dell ReConnect Partnership (Available in Southwestern Oklahoma) – Free recycle opportunities at participating Goodwill stores and attended donation centers (ADCs)

Figure 3.1 –Program Details

Program	Why Chosen	Locations/ Contact	Services/ Contact	Hours of Operation	Types of Covered Devices Accepted
Retail	Easily accessible retail locations – convenient to customers purchasing new Dell covered devices	All Staples stores throughout OK	Collection of covered devices	Normal store hours	All Dell branded covered devices and any brand and type of covered device with purchase of a similar Dell branded system (i.e., notebook for a notebook)

Program	Why Chosen	Locations/ Contact	Services/ Contact	Hours of Operation	Types of Covered Devices Accepted
Residential Collection (mail-back) – Dell Branded	Easily accessible to all consumers	Consumer door-step	Collection of covered devices	Pick-up options Monday through Friday except major holidays	All Dell branded covered devices
Residential collection (mail-back) with Purchase	Easily accessible to all consumers	Consumer door-step	Collection of covered devices	Pick-up options Monday through Friday except major holidays	Any brand and type of covered device with the purchase of a similar Dell system
ReConnect	Easily accessible store and attended donation centers (ADCs)	Locations throughout Southwestern Oklahoma	Collection and recycling of covered devices	Available at www.reconnectpartnership.com	Any brand and type of covered device

With our portfolio, we are able to provide a minimum of 3 **free** recycle program opportunities to the residents of the State of Oklahoma.

3.2 Reuse opportunities

Dell believes that no computer, materials or component should go to waste. Computers and the natural resources used to make them are too valuable to discard. Dell makes reuse our priority as detailed in both our Reuse and Disposal Policies (Attachments 1 and 2), keeping systems and natural resources in the market where this can be accomplished in a compliant, cost-effective and environmentally responsible manner. All of the covered devices recovered by Dell in Oklahoma will be transported to one of our Environmental Partners (EPs) that have been on-boarded (process described in section 4 below) to carry our both reuse and recycle processes. These EPs are incented through our contract to optimize system and material recovery in a compliant manner. Our EPs are required under our ARS Agreement to provide item/weight level tracking of all materials processed on Dell’s behalf. This tracking system includes the distinction between systems reused and recycled.

3.3 Transportation

Logistics providers vary by program and are indicated in figure 3.4 below. The contact for logistics related issues under this program is Kristyn Rankin (512.728.4107).

Figure 3.4 – Transportation Providers by Program

Program	Logistics Provider	Cities/Counties Covered	Services Provided	Types of Covered Devices Accepted
Retail	Retail distribution vehicles on return trip (utilizing formerly empty truck space)	All Staples stores throughout RI	Transport of all covered devices collected to designated EP	All Dell branded covered devices and any brand similar to Dell Branded covered device with purchase of a Dell

Program	Logistics Provider	Cities/Counties Covered	Services Provided	Types of Covered Devices Accepted
Residential Collection – Dell Branded	On-boarded logistics provider	All	Residential collection of covered devices and transport to designated EP	Dell branded covered devices
Residential collection with Purchase	On-boarded logistics provider	All	Residential collection of covered devices and transport to designated EP	Any covered device similar to Dell system purchased
ReConnect	Consumer to Goodwill ReConnect store or ADC followed by ReConnect EP	All Goodwill stores and ADCs located in Southwestern Oklahoma as listed at www.reconnectpartnership.com	Transport of all covered devices collected to ReConnect processing location at a Goodwill operation	All brands and types of covered devices

3.4 Recyclers

Corporate policy prevents Dell from disclosing any details of our supplier network publicly. We do have a very rigorous process for on-boarding and ensuring the continued compliance of all of our EPs as detailed in section 4 below. General information about the location and general business contract status is shown in figure 3.5 below.

Figure 3.5 – General Environmental Partner (Recycler) Information

Program	Counties and Cities Covered	EP	Contract Terms	Types of Covered Devices Accepted	Processes
Retail	All where Staples has operations	Eco International	Active ARS Agreement	All computer electronics	Refurbish and recycle operations
Residential Collection – Dell Branded	All	Intechra	Active ARS Agreement	All computer electronics	Refurbish and recycle operations
Residential collection with Purchase	All	Intechra	Active ARS Agreement	All computer electronics	Refurbish and recycle operations
ReConnect	Southwestern Oklahoma	Round 2 Technologies	Active ARS Agreement	All computer electronics	Refurbish and recycle operations

4. Environmentally-Sound Management Practices

As noted above, Dell has developed and implemented global environmental management standards for all of our EPs. These standards go beyond the requirements detailed in the recently published EPA facilitated “Guidelines for Responsible Recycling.”

To ensure that our EPs meet or exceed all of Dell’s performance standards, Dell employs a rigorous auditing process to measure our global recycling and end-of-life disposition vendors (our environmental partners) against our standards.

Our auditing consists of three components. First, we require our environmental partners to pass a comprehensive initial audit. Next, we audit them on an annual basis. Last, we conduct periodic on-site spot checks to ensure compliance throughout the year. The global consultancy Environmental Resources Management (ERM) manages this program for Dell.

ERM performs all Dell auditing and vendor partner reviews. ERM uses a consistent auditing process in every location worldwide. Dell auditing standards include not only environmental measures, but also traceability, asset and facility security, logistics, data destruction measures, and downstream channel risks, as shown in Figure 4.1.

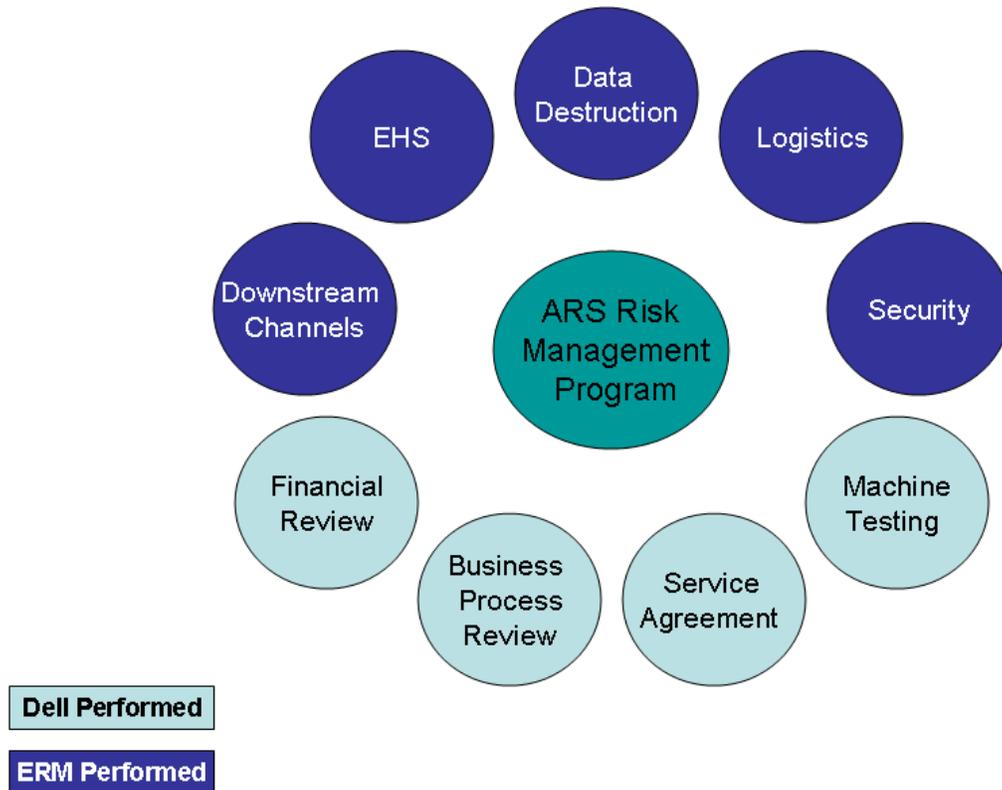


Figure 4.1 - Environmental Partner Audit & Compliance Program

Dell and ERM track all audit findings and all corrective action plans to closure. Traceability and downstream materials movement are key components of these environmental partner reviews. Dell and ERM follow the initial material transfer to a Tier 1 partner and continue to follow that material through to Tier 2 and Tier 3 partners, globally. We hold our Tier 1

environmental partners to Dell's highest standard and expect them to hold their suppliers to the same standards. The audit process allows Dell and ERM to confirm compliance. In fiscal year 2008 we audited 100 percent of our environmental partner network.

5. Education & Outreach (Advertizing & Promotion)

Dell plans to provide customer awareness around this effort. At a minimum, Dell will include:

- Web presence at www.dell.com/recycling
- A link from the Oklahoma Department of Environmental Quality (ODEQ) electronics recycling web site
- Collaboration with ODEQ outreach and awareness programs

Examples of additional efforts might include:

- Distribution of printed materials
- Leverage existing materials
- National advertising of our retail recycling partnership
- Local programs (local grants and partnerships)
- Collective Dell Corporate-based ongoing education initiatives associated with our Sustainability Initiatives
- Prominently branding Dell Product
- Targeted press

6. Coordination

Dell will provide for collection services independent of other programs, thus not coordination effort will be required.

7. N/A (This section intentionally left blank)

8. Recordkeeping

All covered devices collected through our programs in Oklahoma will be processed by one or more of our Environmental Partners (EPs) as described in section 3.3 of this plan. Dell EPs are obligated under the Asset Recovery Services Agreement (ARS Agreement) that is signed prior to our business engagement, to provide unit or weight level tracking of all covered device and/or materials to a minimum of three tiers from receipt and to final disposition for sensitive materials. Each EP maintains their own data tracking and accounting system and provides reconciliation reports to both Dell and our independent 3rd party environmental auditing firm, ERM.

EPs are also obligated through the ARS Agreement to comply with Dell's Reuse and Disposal Policies. These policies promote environmentally responsible reuse and recycle

and the minimization of disposal. Copies of these policies are included as Attachments 1 and 2.

9. N/A (This section intentionally left blank)

10. Implementation Timeline

As shown in figure 10.1 below, Dell's anticipates that our program will be completely operational by 1 January 2009 as required. Our residential collection and retail partnerships with Staples are already active.

Figure 10.1 – Timeline for Oklahoma Covered Device Recovery Plan Implementation

Activity	Dec-08	Jan-09	Jan-10
Register and Submit Plan			
Residential Collection Program Launch	Currently Active		
Retail Collection Launch	Currently Active		
Regional Promotion of Covered Device Recycling Opportunities in Oklahoma			
Annual Collection Report			

11. N/A (This section intentionally left blank)

12. N/A (This section intentionally left blank)

13. Reporting

As required by Oklahoma DEQ, Dell will provide the following reports and information per the schedule provided in figure 13.1 below.

Figure 13.1 – Reporting and Information Schedule

Information Requirement	Due Date	Frequency
2009 Plan Submittal	1 January 2009	Annually
Annual Program Report	1 March 2010	Annually

State of Oklahoma
2009 Individual Manufacturer Plan
Dell Inc.

Attachment 1

Dell's Recovery and Waste Disposition Channels
Environmental Guidelines

December 2007

Dell's Recovery and Waste Disposition Channels Environmental Guidelines

December 2007

These Disposal Channels Guidelines achieve consistent guidance for all of Dell's disposal channels globally. The intent of these guidelines is to provide an infrastructure to appropriately manage electronic wastes, generated both from customers as well as through Dell's service and manufacturing operations. It is the responsibility of all Dell employees and contractors to support and implement these guidelines.

1. End-of-life electronics are properly managed throughout the disposal channel (Prevent Waste and Pollution)

- Dell will endeavor to maximize re-use opportunities. Where recycling is the most viable option then Dell will endeavor to minimize the use of processes that result in landfill and incineration of end-of life electronics.
- Handlers of Dell end-of-life electronics shall either be refurbishing operations, or recycling or disposal operators who have or are implementing a comprehensive "environmental and safety management system(s)".
- The entire disposition channel, including downstream intermediaries, shall meet all applicable environmental, transportation and health and safety regulations.

2. Environmentally sensitive material is not exported to developing countries (Be a Responsible Neighbor)

- Environmentally sensitive material requiring final disposition shall not be exported from developed to developing countries either directly or through intermediaries, unless the Worldwide Dell Asset Recovery Services Council has approved the disposition channel.

3. Continually Manage Dell Disposition Channels and Communicate our Performance (Continually Improve and Communicate our Performance)

- Dell will track and document end-of-life electronics throughout the product disposal channels. Tracking information shall show the final disposition of all waste materials.

Definitions (for purposes of these guidelines):

Disposition Channel: The route of End-of-Life Electronics that begins with Dell and ends at the End-of-Life Electronics' final disposition.

End-of-Life Electronics: Any electronic product or part that can no longer be used as intended, or that contains material that will be recycled or processed in order to reclaim a substance for further use.

Environmentally Sensitive Material: Substances of environmental concern, as defined by legal requirements, specific market demands, or by the following criteria:

- Substances with hazardous properties that are a known threat to human health or the environment;
- Substances with hazardous properties that show strong indications of significant risks to human health or the environment;
- Substances with hazardous properties that are known to bio-persist and/or bio-accumulate in humans or the environment.

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Attachment 2

Dell's Reuse Disposition Channel Guidelines

December 2007

Dell's Reuse Disposition Channel Guidelines

December 2007

These Reuse Channel Guidelines achieve consistent guidance for all of Dell's materials reuse channels globally. The intent of these guidelines is to provide an infrastructure to appropriately manage electronic products before they are deemed to be waste, generated both from customers as well as through Dell's service and manufacturing operations. It is the responsibility of Dell employees, suppliers, and sub-contractors to support and implement these guidelines.

1. Maximize Reuse Opportunities (Prevent Waste and Pollution)

- Dell will endeavor to maximize re-use opportunities. Products that meet standard minimum technology specifications and are able to be refurbished and placed back on the secondary market whether for profit or not for profit, shall be a priority. Dell, as well as contracted Reuse and Refurbishment organizations will commit to responsible recycling of materials with no reuse or refurbishment value endeavoring to minimize the use of processes that result in landfill and incineration of end-of life electronics per the policies set out in Dell's Recovery and Waste Disposition Channel Guidelines.
- Where allowed by law, handlers of Dell or Dell Customer end-of-first-use electronics shall either be reuse or refurbishing operations, who have or are implementing a comprehensive "environmental and safety management system(s)".
- The entire disposition channel, including downstream intermediaries, shall meet all applicable environmental, transportation and health and safety regulations.
- Dell Reuse Partners must prove best-effort to Dell's Reuse Hierarchy

2. Material will be functionally tested (Be a Responsible Neighbor)

- All equipment with potential reuse capacity will be fully tested, and functional when marketed or distributed as a refurbished product.
- All equipment that is marketed or distributed as a refurbished product must also clearly indicate its refurbished condition by use of a label identifying the refurbisher on the second use product.
- No product that is untested or non-functional shall be marketed or distributed as refurbished for reuse and shipped either domestically or internationally
- Data on refurbished equipment will be responsibly handled by refurbishers through the use of Dell's Data Destruction standard. Equipment that fails disk wipe or is presorted to be recycled will be adequately stored and protected from theft until disk drives are rendered inoperable and unreadable.

3. Partners involved in the sorting of material or equipment must be on-boarded as a Dell Environmental Partner (Consistent Global Supplier Quality)

- Dell requires that all partners who operate with the initial step of sorting equipment for testing or disposal/recycling purposes must be on-boarded as a Dell Environmental Partner, and are therefore required to pass an audit using Dell's prescribed audit protocol.
- Dell will track and document refurbished and end-of-life electronics throughout the product disposal channels. Tracking information shall show the final disposition of all waste materials. Refurbished electronics will be tracked to first point of reuse over which Dell has had direct oversight.

Definitions (for purposes of these guidelines):

Disposition Channel: The route of End-of-First-Use Electronics that begins with Dell and ends at the Reuse or Refurbishment facility for processing.

Dell Reuse Hierarchy: Most preferred method of reuse is whole system reuse. When that is not feasible, refurbishment of whole system for reuse is next priority. If both are not economically feasible, component-level piece part reuse is next preferred method of reuse. If none of these methods are feasible, commodity materials reuse is preferred. Not until all above methods are exhausted shall the Reuse Partner consider disposal.

Minimum Technology Specifications: Minimum standards for which an End-of-first use electronic product can be adequately reused with current compatible peripherals and in line with its core useful purpose.

End-of-First-Use Electronics: Any electronic product or part that is still functional and turned over to a refurbishing or reuse handler for repurposing by the first owner.

End-of-Life Electronics: Any electronic product or part that can no longer be used as intended or repurposed.

Reuse: Activities limited to performing non intrusive operation verification, data clearing, and software installation

Refurbishment: Activities include any disassembly or physical modifications to the equipment, including part removal and upgrades

Dell Data Destruction Standard: wipe disk drives at minimum, in a triple pass format, overwriting with 0's, then 1's and then in a random pattern of both 0's and 1's.

Sorting: The process for differentiating materials or equipment for the purposes of identifying what is recyclable, reusable and/or refurbish-able.

