Dell Computer Corporation One Dell Way Round Rock, TX 78682 Telephone 512.338.4400 Telefax 512.728.3653



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November 4, 2002

Ms. Suzanne Q. Bielstein Director of Major Projects and Technical Activities File Reference No. 1101-001 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk. Connecticut 06856-5116

Re: Exposure Draft: Accounting for Stock-Based Compensation – Transition and Disclosure, an Amendment of FASB Statement No. 123

Dear Ms. Bielstein:

Dell Computer Corporation ("Dell") appreciates the opportunity to comment on the Financial Accounting Standards Board's (Board) Exposure Draft dated October 4, 2002, entitled Accounting for Stock-Based Compensation — Transition and Disclosure, an Amendment of FASB Statement No. 123. Dell commends the Board's efforts to provide investors with the highest degree of integrity, quality and transparency in financial reporting and disclosures. We recognize the importance of fortifying investor confidence by making information available that is clear, accurate and timely.

We applaud the Board's continued approval of the intrinsic value method as allowed by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, and Accounting Principles Board No. 25 (APB 25), Accounting for Stock Issued to Employees, in accounting for employee stock-based compensation. Non-cash charges diminish the substance of reported earnings by creating a further disconnect between net income and cash flows from operations, a vital metric used by investors for evaluating a company. Additionally, the existing stock option valuation models have some flaws and may not yield accurate results when attempting to measure the compensation value of an equity option as given to an employee. Consequently, the use of such models increase reporting complexity and the potential for varying and misleading financial consequences. Footnote disclosures are integral to the financial statements and are necessary for a proper understanding of reported results; accordingly, we believe that continued annual disclosure of pro forma, stock-based compensation serves as an effective tool for enhancing comparability among companies' reported results.

In the event the Board eventually requires adoption of the fair value method of accounting for employee stock-based compensation, we suggest that adoption of such policy be implemented on a prospective basis for new awards only. A restatement of historical financial results would likely not yield an accurate portrayal of previous operations as varying economics and alternative decisions could have been employed beforehand which potentially would have generated different financial results. Requiring all public

companies to restate historical financial results does not appear to be a prudent response to the financial reporting failures our markets have recently witnessed. Numerous restatements would likely not boost investor confidence in the U.S. market system.

While Dell believes that providing the exposure draft's proposed quarterly financial statement footnote disclosures will address the desire for more timely information, this degree of clarity and transparency of disclosures demands time and an ever increasing amount of effort. This is particularly true considering the proliferation of new, complex accounting regulations and the increased levels of corporate governance. Given the technical nature of stock-based compensation and considering recent accelerated SEC filing requirements, the Board's proposal to require additional disclosures on a quarterly basis could prove challenging for companies to fulfill in a timely and accurate manner.

Dell continually strives to present clear and accurate disclosures to investors in a timely manner. We support the Board's efforts to improve the information available to investors and ask that consideration of our comments be made in deliberations of the final ruling. Thank you for the opportunity to comment on this important matter.

If you have any questions regarding our comments, please contact me at (512) 728-4283.

Sincerely,

Robert W. Davis Vice President, Corporate Planning and Reporting