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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-47861

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 3, 1998)

\$500,000,000

(DELL LOGO)

Dell Computer Corporation
\$200,000,000 6.55% SENIOR NOTES DUE 2008
\$300,000,000 7.10% SENIOR DEBENTURES DUE 2028

Interest payable April 15 and October 15

THE SENIOR NOTES WILL MATURE ON APRIL 15, 2008, AND THE SENIOR DEBENTURES WILL MATURE ON APRIL 15, 2028. THE SENIOR NOTES AND THE SENIOR DEBENTURES (COLLECTIVELY, THE "OFFERED SECURITIES") WILL BE REDEEMABLE, IN WHOLE OR FROM TIME TO TIME IN PART, AT THE OPTION OF THE COMPANY AT ANY TIME AT A REDEMPTION PRICE EQUAL TO THE GREATER OF (A) 100% OF THE PRINCIPAL AMOUNT OF THE OFFERED SECURITIES TO BE REDEEMED AND (B) THE SUM OF THE PRESENT VALUES OF THE REMAINING SCHEDULED PAYMENTS OF PRINCIPAL AND INTEREST THEREON (EXCLUSIVE OF INTEREST ACCRUED TO THE DATE OF REDEMPTION) DISCOUNTED TO THE DATE OF REDEMPTION ON A SEMIANNUAL BASIS (ASSUMING A 360-DAY YEAR CONSISTING OF TWELVE 30-DAY MONTHS) AT THE TREASURY RATE (AS DEFINED HEREIN) PLUS 12.5 BASIS POINTS (IN THE CASE OF THE SENIOR NOTES) OR 15 BASIS POINTS (IN THE CASE OF THE SENIOR DEBENTURES), PLUS, IN EITHER CASE, ACCRUED AND UNPAID INTEREST ON THE PRINCIPAL AMOUNT BEING REDEEMED TO THE DATE OF REDEMPTION. THE OFFERED SECURITIES WILL NOT BE SUBJECT TO ANY SINKING FUND. THE OFFERED SECURITIES WILL BE REPRESENTED BY GLOBAL SECURITIES REGISTERED IN THE NAME OF THE DEPOSITARY TRUST COMPANY (THE "DEPOSITARY") OR ITS NOMINEE. INTERESTS IN SUCH GLOBAL SECURITIES WILL BE SHOWN ON, AND TRANSFERS THEREOF WILL BE EFFECTED ONLY THROUGH, RECORDS MAINTAINED BY THE DEPOSITARY AND ITS PARTICIPANTS. EXCEPT AS DESCRIBED HEREIN, OFFERED SECURITIES IN DEFINITIVE FORM WILL NOT BE ISSUED. SEE "DESCRIPTION OF OFFERED SECURITIES."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE OF SENIOR NOTES 99.845% AND ACCRUED INTEREST
PRICE OF SENIOR DEBENTURES 99.762% AND ACCRUED INTEREST

<TABLE>
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	PRICE TO PUBLIC(1)	UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	PROCEEDS TO COMPANY(1)(3)
<S>	<D>	<D>	<D>
Per Senior Note.....	99.845%	.650%	99.195%
Total.....	\$199,690,000	\$1,300,000	\$198,390,000
Per Senior Debenture.....	99.762%	.875%	98.887%
Total.....	\$299,286,000	\$2,625,000	\$296,661,000

</TABLE>

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- (1) Plus accrued interest from April 15, 1998.
 - (2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriters."
 - (3) Before deducting expenses payable by the Company estimated at \$450,000.
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The Offered Securities are offered, subject to prior sale, when, as and if accepted by the Underwriters. It is expected that delivery of the Offered Securities will be made on or about April 27, 1998 through the book-entry

facilities of the Depository against payment therefor in immediately available funds.

MORGAN STANLEY DEAN WITTER

GOLDMAN, SACHS & CO.

April 22, 1998

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NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY THE UNDERWRITERS. NEITHER THIS PROSPECTUS SUPPLEMENT NOR THE ACCOMPANYING PROSPECTUS CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS SUPPLEMENT OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY JURISDICTION TO ANY PERSONS TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS OR ANY SALE MADE HEREUNDER DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE ON WHICH SUCH INFORMATION IS GIVEN.

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CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICES OF THE OFFERED SECURITIES. SPECIFICALLY, THE UNDERWRITERS MAY BID FOR AND PURCHASE OFFERED SECURITIES IN THE OPEN MARKET. FOR A DISCUSSION OF THESE ACTIVITIES, SEE "UNDERWRITERS."

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THE COMPANY

GENERAL

Dell Computer Corporation (the "Company") is the world's leading direct computer systems company and one of the top three computer systems companies in the world. The Company was founded in 1984 by Michael Dell on a simple concept -- by selling computers directly to customers, the Company could most efficiently understand and satisfy the computing needs of customers. The Company offers its customers a full range of computer systems, including desktop PCs,

notebooks, workstations and network servers, as well as an extended selection of peripheral hardware and computing software. The Company's "direct model" offers in-person relationships with corporate and institutional customers; telephone and Internet purchasing; build-to-order computer systems; telephone and on-line technical support and next-day, on-site product service. The Company sells to large corporations, government agencies and educational institutions, as well as medium and small businesses and home PC users.

The Dell(R) line of computer systems includes OptiPlex(R) and Dell Dimension(R) desktop computers, Latitude(R) and Inspiron(TM) notebook computers, PowerEdge(R) network servers and Dell WorkStation 400 products. The Company's computers are manufactured on a build-to-order basis at facilities in Austin, Texas; Limerick, Ireland; and Penang, Malaysia.

BUSINESS STRATEGY

The Company's business strategy, centered around its direct business model, is customer-focused and aims to deliver the best customer experience through direct, comprehensive customer relationships, cooperative research and development with technology partners, custom-built computer systems and service and support programs tailored to customer needs. The Company believes that this approach provides it with several competitive advantages. The approach eliminates the need to support an extensive network of wholesale and retail dealers, thereby avoiding typical dealer mark-ups; avoids the higher inventory costs associated with the wholesale/retail channel and the competition for retail shelf space; and reduces the obsolescence risk associated with products in a rapidly changing technological market. In addition, direct customer contact allows the Company to maintain, monitor and update a database of information about customers and their current and future products and service needs, which can be used to shape future product offerings and post-sale service and support programs. This direct approach, combined with the Company's efficient procurement, manufacturing and distribution processes, allows the Company to bring relevant technology to its customers faster and more competitively priced than many of its competitors.

- Comprehensive customer relationships -- The Company develops and utilizes direct customer relationships to understand end-users' needs and to deliver high quality computer products and services tailored to meet those needs. The type of relationship depends on the type of customer. For large corporate and institutional customers, the relationship may begin prior to sale, when the Company works with the customer to plan a strategy to meet that customer's current and future technology needs. The direct relationship continues after the sale, as dedicated account teams consisting of sales, customer service and technical personnel continue to support the customer's technology objectives. The Company also establishes direct relationships with medium and small businesses and home users, either through account representatives, through telephone sales representatives or through Internet contact. All of these direct customer relationships provide the Company with a flow of information about its customers' plans and requirements and enable it to weigh their needs against emerging technologies.
- Cooperative research and development -- The Company also develops cooperative, meaningful relationships with the world's most advanced technology companies. Working with these companies, the Company's engineers manage quality, integrate technologies and design and manage system architecture. This cooperative approach allows the Company to determine the best method and timing for delivering new technologies to the market. The Company's goal is to deliver relevant technology to its customers at the right time.

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- Custom-built computers -- The Company was founded on the principle that delivering computers custom-built to specific customer orders is the best business model for providing solutions that are truly relevant to end-user needs. This build-to-order, flexible manufacturing process enables the Company to achieve faster inventory turnover and reduced inventory levels and allows the Company to rapidly incorporate new technologies and components into its product offerings.
- Custom-tailored service and support programs -- In the same way that the Company's computer products are built-to-order, service and support programs are designed to fit specific customer requirements. The Company offers a broad range of service and support programs through its own technical personnel and its direct management of specialized service suppliers. These services range from telephone and Internet support to on-site customer-dedicated systems engineers.

The Company is committed to refining and extending the advantages of its direct approach to manufacturing, selling and servicing computer systems. Current Company initiatives include moving even greater volumes of product sales, service and support to the Internet and further expanding an already broad range of value-added services to enhance computing solutions for, and simplify the system buying decisions of, current and potential customers. The Internet, perhaps the purest and most efficient form of the direct model, provides greater convenience and efficiency to customers and, in turn, to the Company. Currently, the Company receives in excess of 800,000 visits per week to its World Wide Web site at www.dell.com, where it maintains nearly 42 country-specific sites, and Company revenue generated through the Internet exceeds \$4 million a day. Through the Web site, customers and potential customers can access a wide range of information about the Company's product offerings, can configure and purchase systems on-line and can access volumes of support and technical information. The Company also utilizes the Internet to enhance the direct relationships with its customers. The Company designs and implements custom Internet sites, called Premier Pages(SM), for various large customers, allowing these customers to simplify and accelerate procurement and support processes. Through these custom sites, the Company is able to provide the customer with on-line configuration, pricing and purchasing capability; on-line detailed order, purchasing and inventory reports; and critical account team information.

The Company believes that it has significant opportunities for continued growth in all parts of the world, in all customer segments and in all product categories ranging from enterprise systems, such as network servers and high-end workstations, to home PCs. While the Company believes that its business strategy provides it with competitive advantages and significant opportunities for growth, there are many factors that may affect the Company's business and the success of its operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Factors Affecting the Company's Business and Prospects" below.

PRODUCT PORTFOLIO

The Company offers a wide range of computer systems, including desktops, notebooks, workstations and network servers, as well as software, peripherals and service and support programs.

Desktop Computer Systems. The Company's OptiPlex(R) line of desktop computer systems is the Company's mainstream offering for corporate and institutional customers who require highly reliable systems optimized for use in networked environments. All systems within the OptiPlex line are "Managed PCs," enabling remote manageability and control using industry-standard systems management tools. Some OptiPlex systems are designed for optimal performance with 32-bit operating systems, and some are available as Net PCs. All OptiPlex systems utilize the Company's no-tool OptiFrame(TM) chassis, easing serviceability and upgradability. The OptiFrame chassis is built entirely from recyclable materials.

The Dell Dimension(R) line of desktop computer systems is designed for small businesses, workgroups and individuals, who generally demand fast performance and the latest technology without the need for remote manageability. Some systems within the Dimension line contain the latest, state-of-the-art technology and are targeted at technologically sophisticated users, while others are designed for more value-oriented users.

Notebook Computers. The Company offers two lines of notebook computer systems, each designed for targeted customer needs. The Latitude(R) line is targeted at business customers who require highly reliable and durable systems with maximum connectivity for use in networked environments. The Inspiron(TM) line, which was

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introduced in September 1997, is targeted at technologically sophisticated users who require the latest technology and high-end multimedia performance.

Workstations. During fiscal 1998, the Company entered the workstation market when it began offering the Dell Workstation 400. These Windows NT(R)-based systems incorporate highly advanced technology and are designed specifically to run sophisticated, intensive professional applications, such as computer-aided design, financial service and software development programs.

Network Servers. The PowerEdge(R) line of network servers consists of systems that can operate as file servers, database servers, applications servers and communications/groupware servers in a networked computing environment. PowerEdge systems can be configured as desired for use in a range of networked

environments, from single workgroups to entire enterprises. The Company also offers rack-mountable chassis for its network servers and a Scalable Disk System for increasing network storage capacity.

Software and Accessories. In addition to its own branded products, the Company offers a wide range of software, peripherals and other accessories through its DellWare(R) program. Through its DellPlus software integration program, the Company can factory-install a customer's proprietary applications or hard-disk images at the time of system manufacture and deliver other customer-specific solutions. Through the ReadyWare(R) program, the Company can factory-install off-the-shelf software applications and interface cards in any computer system the Company sells.

Service and Support. The Company enhances its product offerings with a number of specialized services, including custom hardware and software integration, leasing and asset management and network installation and support. The Company offers next-business-day delivery, as well as an extended training and support program on many of its software offerings.

USE OF PROCEEDS

The Company expects to use the net proceeds from the sale of the Offered Securities (estimated to be \$494.6 million, after deducting expenses) for general corporate purposes, including capital expenditures. Pending such uses, the Company intends to invest the net proceeds in marketable securities.

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CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of February 1, 1998 and as adjusted to give effect to the sale by the Company of the Offered Securities (as if such sale occurred on such date). This table should be read in conjunction with the Company's consolidated financial statements, including the related notes, incorporated by reference into the accompanying Prospectus.

<TABLE>
<CAPTION>

	FEBRUARY 1, 1998	
	ACTUAL	AS ADJUSTED
	(DOLLARS IN MILLIONS)	
<S>	<C>	<C>
Long-term debt:		
6.55% Senior Notes Due 2008.....	\$ --	\$ 200
7.10% Senior Debentures Due 2028.....	--	300
Other long-term debt, less current portion.....	17	17
	-----	-----
Total long-term debt.....	17	517
	-----	-----
Stockholders' equity:		
Preferred stock and capital in excess of \$.01 par value; shares issued and outstanding: none.....	--	--
Common stock and capital in excess of \$.01 par value; shares issued and outstanding: 643,622,796 (a).....	747	747
Retained earnings.....	607	607
Other.....	(61)	(61)
	-----	-----
Total stockholders' equity.....	1,293	1,293
	-----	-----
Total capitalization.....	<u>\$1,310</u>	<u>\$1,810</u>

</TABLE>

(a) Shares issued and outstanding does not include (1) shares that may be issued as, or upon the exercise of, awards made pursuant to the Company's stock option and incentive compensation plans, under which options to purchase approximately 110 million shares were outstanding at February 1, 1998, or (2) approximately 13 million shares reserved for future issuance under the Company's employee stock purchase plan.

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SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and the Company's consolidated financial statements, including the related notes, incorporated by reference into the accompanying Prospectus.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED				
	FEBRUARY 1, 1998	FEBRUARY 2, 1997	JANUARY 28, 1996	JANUARY 29, 1995	JANUARY 30, 1994
	(IN MILLIONS, EXCEPT PER SHARE DATA AND RATIOS)				
<S>	<C>	<C>	<C>	<C>	<C>
RESULTS OF OPERATIONS DATA:					
Net revenue.....	\$12,327	\$7,759	\$5,296	\$3,475	\$2,873
Gross margin.....	\$ 2,722	\$1,666	\$1,067	\$ 738	\$ 433
Operating income (loss).....	\$ 1,316	\$ 714	\$ 377	\$ 249	\$ (39)
Income (loss) before extraordinary loss.....	\$ 944	\$ 531	\$ 272	\$ 149	\$ (36)
Net income (loss).....	\$ 944	\$ 518	\$ 272	\$ 149	\$ (36)
Income (loss) before extraordinary loss per common share (a)(b):					
Basic.....	\$ 1.44	\$ 0.75	\$ 0.36	\$ 0.23	\$(0.07)
Diluted.....	\$ 1.28	\$ 0.68	\$ 0.33	\$ 0.19	\$(0.07)
Weighted average shares (a):					
Basic.....	658	710	716	618	597
Diluted.....	738	782	790	750	597
Ratio of Earnings to Fixed Charges (c).....	93.1x	41.0x	16.7x	10.9x	(d)
BALANCE SHEET DATA:					
Working capital.....	\$ 1,215	\$1,089	\$1,018	\$ 718	\$ 510
Total assets.....	\$ 4,268	\$2,993	\$2,148	\$1,594	\$1,140
Long-term debt.....	\$ 17	\$ 18	\$ 113	\$ 113	\$ 100
Total stockholders' equity.....	\$ 1,293	\$ 806	\$ 973	\$ 652	\$ 471

</TABLE>

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- (a) The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share," in the fiscal year ended February 1, 1998. All historical earnings per share data have been restated to conform to this presentation. Additionally, all share and per share information has been retroactively restated to reflect the two-for-one splits of the common stock in March 1998 and July 1997.
- (b) Excludes extraordinary loss of \$0.02 basic per common share and \$0.02 diluted per common share for fiscal 1997.
- (c) For the purpose of calculating these ratios, "earnings" consist of income from continuing operations before income taxes plus fixed charges, and "fixed charges" consist of interest expense, amortization of debt expense and discount or premium and the portion of rental expense deemed to be representative of the interest component.
- (d) Earnings were inadequate to cover fixed charges during the fiscal year ended January 30, 1994. The amount of the deficiency was \$19 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's objective is to maximize stockholder value by executing a strategy that focuses on a balance of three priorities: growth, profitability and liquidity. The following discussion highlights the Company's performance in the context of these priorities. This discussion should be read in conjunction with the consolidated financial statements, including the related notes, incorporated by reference into the accompanying Prospectus.

RESULTS OF OPERATIONS

The following table summarizes the results of the Company's operations for each of the past three fiscal years. All percentage amounts were calculated

using the underlying data in thousands.

<TABLE>
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	FISCAL YEAR ENDED				
	FEBRUARY 1, 1998	INCREASE	FEBRUARY 2, 1997	INCREASE	JANUARY 28, 1996
	(DOLLARS IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>
Net revenue.....	\$12,327	59%	\$7,759	47%	\$5,296
Gross margin.....	\$ 2,722	63%	\$1,666	56%	\$1,067
Percentage of net revenue.....	22.1%		21.5%		20.2%
Operating expenses.....	\$ 1,406	48%	\$ 952	38%	\$ 690
Percentage of net revenue.....	11.4%		12.3%		13.1%
Operating income.....	\$ 1,316	84%	\$ 714	90%	\$ 377
Percentage of net revenue.....	10.7%		9.2%		7.1%
Net income available to common stockholders.....	\$ 944	83%	\$ 518	99%	\$ 260

</TABLE>

Net Revenue

The Company has become one of the top three computer vendors in the world as a result of its continued revenue growth. The increases in consolidated net revenue for both fiscal 1998 and fiscal 1997 were principally due to increased units sold. Unit shipments grew 60% and 55% for fiscal years 1998 and 1997, respectively.

The unit volume growth in fiscal 1998 resulted from increased demand for the Company's products across all product lines. This growth was driven by the Company's continued sales efforts to win new customer accounts through aggressive pricing actions and to increase market penetration of new and higher-end products, including products incorporating Intel's Pentium(R) Pro and Pentium II processors of speeds greater than 200MHz. While desktop products continue to be the primary driver of unit volumes (comprising 84% of total unit shipments in fiscal 1998), the growth rates in both the enterprise (the combination of servers and workstations) and notebook product lines exceeded the growth rate in desktops during fiscal 1998. Unit sales of desktop computers increased 55%, while unit sales of enterprise and notebook computers increased 265% and 66%, respectively, during fiscal 1998.

Average revenue per unit in fiscal 1998 remained relatively stable compared to fiscal 1997. Although aggressive pricing in the desktop product line adversely affected average revenue per unit, this was partially offset by increases in the enterprise and notebook product lines, primarily due to a migration to higher-end enterprise and higher-platform notebook systems.

The unit volume increase in fiscal 1997 was also a result of increased demand for the Company's products across all product lines. In particular, demand for enterprise products resulted in unit growth of 160% in fiscal 1997, compared to a 37% decrease in units in fiscal 1996. Additionally in fiscal 1997, the Company continued to introduce products utilizing latest technology, including products incorporating Intel's Pentium and Pentium Pro processors with speeds at the 200MHz level.

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The Company experienced growth in net revenue in all geographic regions in both fiscal 1998 and fiscal 1997. The following table summarizes the Company's net revenue by geographic region for each of the past three fiscal years:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED					
	FEBRUARY 1, 1998		FEBRUARY 2, 1997		JANUARY 28, 1996	
	(DOLLARS IN MILLIONS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net revenue:						
Americas.....	\$ 8,531	69%	\$5,279	68%	\$3,474	66%
Europe.....	2,956	24	2,004	26	1,478	28
Asia-Pacific and Japan.....	840	7	476	6	344	6
Consolidated net revenue.....	<u>\$12,327</u>	<u>100%</u>	<u>\$7,759</u>	<u>100%</u>	<u>\$5,296</u>	<u>100%</u>

</TABLE>

In the Americas region, where efforts have allowed the Company to build valuable supplier and customer relationships, net revenue grew 62% and 52% in fiscal 1998 and fiscal 1997, respectively. In the European region, substantially all countries experienced revenue growth in both fiscal 1998 and fiscal 1997. This allowed Europe to increase revenue 48% and 36% in fiscal 1998 and fiscal 1997, respectively. Asia-Pacific and Japan revenues increased 77% in fiscal 1998 compared to a 38% increase in fiscal 1997.

Management believes that opportunity exists for continued worldwide growth by increasing the Company's market presence in existing markets, entering new markets and pursuing additional product opportunities. In fiscal 1998, the Company continued to drive revenue growth through its Internet Web site located at www.dell.com. By fiscal year-end, revenue generated through this venue exceeded \$4 million a day. Management believes that the Internet will continue to be a significant sales and service medium for the Company in the future. Additionally in fiscal 1998, the Company expanded its product offerings to include high-performance workstations, and formed a business unit dedicated to workstations in order to grow this product line. As a result of these and other opportunities, the Company has announced plans to acquire an additional manufacturing facility in Limerick, Ireland and to construct an additional manufacturing facility in Austin, Texas and a manufacturing facility in Xiamen, China.

Gross Margin

The increase in gross margin as a percentage of net revenue in fiscal 1998 over fiscal 1997 was the result of several factors, including component cost declines (which were partially offset by price reductions), manufacturing efficiencies and an overall shift in mix to higher-end servers and higher-priced notebook platforms. Additionally in fiscal 1998, the Company experienced a higher mix of Intel's Pentium Pro and Pentium II processors with speeds greater than 200MHz. This contributed to the demand for higher-performance products, which typically carry higher gross margins. The Company's direct business model involves the maintenance of low levels of inventory. Consequently, component cost declines can have a significant impact on overall product costs and gross margin. During fiscal 1998, significant component cost declines occurred (particularly mid-year, in memory components), causing a decline in overall product costs. However, the Company's aggressive pricing strategies mitigated the impact of these cost declines on gross margin. Gross margin also benefited as the Company successfully migrated customers to higher-end enterprise systems with additional options for external storage capacity and higher-platform notebook computers. The mix of enterprise and notebook products increased to 9% and 20% of system revenue, respectively, compared with 4% and 18%, respectively, during the prior fiscal year.

The gross margin increase as a percentage of consolidated net revenue in fiscal 1997 resulted primarily from component cost declines (which were partially offset by price reductions) and a product mix shift to notebooks, servers and higher-end desktop products. Additionally, during fiscal 1996 the Company experienced a problematic product transition involving certain of its OptiPlex desktop products, which had an adverse effect on gross margin.

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Operating Expenses

The following table presents certain information regarding the Company's operating expenses during each of the last three fiscal years:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	FEBRUARY 1, 1998	FEBRUARY 2, 1997	JANUARY 28, 1996

	(DOLLARS IN MILLIONS)		
	⌞	⌞	⌞
Operating expenses:			
Selling, general and administrative.....	\$ 1,202	\$ 826	\$ 595
Percentage of net revenue.....	9.8%	10.7%	11.3%
Research, development and engineering.....	\$ 204	\$ 126	\$ 95
Percentage of net revenue.....	1.6%	1.6%	1.8%
Total operating expenses.....	\$ 1,406	\$ 952	\$ 690
Percentage of net revenue.....	11.4%	12.3%	13.1%

</TABLE>

Selling, general and administrative expenses increased in absolute dollar amounts but declined as a percentage of net revenue for both fiscal 1998 and 1997. The increase in absolute dollars was due primarily to the Company's increased staffing worldwide and increased infrastructure expenses, including information systems, to support the Company's continued growth. The decline in selling, general and administrative expense as a percentage of net revenue resulted from significant net revenue growth.

The Company continues to fund research, development and engineering activities to meet the demand for swift product cycles. As a result, research, development and engineering expenses have increased each year in absolute dollars due to increased staffing levels and product development costs. The Company expects to continue to increase research, development and engineering spending in absolute dollar amounts in order to invest in new products.

The Company believes that its ability to manage operating costs is an important factor in its ability to remain competitive and successful. The Company will continue to invest in information systems, personnel and other infrastructure, and in research, development and engineering activities, to support its growth and to provide for new, competitive products. Although operating expenses are expected to increase in absolute dollar terms, the Company's goal is to manage these expenses, over time, relative to its net revenue and gross margin.

Operating Income

While delivering annual revenue growth of 59% and 47% in fiscal years 1998 and 1997, respectively, the Company has grown operating income by 84% in fiscal 1998 and 90% in fiscal 1997. This reflects the Company's ability to manage operating expenses in relation to growth in gross margin to deliver strong operating performance.

Financing and Other

Financing and other increased \$19 million in fiscal 1998 from fiscal 1997 to \$52 million primarily as a result of increased investment income due to increased average marketable securities balances. Also, financing and other increased \$27 million in fiscal 1997 from fiscal 1996 to \$33 million due to increased investment income and decreased interest expense.

Income Taxes

The Company's effective tax rate was 31% for fiscal 1998 compared to 29% for both fiscal 1997 and 1996. The increase in the effective tax rate resulted from changes in the geographical distribution of income and losses. As a result of the Company's geographical distribution of income, the Company's effective tax rate is lower than the U.S. federal statutory rate of 35%.

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LIQUIDITY AND CAPITAL RESOURCES

The following table presents selected financial statistics and information for each of the past three fiscal years:

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	FEBRUARY 1, 1998	FEBRUARY 2, 1997	JANUARY 28, 1996
	(DOLLARS IN MILLIONS)		
<S>	<D>	<D>	<D>
Cash and marketable securities.....	\$1,844	\$1,352	\$ 646
Working capital.....	\$1,215	\$1,089	\$1,018
Days of sales in accounts receivable.....	36	37	42
Days of supply in inventory.....	7	13	31
Days in accounts payable.....	51	54	33

During fiscal 1998, the Company generated \$1.6 billion in cash flows from operating activities, which represents the Company's principal source of cash. Cash flows from operating activities benefited from increased net income and continued asset management focus.

During fiscal 1998, the Company repurchased 69 million shares of its common

stock for an aggregate cost of \$1.0 billion. The Company is currently authorized to repurchase up to 100 million additional shares of its common stock and anticipates that repurchases under this program will constitute a significant use of future cash resources. At February 1, 1998, the Company held equity instrument contracts that relate to the purchase of 50 million additional shares of its common stock for an average cost of \$44 per share exercisable at various times in the first quarter of fiscal 1999 through the third quarter of fiscal 2000. For additional information regarding the Company's stock repurchase program, see the notes to the Company's consolidated financial statements incorporated by reference into the accompanying Prospectus.

The Company utilized \$187 million in cash during fiscal 1998 to construct and equip manufacturing and office facilities. The Company expects to spend approximately \$330 million to purchase capital items for manufacturing and office facilities during fiscal 1999 to support the Company's continued growth.

During fiscal 1998, the Company replaced two revolving credit facilities with one \$250 million 5-year revolving credit facility. Additionally, during fiscal 1996, the Company entered into a transaction that gives the Company the ability to raise up to \$150 million through a receivables securitization facility. At both February 1, 1998 and February 2, 1997, these facilities were unused.

During fiscal 1998, the Company entered into a \$227 million master lease facility, which allows the Company to lease certain real property, buildings and equipment to be constructed or acquired. At February 1, 1998, \$43 million of this facility had been utilized.

Management believes that the Company has sufficient resources from cash provided from operations and available borrowings to support its operations and capital requirements for at least the next twelve months.

MARKET RISK

The Company is exposed to a variety of risks, including foreign currency fluctuations and changes in the market value of its investments. In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency values and changes in the market value of its investments.

Foreign Currency Hedging Activities

The Company's objective in managing its exposure to foreign currency exchange rate fluctuations is to reduce the impact of adverse fluctuations in earnings and cash flows associated with foreign currency exchange rate changes. Accordingly, the Company utilizes foreign currency option contracts and forward contracts to hedge its exposure on anticipated transactions and firm commitments. The principal currencies hedged are the British pound, Japanese yen, German mark, French franc and Canadian dollar. The Company monitors its foreign

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exchange exposures daily to ensure the overall effectiveness of its foreign currency hedge positions. However, there can be no assurance the Company's foreign currency hedging activities will substantially offset the impact of fluctuations in currency exchange rates on its results of operations and financial position.

Based on the Company's foreign exchange instruments outstanding at February 1, 1998, the Company estimates a maximum potential one-day loss in fair value of \$12 million, using a Value-at-Risk ("VAR") model. The VAR model estimates were made assuming normal market conditions and a 95% confidence level. There are various types of modeling techniques that can be used in a VAR computation; the Company used a Monte Carlo simulation type model that valued its foreign currency instruments against a thousand randomly generated market price paths. Anticipated transactions, firm commitments, receivables and accounts payable denominated in foreign currencies were excluded from the model. The VAR model is a risk estimation tool, and as such is not intended to represent actual losses in fair value that will be incurred by the Company. Additionally, as the Company utilizes foreign currency instruments for hedging anticipated and firmly committed transactions, a loss in fair value for those instruments is generally offset by increases in the value of the underlying exposure. Foreign currency fluctuations did not have a material impact on the Company during fiscal years 1998, 1997 and 1996.

Marketable Securities

The fair value of the Company's investments in marketable securities at February 1, 1998 was \$1.5 billion. The Company's investment policy is to manage its marketable securities portfolio to preserve principal and liquidity while maximizing the return on the investment portfolio through the full investment of available funds. The Company diversifies the marketable securities portfolio by investing in multiple types of investment-grade securities and through the use of different investment brokers. The Company's marketable securities portfolio is primarily invested in short-term securities with at least an investment grade rating to minimize interest rate and credit risk as well as to provide for an immediate source of funds. Based on the Company's marketable securities portfolio and interest rates at February 1, 1998, a 175 basis point increase or decrease in interest rates would result in a decrease or increase of \$17 million, respectively, in the fair value of the marketable securities portfolio. Although changes in interest rates may affect the fair value of the marketable securities portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

FACTORS AFFECTING THE COMPANY'S BUSINESS AND PROSPECTS

There are numerous factors that may affect the Company's business and the results of its operations. These factors include general economic and business conditions; the level of demand for personal computers; the level and intensity of competition in the personal computer industry and the pricing pressures that may result; the ability of the Company to timely and effectively manage periodic product transitions and component availability; the ability of the Company to develop new products based on new or evolving technology and the market's acceptance of those products; the ability of the Company to manage its inventory levels to minimize excess inventory, declining inventory values and obsolescence; the product, customer and geographic sales mix of any particular period; the Company's ability to continue to improve its infrastructure (including personnel and systems) to keep pace with the growth in its overall business activities; and the Company's ability to ensure its products and information systems and those of its third party providers will be Year 2000 compliant. For a discussion of these and other factors affecting the Company's business and prospects, see "Item 1 -- Business -- Factors Affecting the Company's Business and Prospects" in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1998, which is incorporated by reference into the accompanying Prospectus.

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DESCRIPTION OF OFFERED SECURITIES

The following description of the particular terms of the Offered Securities (referred to in the Prospectus as the "Debt Securities") supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Debt Securities set forth in the Prospectus, to which description reference is hereby made. The following summary of the Offered Securities is qualified in its entirety by reference to the Indenture referred to in the Prospectus. Capitalized terms not otherwise defined herein or in the accompanying Prospectus have the meanings given to them in the Indenture.

GENERAL

The Senior Notes and the Senior Debentures offered hereby each constitute a series of Debt Securities under the Indenture, limited, with respect to the Senior Notes, to \$200 million aggregate principal amount and, with respect to the Senior Debentures, to \$300 million aggregate principal amount. The Senior Notes will mature on April 15, 2008, and the Senior Debentures will mature on April 15, 2028. The Senior Notes and the Senior Debentures will bear interest at the rate shown in their respective titles from April 15, 1998 or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semiannually on April 15 and October 15 of each year, commencing October 15, 1998, to the persons in whose names the Offered Securities are registered at the close of business on the April 1 or October 1, as the case may be, next preceding such Interest Payment Date. The Offered Securities are not entitled to the benefit of any sinking fund. The Offered Securities will be sold in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

The covenant provisions of the Indenture described under the caption "Description of Debt Securities -- Covenants of the Company" in the accompanying Prospectus will apply to the Offered Securities. The defeasance and covenant defeasance provisions of the Indenture described under the caption "Description of Debt Securities -- Defeasance and Covenant Defeasance" in the accompanying Prospectus will apply to the Offered Securities.

RANKING

The Offered Securities will be unsecured general obligations of the Company that will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding. Because the Company is a holding company, the Offered Securities will be effectively subordinated to the obligations of the Company's subsidiaries. The Company has not allowed, and currently does not expect to permit, its subsidiaries to incur any significant amount of indebtedness for borrowed money, and the Company (on a consolidated basis) does not have any material amount of contingent liabilities. Nevertheless, the Indenture does not restrict the ability of the Company's subsidiaries to incur indebtedness, and those subsidiaries may in the future incur other types of liabilities, including contingent liabilities.

Substantially all of the Company's operating income and cash flows are generated by its subsidiaries. Consequently, funds necessary to meet debt service obligations on the Offered Securities will be provided by distributions or advances from the Company's subsidiaries. Under certain circumstances, the Company's ability to obtain cash from its subsidiaries for the purpose of meeting those debt service obligations could be limited.

REDEMPTION AT THE OPTION OF THE COMPANY

The Offered Securities will be redeemable, in whole or in part, at the option of the Company on any date (a "Redemption Date"), at a redemption price equal to the greater of (a) 100% of the principal amount of the Offered Securities to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points (in the case of the Senior Notes) or 15 basis points (in the case of the Senior Debentures), plus, in either case, accrued and unpaid interest on the principal amount being redeemed to such Redemption Date; provided, however, that installments of interest on Offered Securities that are due and payable on an Interest Payment Date falling on or prior to the relevant Redemption Date shall be payable to the

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holders of such Offered Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Date according to their terms and the provisions of the Indenture.

"Treasury Rate" means, with respect to any Redemption Date for the Offered Securities, (a) the yield, under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (b) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated on the third Business Day preceding the Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Offered Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Offered Securities.

"Independent Investment Banker" means Morgan Stanley & Co. Incorporated or, if such firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date, (a) the average of four Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (b) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Reference Treasury Dealer" means each of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. and their respective successors; provided, however, that if either of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Notice of any redemption by the Company will be mailed at least 30 days but not more than 60 days before any Redemption Date to each holder of Offered Securities to be redeemed. If less than all the Senior Notes or the Senior Debentures are to be redeemed at the option of the Company, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Offered Securities of such series to be redeemed in whole or in part.

Unless the Company defaults in payment of the redemption price, on and after any Redemption Date interest will cease to accrue on the Offered Securities or portions thereof called for redemption.

BOOK-ENTRY SYSTEM

The Offered Securities will be represented by one or more Global Securities registered in the name of a nominee of The Depository Trust Company, as Depository. The provisions set forth under "Description of Debt Securities -- Book-Entry System" in the accompanying Prospectus will be applicable to the Offered Securities.

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TRUSTEE

The Trustee under the Indenture will be the Chase Bank of Texas, National Association. The Chase Manhattan Bank ("Chase"), an affiliate of the Trustee, currently is a Co-Agent under the Company's revolving line of credit, is a party to the Company's master lease facility and is the Rights Agent with respect to the Company's Preferred Share Purchase Rights. In addition, Chase provides certain banking and financial services to the Company in the ordinary course of business and may provide such services in the future.

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement, dated the date hereof, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective principal amount of the Offered Securities set forth opposite their respective names below:

<TABLE>
<CAPTION>

NAME	PRINCIPAL AMOUNT OF SENIOR NOTES	PRINCIPAL AMOUNT OF SENIOR DEBENTURES
----	-----	-----
<S>	<C>	<C>
Morgan Stanley & Co. Incorporated.....	\$100,000,000	\$150,000,000
Goldman, Sachs & Co.....	100,000,000	150,000,000
	-----	-----
Total.....	<u>\$200,000,000</u>	<u>\$300,000,000</u>

</TABLE>

The Underwriting Agreement provides that the obligation of the several Underwriters to pay for and accept delivery of the Offered Securities is subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the Offered Securities if any are taken.

The Underwriters initially propose to offer part of the Offered Securities directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of .400% of the principal amount in the case of the Senior Notes and .500% of the principal amount in the case of the Senior Debentures. Any

Underwriter may allow, and any such dealers may reallow, a concession to certain other dealers not in excess of .250% of the principal amount in the case of the Senior Notes and .250% of the principal amount in the case of the Senior Debentures. After the initial offering of the Offered Securities, the offering price and other selling terms may from time to time be varied by the Underwriters.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Company does not intend to apply for listing of any of the Offered Securities on a national securities exchange, but has been advised by the Underwriters that they presently intend to make a market in the Offered Securities, as permitted by applicable laws and regulations. The Underwriters are not obligated, however, to make a market in the Offered Securities and any such market-making may be discontinued at any time at the sole discretion of the Underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Offered Securities.

In order to facilitate the offering of the Offered Securities, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Offered Securities. In addition, to stabilize the price of the Offered Securities, the Underwriters may bid for, and purchase, the Offered Securities in the open market. Finally, the Underwriters may reclaim selling concessions allowed to an Underwriter or a dealer for distributing the Offered Securities in the offering, if the Underwriter repurchases previously distributed Offered Securities in transactions to cover Underwriter short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Offered Securities above independent market levels. The Underwriters are not required to engage in these activities and may end any of these activities at any time.

From time to time, the Underwriters or their affiliates engage in transactions with and perform services for the Company and its affiliates in the ordinary course of business.

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LEGAL OPINIONS

The validity of the Offered Securities is being passed upon for the Company by Vinson & Elkins L.L.P., Dallas, Texas. Certain legal matters in connection with the offering of the Offered Securities will be passed upon for the Underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California.

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PROSPECTUS

(DELL LOGO)

Dell Computer Corporation

DEBT SECURITIES

Dell Computer Corporation, a Delaware corporation (the "Company"), from time to time may offer its debt securities consisting of senior debentures, notes, bonds or other evidences of indebtedness in one or more series ("Debt Securities") with an aggregate initial public offering price of up to \$500 million or the equivalent thereof in one or more foreign currencies or composite currencies, including European Currency Units ("ECU"). The Debt Securities may be offered in separate series in amounts, at prices and on terms to be set forth in a supplement to this Prospectus (a "Prospectus Supplement").

The Debt Securities may be sold for U.S. Dollars, one or more foreign currencies or composite currencies, and the principal of and any interest on the Debt Securities may likewise be payable in U.S. Dollars, one or more foreign currencies, composite currencies or amounts determined by reference to an index.

The Debt Securities will rank equally with all other unsubordinated and unsecured indebtedness of the Company. See "Description of Debt Securities."

The specific terms of the Debt Securities with respect to which this Prospectus is being delivered, such as (where applicable) the specific

designation, aggregate principal amount, currency, denomination, maturity, premium, rate (or manner of calculation thereof) and time of payment of interest, terms for redemption at the option of the Company or the holder or for sinking fund payments, and the initial public offering price, will be set forth in an accompanying Prospectus Supplement. See "Description of Debt Securities."

The Debt Securities may be sold through underwriting syndicates led by one or more managing underwriters or through one or more underwriters acting alone. The Debt Securities may also be sold directly by the Company or through agents designated from time to time. If any underwriters or agents are involved in the sale of the Debt Securities, their names, the principal amount of Debt Securities to be purchased by them and any applicable fee, commission or discount arrangements with them will be set forth in the Prospectus Supplement. See "Plan of Distribution."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus may not be used to consummate sales of Debt Securities unless accompanied by a Prospectus Supplement.

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CERTAIN PERSONS PARTICIPATING IN AN OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE DEBT SECURITIES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH DEBT SECURITIES, AND THE IMPOSITION OF A PENALTY BID, DURING AND AFTER AN OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION."

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's Regional Offices located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and at 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The SEC maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the World Wide Web site is <http://www.sec.gov>. Reports and other information concerning the Company may be also inspected at the offices of The Nasdaq Stock Market, 1735 K Street, N.W., Washington, D.C. 20006.

The Company has filed with the SEC a registration statement on Form S-3 (together with all amendments and exhibits, the "Registration Statement") under the Securities Act of 1933 (the "Securities Act") with respect to the Debt Securities. This Prospectus, which constitutes part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to the Company and the Debt Securities offered hereby, reference is made to the Registration Statement and the exhibits and the financial statements, notes and schedules filed as a part thereof or incorporated by reference therein, which may be inspected at the public reference facilities of the SEC at the addresses set forth above or through the SEC's World Wide Web site.

Statements contained in this Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete and in each instance are qualified in all respects by reference to the copy of such contract or document filed as an exhibit to the Registration Statement.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been filed by the Company with the SEC, are incorporated by reference into this Prospectus and are deemed to be a part of this Prospectus:

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended

February 2, 1997; and

(b) The Company's Quarterly Reports on Form 10-Q for the fiscal periods ended May 4, 1997, August 3, 1997 and November 2, 1997.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the Debt Securities offered hereby shall be deemed to be incorporated by reference into this Prospectus and be a part hereof from the date of filing such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any other document subsequently filed with the SEC that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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The Company will furnish without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, on the written or oral request of such person, a copy of any or all of the documents incorporated by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to Dell Computer Corporation, Investor Relations, One Dell Way, Round Rock, Texas 78682-2244 (telephone: (512) 338-4400).

THE COMPANY

Dell Computer Corporation (the "Company") is the world's leading direct computer systems company and one of the top three computer vendors in the world. The Company designs, develops, manufactures, markets, services and supports a wide range of computer systems, including desktops, notebooks, workstations and network servers, and also markets software, peripherals and service and support programs.

The Company is a Delaware corporation that was incorporated in 1987, succeeding to the business of a predecessor Texas corporation that was originally incorporated in 1984. Based in Round Rock, Texas, the Company conducts operations worldwide through wholly-owned subsidiaries. Unless otherwise specified, references herein to the "Company" are references to the Company and its consolidated subsidiaries.

The Company's principal executive offices are located at One Dell Way, Round Rock, Texas 78682-2244, and its telephone number at that location is (512) 338-4400. The Company's World Wide Web address is www.dell.com.

USE OF PROCEEDS

Unless otherwise indicated in an accompanying Prospectus Supplement, the net proceeds to be received by the Company from the sale of the Debt Securities will be used for general corporate purposes, including capital expenditures. Pending such uses, the Company intends to invest the net proceeds in marketable securities.

RATIO OF EARNINGS TO FIXED CHARGES

Set forth below is the ratio of earnings to fixed charges for each of the periods stated. For the purpose of calculating such ratios, "earnings" consist of income from continuing operations before income taxes plus fixed charges, and "fixed charges" consist of interest expense, amortization of debt expense and discount or premium and the portion of rental expense deemed to be representative of the interest component.

<TABLE>
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	NINE MONTHS ENDED NOVEMBER 2, 1997	FISCAL YEAR ENDED				
		FEBRUARY 2, 1997	JANUARY 28, 1996	JANUARY 29, 1995	JANUARY 30, 1994	JANUARY 31, 1993
<S> Ratio of Earnings to Fixed Charges.....	99.2x	41.0x	16.7x	10.9x	(a)	10.1x

</TABLE>

(a) Earnings were inadequate to cover fixed charges during the fiscal year ended January 30, 1994. The amount of the deficiency was \$19 million.

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SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 1997 and the Quarterly Report on Form 10-Q for the fiscal period ended November 2, 1997. The Company has adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). The basic and diluted earnings per common share information presented below has been restated for SFAS 128.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED		TWELVE MONTHS ENDED				
	NOVEMBER 2, 1997	OCTOBER 27, 1996	FEBRUARY 2, 1997	JANUARY 28, 1996	JANUARY 29, 1995	JANUARY 30, 1994	JANUARY 31, 1993
			(IN MILLIONS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Net revenue.....	\$8,590	\$5,347	\$7,759	\$5,296	\$3,475	\$2,873	\$2,014
Gross margin.....	1,899	1,142	1,666	1,067	738	433	449
Operating income (loss)...	919	464	714	377	249	(39)	139
Income (loss) before extraordinary loss.....	659	343	531	272	149	(36)	102
Net income (loss).....	\$ 659	\$ 330	\$ 518	\$ 272	\$ 149	\$ (36)	\$ 102
Income (loss) before extraordinary loss per common share(a)(b):							
Basic.....	\$ 1.00	\$ 0.48	\$ 0.75	\$ 0.36	\$ 0.23	\$ (.07)	\$ 0.18
Diluted.....	\$ 0.89	\$ 0.45	\$ 0.68	\$ 0.33	\$ 0.19	\$ (.07)	\$ 0.16
Weighted average shares outstanding(a):							
Basic.....	663	716	710	716	618	597	580
Diluted.....	738	775	782	790	750	597	628
STATEMENT OF FINANCIAL POSITION DATA:							
Working capital.....	\$1,228	\$1,023	\$1,089	\$1,018	\$ 718	\$ 510	\$ 359
Total assets.....	3,921	2,724	2,993	2,148	1,594	1,140	927
Long-term debt.....	18	18	18	113	113	100	48
Total stockholders' equity.....	\$1,207	\$ 851	\$ 806	\$ 973	\$ 652	\$ 471	\$ 369

</TABLE>

(a) All share and per share information has been retroactively restated to reflect the two-for-one split of the common stock paid in March 1998 and the two-for-one split of the common stock paid in July 1997.

(b) Excludes extraordinary loss of \$0.02 basic per common share and \$0.02 diluted per common share for fiscal 1997.

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DESCRIPTION OF DEBT SECURITIES

The following statements with respect to the Debt Securities are summaries of, and are subject to, the detailed provisions of an indenture (the "Indenture") to be entered into by the Company and one or more commercial banks, as trustee (the "Trustee"), a copy of which is filed as an exhibit to the Registration Statement. The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture, including the definitions therein of certain terms. Wherever defined terms of the Indenture are referred to herein or in a Prospectus Supplement, such defined terms are incorporated herein or therein by reference.

The Debt Securities may be issued from time to time in one or more series. The particular terms of each series of Debt Securities will be described in a Prospectus Supplement relating to such series.

GENERAL

The Indenture does not limit the aggregate principal amount of Debt Securities that can be issued thereunder. The Debt Securities may be issued in one or more series as may be authorized from time to time by the Company. The Debt Securities will be senior unsecured obligations of the Company.

The applicable Prospectus Supplement will describe the following terms of the series of Debt Securities with respect to which this Prospectus is being delivered:

- (a) The title of the Debt Securities of the series;
- (b) Any limit on the aggregate principal amount of the Debt Securities of the series that may be authenticated and delivered under the Indenture;
- (c) The person to whom any interest on a Debt Security shall be payable, if other than the person in whose name that Debt Security is registered on the Regular Record Date;
- (d) The date or dates on which the principal and premium, if any, of the Debt Securities of the series are payable;
- (e) The rate or rates (which may be fixed or variable) at which the Debt Securities will bear interest, if any, or the method of determining the rate or rates, the date or dates from which such interest will accrue, the Interest Payment Dates on which any such interest will be payable or the method by which the dates will be determined, the Regular Record Date for any interest payable on any Interest Payment Date and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- (f) The place or places where the principal of and any premium and interest on the Debt Securities of the series will be payable if other than the Borough of Manhattan, The City of New York;
- (g) The period or periods within which, the price or prices at which and the terms and conditions upon which the Debt Securities of the series may be redeemed, in whole or in part, at the option of the Company or otherwise;
- (h) The obligation of the Company, if any, to redeem, purchase or repay the Debt Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the holders and the period or periods within which, the price or prices at which and the terms and conditions upon which such Debt Securities shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation, and any provisions for the remarketing of such Debt Securities;
- (i) The terms, if any, upon which the Debt Securities of the series may be convertible into or exchanged for other Debt Securities of the Company and the terms and conditions upon which the conversion or exchange shall be effected, including the initial conversion or exchange price or rate, the conversion or exchange period and any other additional provisions;
- (j) The denominations in which any Debt Securities will be issuable, if other than denominations of \$1,000 and any integral multiple thereof;

(k) The currency, currencies or currency units in which payment of principal of and any premium and interest on Debt Securities of the series shall be payable if other than United States dollars;

(l) Any index, formula or other method used to determine the amount of payments of principal of and any premium and interest on the Debt Securities;

(m) If the principal amount payable at the stated maturity of Debt Securities of the series will not be determinable as of any one or more dates prior to the stated maturity, the amount that will be deemed to be the principal amount as of any date for any purpose, including the principal amount thereof which will be due and payable upon any maturity

other than the stated maturity or which will be deemed to be outstanding as of any date (or, in any such case, the manner in which the deemed principal amount is to be determined), and if necessary, the manner of determining the equivalent thereof in United States currency;

(n) If the principal of or any premium or interest on any Debt Securities is to be payable, at the election of the Company or the holders, in one or more currencies or currency units other than that or those in which such Debt Securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on such Debt Securities shall be payable, and the periods within which and the terms and conditions upon which such election is to be made;

(o) If other than the principal amount thereof, the portion of the principal amount of the Debt Securities which will be payable upon declaration of the acceleration of the maturity thereof or provable in bankruptcy;

(p) The applicability of, and any addition to or change in, the covenants and definitions then set forth in the Indenture or in the terms then set forth in the Indenture relating to permitted consolidations, mergers or sales of assets;

(q) Any changes or additions to the provisions of the Indenture dealing with defeasance, including the addition of additional covenants that may be subject to the Company's covenant defeasance option;

(r) Whether any of the Debt Securities are to be issuable in permanent global form and, if so, the Depositary or Depositaries for such Global Security and the terms and conditions, if any, upon which interests in such Debt Securities in global form may be exchanged, in whole or in part, for the individual Debt Securities represented thereby in definitive registered form, and the form of any legend or legends to be borne by the Global Security in addition to or in lieu of the legend referred to in the Indenture;

(s) The Trustee and any authenticating or paying agents, transfer agents or registrars;

(t) The terms, if any, of any guarantee of the payment of principal, premium and interest with respect to Debt Securities of the series and any corresponding changes to the provisions of the Indenture as then in effect;

(u) The terms, if any, of the transfer, mortgage, pledge or assignment as security for the Debt Securities of the series of any properties, assets, moneys, proceeds, securities or other collateral, including whether certain provisions of the Trust Indenture Act are applicable and any corresponding changes to provisions of the Indenture as then in effect;

(v) Any addition to or change in the Events of Default with respect to the Debt Securities of the series and any change in the right of the Trustee or the holders to declare the principal, premium and interest with respect to the Debt Securities due and payable; and

(w) Any other terms of the Debt Securities not inconsistent with the provisions of the Indenture.

Debt Securities may be issued as Original Issue Discount Securities to be sold at a substantial discount from their principal amount. United States federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities will be described in the Prospectus Supplement relating thereto.

If any of the Debt Securities are sold for any foreign currency or currency unit or if principal of, premium, if any, or interest, if any, on any of the Debt Securities is payable in any foreign currency or currency unit, the

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restrictions, elections, tax consequences, specific terms and other information with respect to such Debt Securities and such foreign currency or currency unit will be specified in the Prospectus Supplement relating thereto.

EXCHANGE, REGISTRATION, TRANSFER AND PAYMENT

Unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest, if any, on the Debt Securities will be payable, and the exchange of and the transfer of Debt Securities will be

registrable, at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, The City of New York and at any other office or agency maintained for such purpose. Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be issued in denominations of \$1,000 or integral multiples thereof. No service charge will be made for any registration of transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

All moneys paid by the Company to a Paying Agent for the payment of principal, premium, if any, or interest, if any, on any Debt Security which remain unclaimed for two years after such principal, premium or interest has become due and payable may be repaid to the Company, and thereafter the holder of such Debt Security may look only to the Company for payment thereof.

In the event of any redemption, the Company shall not be required to (a) issue, register the transfer of or exchange Debt Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Debt Securities of that series to be redeemed and ending at the close of business on the day of such mailing or (b) register the transfer of or exchange any Debt Security, or portion thereof, called for redemption, except the unredeemed portion of any Debt Security being redeemed in part.

BOOK-ENTRY SYSTEM

The provisions set forth below in this section headed "Book-Entry System" will apply to the Debt Securities of any series if the Prospectus Supplement relating to such series so indicates.

Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities of such series will be represented by one or more global securities (collectively, a "Global Security") registered in the name of The Depository Trust Company (the "Depository") or a nominee of the Depository identified in the Prospectus Supplement relating to such series. Except as set forth below, a Global Security may be transferred, in whole but not in part, only to the Depository or another nominee of the Depository.

Upon the issuance of a Global Security, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Debt Securities represented by such Global Security to the accounts of institutions that have accounts with the Depository or its nominee ("participants"). The accounts to be credited will be designated by the underwriters, dealers or agents. Ownership of beneficial interests in a Global Security will be limited to participants or persons that may hold interests through participants. Ownership of interests in such Global Security will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the Depository (with respect to participants' interests) and such participants (with respect to the owners of beneficial interests in such Global Security). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer beneficial interests in a Global Security.

So long as the Depository, or its nominee, is the registered holder and owner of such Global Security, the Depository or such nominee, as the case may be, will be considered the sole owner and holder of the related Debt Securities for all purposes of such Debt Securities and for all purposes under the Indenture. Except as set forth below or as otherwise provided in the applicable Prospectus Supplement, owners of beneficial interests in a Global Security will not be entitled to have the Debt Securities represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of Debt Securities in definitive form and will not be considered to be the owners or holders of any Debt Securities under the Indenture or such Global Security. Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures

of the Depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder of Debt Securities under the Indenture of such Global Security. The Company understands that under existing industry practice, in the event the Company requests any action of holders of Debt Securities or if an owner of a beneficial interest in a Global Security desires to take any action that the Depository, as the holder of such Global Security is entitled to take, the Depository would authorize the participants to take such action, and that the participants would authorize beneficial owners owning through such

participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

The Depositary has advised the Company as follows: The Depositary is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the Exchange Act. The Depositary was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depositary's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (or their representatives) own the Depositary. Access to the Depositary's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The Depositary agrees with and represents to its participants that it will administer its book-entry system in accordance with its rules and by-laws and requirements of law.

Payment of principal of and premium, if any, and interest, if any, on Debt Securities represented by a Global Security will be made to the Depositary or its nominee, as the case may be, as the registered owner and holder of such Global Security.

The Company expects that the Depositary, upon receipt of any payment of principal, premium, if any, or interest, if any, in respect of a Global Security, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of the Depositary. The Company expects that payments by participants to owners of beneficial interests in a Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant. Neither the Company nor the Trustee nor any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the Depositary and its participants or the relationship between such participants and the owners of beneficial interests in such Global Security owning through such participants.

Unless and until it is exchanged in whole or in part for Debt Securities in definitive form, a Global Security may not be transferred except as a whole by the Depositary to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary.

Unless otherwise provided in the applicable Prospectus Supplement, Debt Securities represented by a Global Security will be exchangeable for Debt Securities in definitive form of like tenor as such Global Security in denominations of \$1,000 and in any greater amount that is an integral multiple thereof if (a) the Depositary notifies the Company and the Trustee that it is unwilling or unable to continue as Depositary for such Global Security or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act and a successor Depositary is not appointed by the Company within 90 days, (b) the Company in its sole discretion determines not to have all of the Debt Securities represented by a Global Security and notifies the Trustee thereof or (c) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Debt Securities. Any Debt Security that is exchangeable pursuant to the preceding sentence is exchangeable for Debt Securities registered in such names as the Depositary shall instruct the Trustee. It is expected that such instructions may be based upon directions received by the Depositary from its participants with respect to ownership of beneficial interests in

such Global Security. Subject to the foregoing, a Global Security is not exchangeable except for a Global Security or Global Securities of the same aggregate denominations to be registered in the name of the Depositary or its nominee.

Except as set forth below or as otherwise provided in the applicable Prospectus Supplement with respect to any series of Debt Securities, the Company is not restricted by the Indenture from incurring, assuming or becoming liable for any type of debt or other obligations, from paying dividends or making distributions on its capital stock or purchasing or redeeming its capital stock. The Indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity. In addition, the Indenture does not contain any provision that would require the Company to repurchase or redeem or otherwise modify the terms of any of its Debt Securities upon a change in control or other events involving the Company that may adversely affect the creditworthiness of the Debt Securities.

Unless otherwise indicated in the applicable Prospectus Supplement, certain covenants contained in the Indenture, which are summarized below, will be applicable (unless waived or amended) to the series of Debt Securities to which such Prospectus Supplement relates so long as any of the Debt Securities of such series are outstanding.

Limitations on Liens. The Company covenants that it will not issue, incur, create, assume or guarantee, and will not permit any Restricted Subsidiary to issue, incur, create, assume or guarantee, any debt for borrowed money secured by a mortgage, security interest, pledge, lien, charge or other encumbrance ("liens") upon any Principal Property of the Company or any Restricted Subsidiary or upon any shares of stock or indebtedness of any Restricted Subsidiary (whether such Principal Property, shares or indebtedness are now existing or owed or hereafter created or acquired) without in any such case effectively providing concurrently with the issuance, incurrence, creation, assumption or guaranty of any such secured debt that the Debt Securities (together with, if the Company shall so determine, any other indebtedness of or guarantee by the Company or such Restricted Subsidiary ranking equally with the Debt Securities) shall be secured equally and ratably with (or, at the option of the Company, prior to) such secured debt. The preceding provisions shall not require the Company to secure the Debt Securities if the liens consist of either Permitted Liens or liens securing excepted indebtedness (as described below).

Limitations on Sale and Lease-Back Transactions. The Company covenants that it will not, nor will it permit any Restricted Subsidiary to, enter into any Sale and Lease-Back Transaction with respect to any Principal Property unless (a) the Company or such Restricted Subsidiary would be entitled to incur indebtedness secured by a lien on the Principal Property involved in such transaction at least equal in amount to the Attributable Debt with respect to such Sale and Lease-Back Transaction without equally and ratably securing the Debt Securities pursuant to the limitation in the Indenture on liens, or (b) the Company shall apply an amount equal to the Attributable Debt with respect to such Sale and Lease-Back Transaction within six months of such sale to the defeasance or retirement (other than any mandatory retirement, mandatory prepayment or sinking fund payment or by payment at maturity) of Debt Securities or other debt for borrowed money of the Company or a Restricted Subsidiary that matures more than one year after the creation of such debt or to the purchase, construction or development of other comparable property.

Excepted Indebtedness. Notwithstanding the foregoing limitations on liens and Sale and Lease-Back Transactions, the Company or any Restricted Subsidiary will be permitted to issue, incur, create, assume or guarantee indebtedness secured by a lien or may enter into a Sale and Lease-Back Transaction, in either case, without regard to the restrictions contained in the preceding two paragraphs if the sum of the aggregate principal amount of all such indebtedness (or, in the case of a lien, the lesser of such principal amount and the fair market value of the property subject to such lien, as determined in good faith by the Company's Board of Directors) and the Attributable Debt of all such Sale and Lease-Back Transactions, in each case not otherwise permitted in the preceding two paragraphs, does not exceed the greater of 10% of the Consolidated Net Tangible Assets of the Company or \$350 million.

Certain Definitions Applicable to Covenants. The term "Attributable Debt" when used in connection with a Sale and Lease-Back Transaction involving a Principal Property shall mean, at the time of determination, the lesser of (a) the fair market value of such property (as determined in good faith by the Company's Board of Directors), (b) the present value of the total net amount of rent required to be paid under such lease during the remaining term thereof (including any renewal term or period for which such lease has been extended), discounted at the rate of interest set forth or implicit in the terms of such lease or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the Debt Securities of each series outstanding pursuant to the Indenture compounded semi-annually, or (c) if the obligation with respect to the Sale and Lease-Back Transaction constitutes an obligation

that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with generally accepted accounting principles, the amount equal to the capitalized amount of such obligation determined in accordance with generally accepted accounting principles and included in the financial statements of the lessee. For purposes of the foregoing definition, rent shall not include amounts required to be paid by the lessee, whether or not designated as rent or additional rent, on account of or contingent upon maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease that is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated) or the net amount determined assuming no such termination.

The term "Consolidated Net Tangible Assets" shall mean, as of any particular time, the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities, except for (1) notes and loans payable, (2) current maturities of long-term debt and (3) current maturities of obligations under capital leases; and (b) certain intangible assets, to the extent included in such aggregate amount of assets, all as set forth on the most recent consolidated balance sheet of the Company and its consolidated subsidiaries and computed in accordance with generally accepted accounting principles.

The term "Nonrecourse Obligation" shall mean indebtedness or other obligations substantially related to (a) the acquisition of assets not previously owned by the Company or any Restricted Subsidiary or (b) the financing of a project involving the development or expansion of properties of the Company or any Restricted Subsidiary, as to which the obligee with respect to such indebtedness or obligation has no recourse to the Company or any Restricted Subsidiary or any assets of the Company or any Restricted Subsidiary other than the assets which were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

The term "Permitted Liens" shall mean (a) liens on property, shares of stock, indebtedness or other assets of any corporation existing at the time such corporation becomes a Restricted Subsidiary, provided that such liens are not incurred in anticipation of such corporation becoming a Restricted Subsidiary; (b)(i) liens on property, shares of stock, indebtedness or other assets existing at the time of acquisition thereof by the Company or a Restricted Subsidiary, or liens thereon to secure the payment of all or any part of the purchase price thereof or (ii) liens on property, shares of stock, indebtedness or other assets to secure any indebtedness for borrowed money incurred prior to, at the time of, or within one year after, the latest of the acquisition thereof, or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price thereof, such construction or the making of such improvements; (c) liens to secure indebtedness owing to the Company or to a Restricted Subsidiary; (d) liens existing at the date of the initial issuance of the Debt Securities of such series; (e) liens on property or other assets of a corporation (which is not a Subsidiary) existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially as an entirety to the Company or a Restricted Subsidiary; (f) liens in favor of the United States of America or any State, territory or possession thereof (or the District of Columbia), or any department, agency, instrumentality or political subdivision of the United States of America or any State, territory or possession thereof (or the District of Columbia), to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of

constructing or improving the property subject to such liens; (g) liens created in connection with a project financed with, and created to secure, a Nonrecourse Obligation; (h) liens on any property to secure bonds for the construction, installation or financing of pollution control or abatement facilities, or other forms of industrial revenue bond financing, or indebtedness issued or guaranteed by the United States, any state or any department, agency or instrumentality thereof; and (i) extensions, renewals or replacements of any lien referred to in the foregoing clauses (a) through (h); provided, however, that any liens permitted by any of the foregoing clauses (a) through (h) shall not extend to or cover any property of the Company or such Restricted Subsidiary, as the case may

be, other than the property specified in such clauses and improvements thereto.

The term "Principal Property" shall mean the land, land improvements, buildings and fixtures (to the extent they constitute real property interests) (including any leasehold interest therein) constituting the principal corporate office, any manufacturing plant or any manufacturing facility (whether now owned or hereafter acquired) and the equipment located thereon which (a) is owned by the Company or any Subsidiary; (b) is located within any of the present 50 States of the United States of America (or the District of Columbia); (c) has not been determined in good faith by the Board of Directors of the Company not to be materially important to the total business conducted by the Company and its Subsidiaries taken as a whole; and (d) has a net book value on the date as of which the determination is being made in excess of 1% of Consolidated Net Tangible Assets of the Company as most recently determined on or prior to such date (including for purposes of such calculation the land, land improvements, buildings and such fixtures comprising such office, plant or facilities, as the case may be).

The term "Restricted Subsidiary" shall mean any Subsidiary that owns any Principal Property; provided, however, that the term "Restricted Subsidiary" shall not include (a) any Subsidiary that is principally engaged in financing receivables or that is principally engaged in financing the Company's operations outside the United States of America or (b) any Subsidiary less than 80% of the voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries if the common stock of such Subsidiary is traded on any national securities exchange or quoted on The Nasdaq National Market or in the over-the-counter market.

The term "Sale and Lease-Back Transaction" shall mean any arrangement with any person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such person, other than (a) any such transaction involving a lease for a term of not more than three years, (b) any such transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, or (c) any such transaction executed by the time of or within one year after the latest of the acquisition, the completion of construction or improvement or the commencement of commercial operation of such Principal Property.

The term "Subsidiary" shall mean (a) any corporation of which at least 66 2/3% of the outstanding voting stock is at the time owned, directly or indirectly, by the Company or by one or more other Subsidiaries or (b) any other person (other than a corporation) in which the Company or one or more other Subsidiaries directly or indirectly has at least 66 2/3% equity ownership and power to direct the policies, management and affairs thereof. "Voting stock" means stock that ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

DEFEASANCE AND COVENANT DEFEASANCE

The Indenture provides that, if such provision is made applicable to the Debt Securities of any series pursuant to the provisions of the Indenture, the Company may elect (a) to defease and be discharged from any and all obligations in respect of such Debt Securities except for certain obligations to register the transfer or exchange of such Debt Securities, to replace temporary, destroyed, stolen, lost or mutilated Debt Securities, to maintain paying agencies and to hold monies for payment in trust ("defeasance") or (b) (i) to omit to comply with certain restrictive covenants (including the covenants referred to above under "Covenants of the Company") and (ii) to deem the occurrence of any event referred to in clauses (d) and (e) under "Events of Default" below not to be or result in an Event of Default if, in each case with respect to the Outstanding Debt Securities of such series on or after the date certain conditions are satisfied ("covenant defeasance"), in either case upon the deposit with the

Trustee (or other qualifying trustee), in trust, of money or U.S. Government Obligations, which through the payment of interest and principal with respect thereto in accordance with their terms will provide money in an amount sufficient to pay the principal of and any premium and interest on the Debt Securities of such series on the respective stated maturities and any mandatory sinking fund payments or analogous payments on the days payable, in accordance with the terms of the Indenture and the Debt Securities of such series. Such a trust may only be established if, among other things, the Company has delivered to the Trustee an opinion of counsel to the effect that the holders of the

outstanding Debt Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance or covenant defeasance and will be subject to federal income tax on the same amount, and in the same manner and at the same times as would have been the case if such deposit, defeasance or covenant defeasance had not occurred. Such opinion, in the case of defeasance under clause (a) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable federal income tax laws occurring after the date of the Indenture. The Prospectus Supplement relating to a series may further describe the provisions, if any, permitting such defeasance or covenant defeasance with respect to the Debt Securities of a particular series.

EVENTS OF DEFAULT

The following events are defined in the Indenture as "Events of Default" with respect to a series of Debt Securities (unless such event is specifically inapplicable to a particular series as described in the Prospectus Supplement relating thereto): (a) failure to pay any interest on any Debt Security of that series when due, continued for 30 days; (b) failure to pay principal of or any premium on any Debt Security of that series when due; (c) failure to deposit any sinking fund payment, when due, in respect of any Debt Security of that series; (d) with respect to each series of Debt Securities, failure to perform any other covenant of the Company applicable to that series, continued for 90 days after written notice to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Debt Securities of that series specifying such failure, requiring it to be remedied and stating that such notice is a "Notice of Default"; (e) (i) failure of the Company to make any payment by the end of any applicable grace period after maturity of indebtedness, which term as used in the Indenture means obligations (other than Nonrecourse Obligations or the Debt Securities of such series) of the Company for borrowed money or evidenced by bonds, debentures, notes or similar instruments ("Indebtedness") in an amount in excess of \$50,000,000 and continuance of such failure, or (ii) the acceleration of Indebtedness in an amount in excess of \$50,000,000 because of a default with respect to such Indebtedness without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled, in the case of (i) or (ii) above, for a period of 30 days after written notice to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25% in principal amount of the outstanding Debt Securities of that series specifying such failure or acceleration, requiring it to be remedied and stating that such notice is a "Notice of Default"; provided, however, that if any such failure or acceleration referred to in (i) or (ii) above shall cease or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed not to have occurred; (f) certain events of bankruptcy, insolvency or reorganization involving the Company; and (g) any other Event of Default provided with respect to Debt Securities of that series.

Subject to the provisions of the Indenture relating to the duties of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in principal amount of the outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of that series.

The Indenture provides that the Company will deliver to the Trustee, within 120 days after the end of each fiscal year, a brief certificate from the principal executive, financial or accounting officer or treasurer of the Company as to his or her knowledge of the Company's compliance (without regard to any period of grace or requirement of notice) with all conditions and covenants of the Indenture.

If an Event of Default with respect to Debt Securities of any series at the time outstanding occurs and is continuing, either the Trustee or the holders of at least 25% in principal amount of the outstanding Debt Securities of that series by notice as provided in the Indenture may declare the principal amount (or, if the Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Debt Securities of that series to be due and payable immediately. At any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, the holders of a majority in principal amount of the outstanding Debt Securities of that series

may, under certain circumstances, rescind and annul such acceleration.

No holder of any Debt Security of any series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default and unless the holders of at least 25% in principal amount of the outstanding Debt Securities of that series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the holders of a majority in principal amount of the outstanding Debt Securities of that series a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. Such limitations generally do not apply, however, to a suit instituted by a holder of a Debt Security for the enforcement of payment of the principal or interest on such Debt Security on or after the respective due dates expressed in such Debt Security.

MODIFICATION, WAIVER AND MEETINGS

The Company and the Trustee may enter into supplemental indentures without the consent of the holders of Debt Securities for one or more of the following purposes:

(a) To evidence the succession of another person to the Company pursuant to the provisions of the Indenture relating to consolidations, mergers and sales of assets and the assumption by the successor of the covenants, agreements and obligations of the Company in the Indenture and in the Debt Securities;

(b) To surrender any right or power conferred upon the Company by the Indenture, to add to the covenants of the Company such further covenants, restrictions, conditions or provisions for the protection of the holders of all or any series of Debt Securities as the Board of Directors of the Company shall consider to be for the protection of the holders of the Debt Securities, and to make the occurrence, or the occurrence and continuance, of a default in any of the additional covenants, restrictions, conditions or provisions a default or an Event of Default under the Indenture (provided, however, that with respect to any such additional covenant, restriction, condition or provision, the supplemental indenture may provide for a period of grace after default, which may be shorter or longer than that allowed in the case of other defaults, may provide for an immediate enforcement upon the default, may limit the remedies available to the Trustee upon the default, or may limit the right of holders of a majority in aggregate principal amount of any or all series of Debt Securities to waive the default);

(c) To cure any ambiguity or omission or to correct or supplement any provision contained in the Indenture, in any supplemental indenture or in any Debt Securities that may be defective or inconsistent with any other provision contained therein, to convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under the Indenture, in each case as shall not adversely affect the interests of any holders of Debt Securities of any series in any material respect;

(d) To modify or amend the Indenture in such a manner as to permit the qualification of the Indenture or any supplemental indenture under the Trust Indenture Act as then in effect;

(e) To add guarantees with respect to any or all of the Debt Securities or to secure any or all of the Debt Securities;

(f) To make any change that does not adversely affect the rights of any holder;

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(g) To add to, change or eliminate any of the provisions of the Indenture with respect to one or more series of Debt Securities, so long as any such addition, change or elimination not otherwise permitted under the Indenture shall (1) neither apply to any Debt Security of any series created prior to the execution of the supplemental indenture and entitled to the benefit of the provision nor modify the rights of the holders of any Debt Security with respect to the provision, or (2) become effective only when there is no such Debt Security outstanding;

(h) To evidence and provide for the acceptance of appointment by a successor or separate Trustee with respect to the Debt Securities of one or

more series and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the Indenture by more than one Trustee;

(i) To establish the form or terms of Debt Securities of any series; and

(j) To provide for uncertificated Debt Securities in addition to or in place of certificated Debt Securities (provided that the uncertificated Debt Securities are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code or in a manner such that the uncertificated Debt Securities are described in Section 163(f)(2)(B) of such code).

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the holders of a majority in principal amount of the outstanding Debt Securities of each series affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Debt Security affected thereby, (a) change the stated maturity of the principal of, or any installment of principal of or interest on, any Debt Security, (b) reduce the principal amount of, rate of interest on or any premium payable upon the redemption of any Debt Security, (c) reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the maturity thereof, (d) change the place of payment where, or the coin or currency in which, any Debt Security or any premium or interest thereon is payable, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security after the stated maturity, redemption date or repayment date, (f) reduce the percentage in principal amount of outstanding Debt Securities of any series, the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (g) modify any of the provisions set forth in this paragraph except to increase any such percentage or to provide that certain other provisions of the Indenture may not be modified or waived without the consent of the holder of each outstanding Debt Security affected thereby.

The holders of a majority in principal amount of the outstanding Debt Securities of each series may, on behalf of the holders of all the Debt Securities of that series, waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. The holders of a majority in principal amount of the outstanding Debt Securities of each series may, on behalf of all holders of Debt Securities of that series and any coupons appertaining thereto, waive any past default under the Indenture with respect to Debt Securities of that series, except a default (a) in the payment of principal of or any premium or interest on any Debt Security of such series or (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of each holder of outstanding Debt Securities of the affected series.

The Indenture provides that in determining whether the holders of the requisite principal amount of the outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of Debt Securities (a) the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof, (b) the principal amount of a Debt Security denominated in other than U.S. dollars shall be the U.S. dollar equivalent, determined on the date of original issuance of such Debt Security, of the principal amount of such Debt Security (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Debt Security of the amount determined as provided in (a) above of such Debt Security) and (c) Debt Securities owned by the Company or any Subsidiary of the Company shall be disregarded and deemed not to be Outstanding.

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company may not consolidate with or merge with or into any person, or convey, transfer or lease all or substantially all of its assets, or permit any person to consolidate with or merge into the Company, unless the following conditions have been satisfied:

(a) Either (1) the Company shall be the continuing person in the case of a merger or (2) the resulting, surviving or transferee person, if other than the Company (the "Successor Company"), shall be a corporation

organized and existing under the laws of the United States, any State or the District of Columbia and shall expressly assume all the obligations of the Company under the Debt Securities and the Indenture;

(b) Immediately after giving effect to the transaction (and treating any indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Company as a result of the transaction as having been incurred by the Successor Company or the Subsidiary at the time of the transaction), no default, Event of Default or event that, after notice or lapse of time, would become an Event of Default under the Indenture would occur or be continuing; and

(c) The Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger, transfer or lease complies with the Indenture.

Upon any consolidation by the Company with, or merger by the Company into, any other person or any conveyance, transfer or lease of the properties and assets of the Company as an entirety or substantially as an entirety as described in the preceding paragraph, the Successor Company resulting from such consolidation or into which the Company is merged or the transferee or lessee to which such conveyance, transfer or lease is made, will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, and thereafter, except in the case of a lease, the predecessor (if still in existence) will be released from its obligations and covenants under the Indenture and all outstanding Debt Securities.

NOTICES

Except as otherwise provided in the Indenture, notices to holders of Debt Securities will be given by mail to the addresses of such holders as they appear in the Debt Security Register.

TITLE

Prior to due presentment of a Debt Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name such Debt Security is registered as the owner of such Debt Security for the purpose of receiving payment of principal of and any premium and any interest (other than defaulted interest or as otherwise provided in the applicable Prospectus Supplement) on such Debt Security and for all other purposes whatsoever, whether or not such Debt Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

REPLACEMENT OF DEBT SECURITIES

Any mutilated Debt Security will be replaced by the Company at the expense of the Holder upon surrender of such Debt Security to the Trustee. Debt Securities that become destroyed, stolen or lost will be replaced by the Company at the expense of the Holder upon delivery to the Trustee of the Debt Security or evidence of the destruction, loss or theft thereof satisfactory to the Company and the Trustee. In the case of a destroyed, lost or stolen Debt Security, an indemnity satisfactory to the Trustee and the Company may be required at the expense of the holder of such Debt Security before a replacement Debt Security will be issued.

GOVERNING LAW

The Indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York.

REGARDING THE TRUSTEE

The Company may appoint a separate Trustee for any series of Debt Securities. As used herein in the description of a series of Debt Securities, the term "Trustee" refers to the Trustee appointed with respect to the series of Debt Securities.

The Indenture contains certain limitations on the right of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize for its own account on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in certain other transactions; however, if it acquires any conflicting interest and there is a default under the Debt Securities of any series for which the Trustee serves as trustee, the Trustee must eliminate such

conflict or resign.

The Trustee or its affiliate may provide certain banking and financial services to the Company in the ordinary course of business.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities (a) to one or more underwriters or dealers for public offering and sale by them and (b) to investors directly or through agents. The distribution of the Debt Securities may be effected from time to time in one or more transactions at a fixed price or prices (which may be changed from time to time), at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Each Prospectus Supplement will describe the method of distribution of the Debt Securities offered thereby.

In connection with the sale of the Debt Securities, underwriters, dealers or agents may receive compensation from the Company or from purchasers of the Debt Securities for whom they may act as agents, in the form of discounts, concessions or commissions. The underwriters, dealers or agents which participate in the distribution of the Debt Securities may be deemed to be underwriters under the Securities Act and any discounts or commissions received by them and any profit on the resale of the Debt Securities received by them may be deemed to be underwriting discounts and commissions thereunder. Any such underwriter, dealer or agent will be identified and any such compensation received from the Company will be described in the Prospectus Supplement. Any initial public offering price and any discounts or concessions allowed or recalled or paid to dealers may be changed from time to time.

Under agreements that may be entered into with the Company, underwriters, dealers and agents may be entitled to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters, dealers or agents may be required to make with respect thereto.

The Company may grant underwriters who participate in the distribution of Debt Securities an option to purchase additional Debt Securities to cover over-allotments, if any.

All Debt Securities will be new issues of securities with no established trading market. Any underwriters to whom Debt Securities are sold by the Company for public offering and sale may make a market in such Debt Securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any such Debt Securities.

Certain of the underwriters or agents and their affiliates may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

LEGAL OPINIONS

The validity of the Debt Securities is being passed upon for the Company by Vinson & Elkins L.L.P., Dallas, Texas.

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EXPERTS

The financial statements incorporated in this Prospectus by reference to the Company's Annual Report on Form 10-K for the year ended February 2, 1997, have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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