
Dell 4Q FY11 Performance Review

Michael Dell

Chairman and CEO

Brian Gladden

SVP and CFO

Steve Schuckenbrock

President, Dell Services



February 15th, 2011

Forward-Looking Statements

Special Note on Forward Looking Statements:

Statements in this presentation that relate to future results and events (including statements about Dell's future financial and operating performance, announced and planned acquisitions, anticipated customer demand, including seasonal trends and commercial momentum, enterprise solutions strategies, component costs, cost controls, supply chain improvements, and new products, as well as the financial guidance with respect to revenue and non-GAAP operating income) are forward-looking statements and are based on Dell's current expectations. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "could," "estimate," "expect," "intend," "confidence," "may," "plan," "potential," "should," "will" and "would," or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including: weak global economic conditions and instability in financial markets; weak economic conditions and additional regulation affecting Dell's financial services activities; intense competition; Dell's cost-cutting measures; Dell's ability to effectively manage periodic product and services transitions; Dell's ability to effectively manage the growth of its distribution capabilities and add to its product and services offerings; Dell's ability to achieve favorable pricing from its vendors; Dell's reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; disruptions in component or product availability; successful implementation of Dell's acquisition strategy; Dell's ability to generate substantial non-U.S. net revenue; Dell's product, customer, and geographic sales mix, and seasonal sales trends; Dell's ability to access the capital markets; loss of government contracts; customer terminations of or pricing changes in services contracts, or Dell's failure to perform as it anticipates at the time it enters into services contracts; Dell's ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; counterparty default; unfavorable results of legal proceedings; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; Dell's ability to maintain strong internal controls; changing environmental and safety laws; the effect of armed hostilities, terrorism, natural disasters, and public health issues; information technology and manufacturing infrastructure disruptions or breaches of data security; Dell's ability to attract, retain, and motivate key personnel; the risk of temporary suspension or debarment from contracting with U.S. federal, state and local governments as a result of settlements of an SEC investigation by Dell and Dell's Chairman and CEO; and other risks and uncertainties discussed in Dell's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for its fiscal year ended January 29, 2010 and its Quarterly Report on Form 10-Q for the quarter ended July 30 2010. In particular, Dell's expectations with regard to revenue and non-GAAP operating income for the full fiscal year ending February 3, 2012 assume, among other matters, that there is no significant decline in economic conditions generally or demand growth specifically, no delays in pursuing the enterprise strategy, no supply chain disruptions, and no significant adverse component pricing or supply movements. Dell assumes no obligation to update its forward-looking statements.

Non-GAAP Financial Measures

This presentation includes information about non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per share (collectively the "non-GAAP financial measures"), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the historical non-GAAP financial measures and of free cash flow, which is also a non-GAAP measure, to the most directly comparable GAAP measures in the slides captioned "Supplemental Non-GAAP Measures." A detailed discussion of our reasons for including the non-GAAP financial measures and the limitations associated with those measures is presented in the press release furnished as an exhibit to Dell's Form 8-K filed on February 15, 2011. We encourage investors to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.

Dell 4Q FY11 Earnings Review

Brian Gladden
SVP and CFO



4Q FY11 Highlights

- Growth in revenue and profitability driven by enterprise solutions and services, along with strong commercial client growth
 - Consolidated revenue up +5% Y/Y, to \$15.7B; up +2% Q/Q
 - Enterprise solutions and services revenue grew +7% Y/Y to \$4.6B, and now represents 29% of Dell's consolidated revenue
 - Total commercial revenue up +9% Y/Y, to \$12.4B with OpInc of 10.6% of revenue (+270bps Y/Y)
- Non-GAAP GM of 21.5% driven by strong supply chain execution, broad component costs declines and good pricing discipline and sales execution
 - Overall Non-GAAP operating income of \$1.3B, or 8.2% of revenue
- 4Q cash flow from operations of \$1.5B; \$4.0B for FY11
- Consumer modestly profitable with OpInc of 2.1%



4Q FY11 Non-GAAP Consolidated Results

Consolidated P&L¹

\$ in Millions – except Units and EPS

	4Q'10	3Q'11	4Q'11	Y/Y Growth	Seq Growth
Units (thousands)	11,119	11,152	11,507	3%	3%
Revenues	14,900	15,394	15,692	5%	2%
Gross Margin	2,596	3,078	3,368	30%	9%
<i>GM % of revenue</i>	17.4%	20.0%	21.5%	410 bps	150 bps
Operating Expenses	1,798	1,911	2,082	16%	9%
<i>Opex % of revenue</i>	12.1%	12.4%	13.3%	120 bps	90 bps
Operating Income	798	1,167	1,286	61%	10%
<i>Opinc % of revenue</i>	5.4%	7.6%	8.2%	280 bps	60 bps
Income Before Taxes	757	1,147	1,268	68%	11%
Income Tax	213	272	250	17%	-8%
<i>Effective Tax Rate %</i>	28.1%	23.7%	19.7%	-840 bps	-400 bps
Net Income	544	875	1,018	87%	16%
<i>NI % of revenue</i>	3.7%	5.7%	6.5%	280 bps	80 bps
Diluted EPS	\$0.28	\$0.45	\$0.53	89%	18%

¹Percentages and ratios are calculated based on underlying data

Growth refers to year-over-year

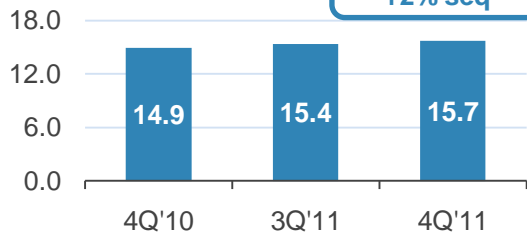
- Revenue up +5%, to \$15.7B
- Gross margin of 21.5%
- Opex of \$2.1B or 13.3% of revenue, driven by increased investment in solutions & performance based compensation
- Operating income up +61%, to \$1.3B or 8.2% of revenue
- Interest & other expenses were \$18M, driven by approximately \$60M in quarterly interest and banking fee expense offset by currency impact and investment income
- Q4 Tax rate 19.7%, attributable to higher mix in low-tax jurisdictions. Full year tax rate was 22.2%
- EPS 53 cents, up +89%



4Q FY11 Non-GAAP Key Performance Metrics

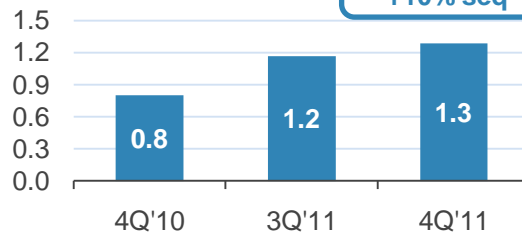
Revenue

\$ Billions



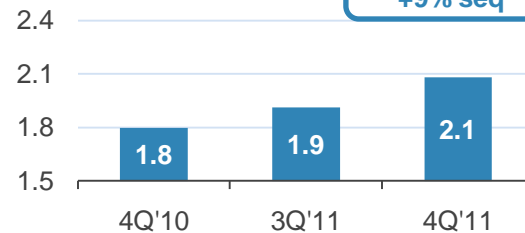
Operating Income

\$ Billions



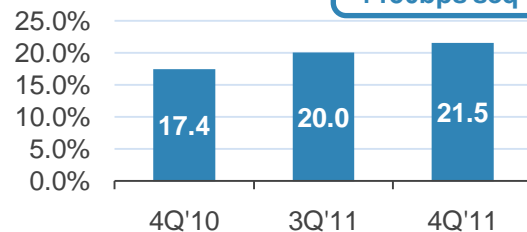
Operating Expense

\$ Billions



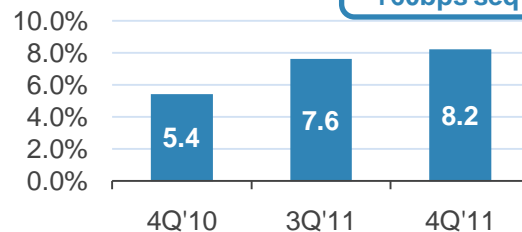
Gross Margin %

%



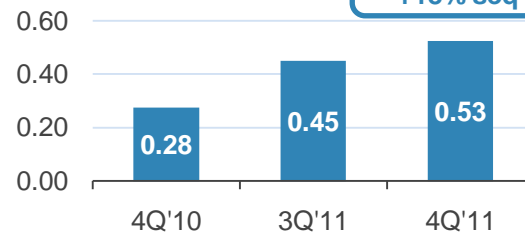
Operating Income %

%



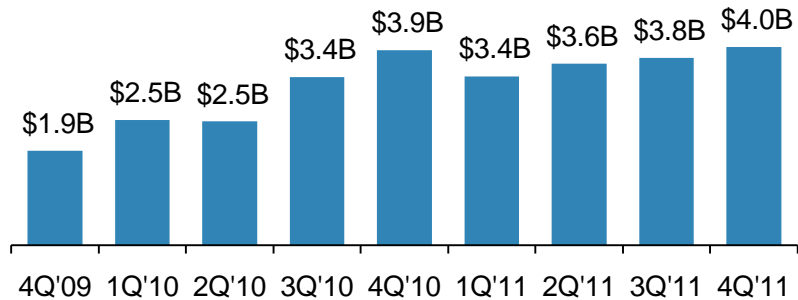
EPS

\$

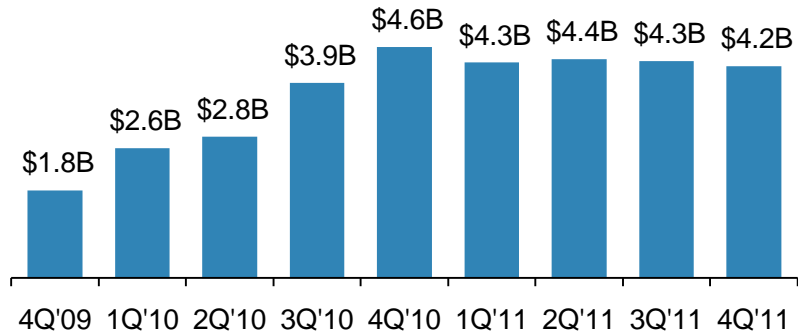


4Q FY11 Cash Flow Performance

Cash Flow from Operations ¹



Free Cash Flow ^{1,2}



- CFOps > NI continues to be a top priority
- 4Q FY11 CFOps of \$1.5B and FY11 of \$4.0B
- 4Q FY11 FCF of \$1.6B and FY11 of \$4.2B
- FY11 R&D of \$661M, or 1% of revenue
- FY11 Capex of \$444M
- FY11 Share repurchases of \$800M, or nearly 20% of FCF.
- In Q4 we repurchased \$200M worth of stock

¹Trailing Twelve Months

²Cash flow from operations less capital expenditures plus on balance-sheet fundings



4Q FY11 Working Capital

Cash Conversion Cycle (CCC)



- On a sequential basis, CCC improved 1 day
- Days sales decreased 1 day to 40 days for the quarter
- Days inventory was flat at 9 days for the quarter
- Days payable was flat at 82 days for the quarter
- Expect CCC to remain in mid -30 days range



4Q FY11 Dell Financial Services

- Originations down -7% year-over-year, driven by lower Consumer demand
- Dell Managed Assets ended 4Q at \$4.5 billion; up +24% Y/Y
- Delinquency and losses improved sequentially and Y/Y

\$ Billions	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11	Y/Y	Seq
U.S. Financing Originations	1.1	1.0	1.0	1.0	1.0	-7%	6%
Penetration Rate	17.4%	14.4%	13.8%	13.2%	14.7%	(270 bps)	150 bps
Dell Managed Assets ¹	3.6	3.8	3.9	4.4	4.5	24%	2%
Excluding Purchased Assets	3.6	3.8	3.9	3.9	4.0	10%	4%
Managed Delinquency % ²	3.8%	3.2%	3.2%	3.8%	3.4%	(42 bps)	(38 bps)
Excluding Purchased Assets	3.8%	3.2%	3.2%	3.1%	2.8%	(102 bps)	(32 bps)
Managed Charge-off % ³	8.2%	7.6%	6.7%	7.3%	6.5%	(166 bps)	(76 bps)
Excluding Purchased Assets	8.2%	7.6%	6.7%	6.2%	5.6%	(260 bps)	(61 bps)

Definitions/Notes

¹ Managed basis statistics reflect the quarter end outstanding principal and interest balances of all customer receivables on Dell's balance sheet as well those held by nonconsolidated QSPEs in FY10

² Managed Delinquency % is calculated as 60 day plus delinquent assets at quarter end divided by quarter end managed assets

³ Managed Charge-off % equals net principal charge-offs for the quarter divided by the average managed assets for the quarter

⁴ Receivables were purchased in the 3rd month of 3Q; rate calculated as if purchased receivables had been part of Dell Managed Assets for all of 3Q



Disciplined Capital Structure & Capital Allocation

Capital Structure

- **Committed to a conservative balance sheet and an A credit rating**
 - Committed to an A credit rating to support captive finance company and access to A-1/P-1 commercial paper
 - Current ratings: Moody's A2 (Stable), S&P A-(Stable) and Fitch A (Stable)
- **Sources of Liquidity as of 4Q11**
 - Cash & Investments: \$15.1B
 - Commercial Paper: \$2B US program (none outstanding)
 - Credit Facility: \$1B (2011) and \$1B (2013)
 - Securitization: \$1.4B capacity (\$1B current usage)
 - Capital Markets

Capital Allocation

- **Focused on key strategic investments and moderate share repurchase**
 - Will utilize capital structure within ratings guidelines to fund the strategic transformation of the business
 - No intention to take the company private
- **Uses of cash**
 - Organic growth and R&D
 - Strategic investments, Capex, Acquisition
 - Moderate share repurchase between 10-30% of FCF



4Q FY11 Line of Business Results

Product Revenue Trends

LOB	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11
Servers & Networking	1,804	1,785	1,890	1,844	2,090
Storage	599	554	624	543	574
Services	1,922	1,891	1,915	1,924	1,943
S&P	2,477	2,496	2,535	2,579	2,651
Mobility	4,653	4,563	4,700	4,858	4,850
Desktop PCs	3,445	3,585	3,870	3,646	3,584
Total	14,900	14,874	15,534	15,394	15,692
Revenue Trends Q/Q					
Servers & Networking	17%	-1%	6%	-2%	13%
Storage	18%	-8%	13%	-13%	6%
Services	55%	-2%	1%	0%	1%
S&P	3%	1%	2%	2%	3%
Mobility	11%	-2%	3%	3%	0%
Desktop PCs	14%	4%	8%	-6%	-2%
Total	16%	0%	4%	-1%	2%
Revenue Trends Y/Y					
Servers & Networking	26%	39%	35%	20%	16%
Storage	-15%	4%	13%	7%	-4%
Services	51%	53%	57%	55%	1%
S&P	0%	11%	6%	8%	7%
Mobility	16%	18%	21%	16%	4%
Desktop PCs	-3%	13%	17%	21%	4%
Total	11%	21%	22%	19%	5%

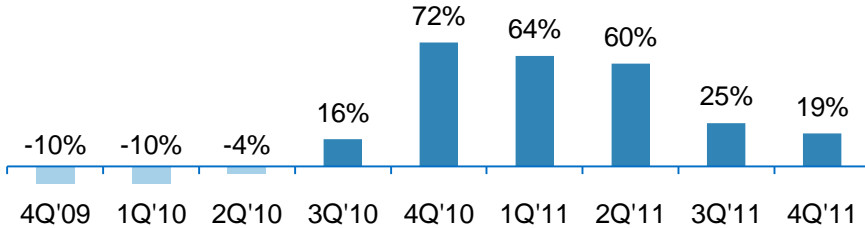
Growth refers to year-over-year

- Servers and networking revenue was up +16% on +6% unit growth; Rack & Blade server revenue both grew +26% Y/Y
- Storage revenue was down -4%, with EqualLogic revenue up +49%. For the full year, storage revenue was up +5%, and EqualLogic grew +62%
- Software and peripherals revenue was up +7% to \$2.7B
- Commercial client revenue up +10%. Mobility revenue grew +4%, units were up +4%. Desktop revenue increased +4%, units were up +3%

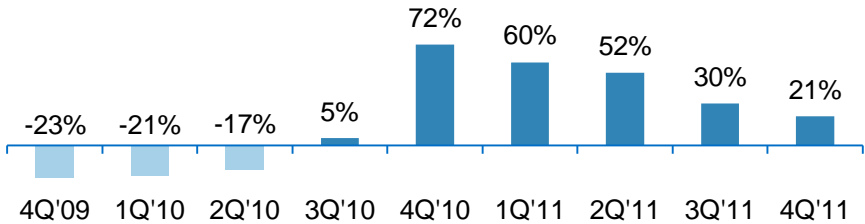


4Q FY11 BRIC Countries

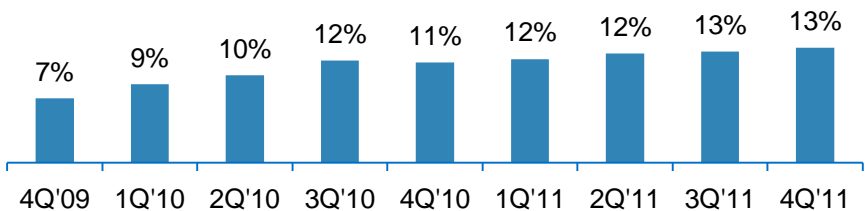
Unit Growth Y/Y, %



Revenue Growth Y/Y, %



% of Dell Total Revenue

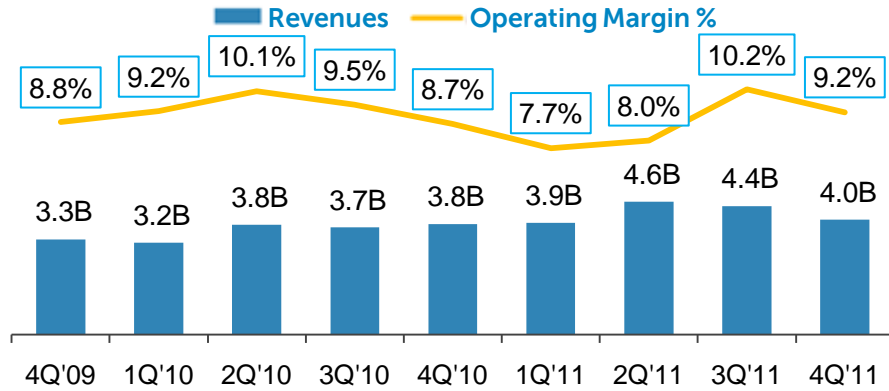


- APJ revenue up +17% Y/Y, while the Americas & EMEA were each up +3% Y/Y
- Our total BRIC countries revenue grew +21% from the year ago period
- BRIC +10 countries revenue is now almost \$10B a year and grew +19% Y/Y ¹
- Brazil year-over-year revenue increased +15%
- India and China year-over-year revenue increased +37% and +21%, respectively
- Southeast Asia revenue grew +33% Y/Y
- Revenue outside of the U.S. was 50% of our total mix

¹BRIC +10 countries include Brazil, Russia, India, China, Mexico, Argentina, Columbia, Turkey, Ukraine, South Africa, Indonesia, Vietnam, Thailand and the Philippines.



4Q FY11 Public Revenue & Operating Income

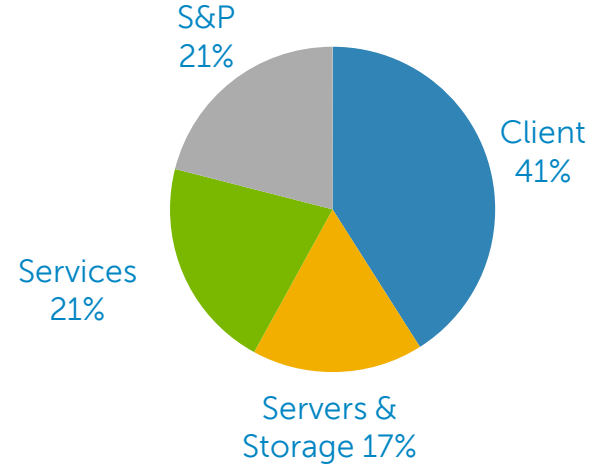


Public P&L

\$ in Millions

	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11
Revenues	3,820	3,856	4,580	4,442	3,973
Sequential Growth, %	3%	1%	19%	-3%	-11%
Y/Y Growth, %	16%	22%	21%	20%	4%
Operating Income	333	298	369	451	366
Operating Margin, %	8.7%	7.7%	8.0%	10.2%	9.2%
Sequential Growth, bps	-80 bps	-100 bps	30 bps	220 bps	-100 bps
Y/Y Growth, bps	-10 bps	-150 bps	-210 bps	70 bps	50 bps

Revenue Mix

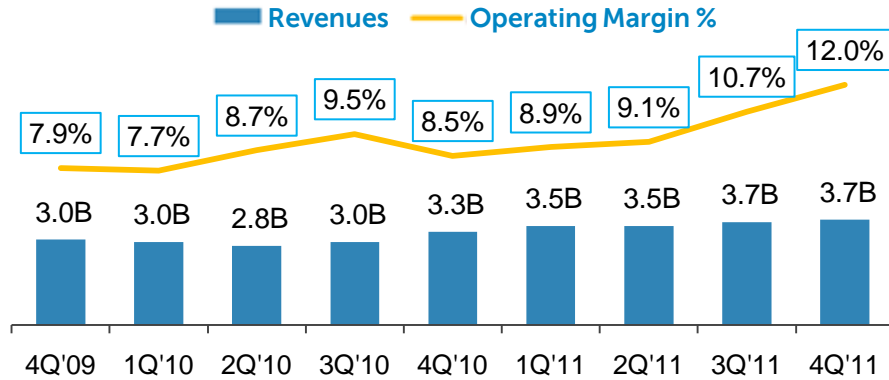


- Revenues of \$4.0B, up +4% Y/Y
- Operating income was \$366M, or 9.2% of revenue
- Server and storage revenue up +13% and +12% Y/Y, respectively



4Q FY11 SMB

Revenue & Operating Income

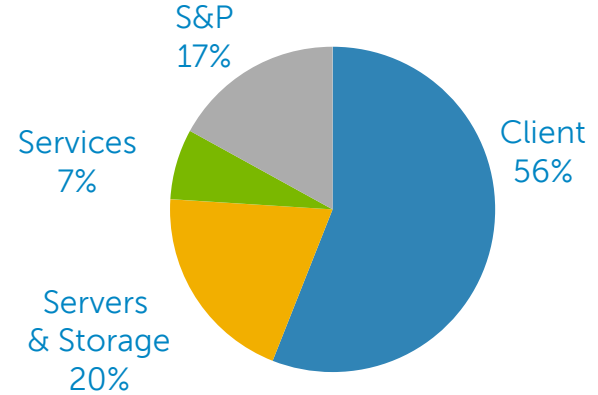


SMB P&L

\$ in Millions

	4Q'10	1Q'10	2Q'11	3Q'11	4Q'11
Revenues	3,336	3,524	3,535	3,665	3,749
Sequential Growth, %	13%	6%	0%	4%	2%
Y/Y Growth, %	10%	19%	25%	24%	12%
Operating Income	282	313	323	391	450
Operating Margin, %	8.5%	8.9%	9.1%	10.7%	12.0%
Sequential Growth, bps	-100 bps	40 bps	20 bps	160 bps	130 bps
Y/Y Growth, bps	60 bps	120 bps	40 bps	120 bps	350 bps

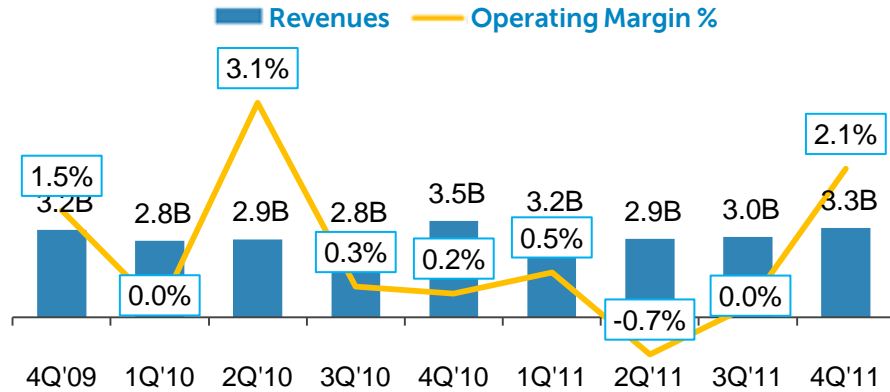
Revenue Mix



- Revenues of \$3.7B (up +12% Y/Y)
- Operating income was \$450M, or 12.0% of revenue
- Servers and client hardware revenue up +22% and +10% Y/Y, respectively
- Storage was up +20% Y/Y



4Q FY11 Consumer Revenue & Operating Income

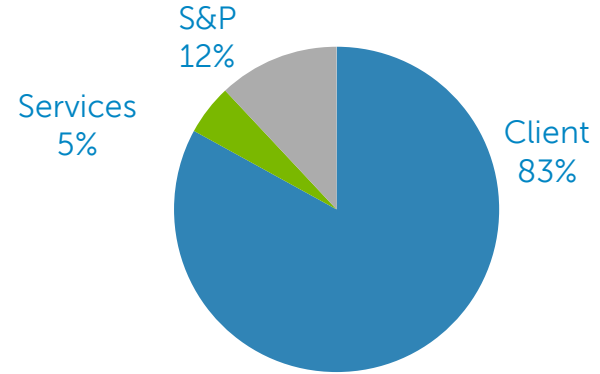


Consumer P&L

\$ in Millions

	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11
Revenues	3,547	3,248	2,870	2,961	3,278
Sequential Growth, %	25%	-8%	-12%	3%	11%
Y/Y Growth, %	11%	16%	0%	4%	-8%
Operating Income	9	17	(21)	0	69
Operating Margin, %	0.2%	0.5%	-0.7%	0.0%	2.1%
Sequential Growth, bps	-10 bps	30 bps	-120 bps	70 bps	210 bps
Y/Y Growth, bps	-130 bps	50 bps	-380 bps	-30 bps	190 bps

Revenue Mix



- Revenues of \$3.3B (up +11% Q/Q and down -8% Y/Y)
- Oplnc was \$69M, or 2.1% of revenue
- Operating profit improved due to supply chain transformation and a streamlined product portfolio

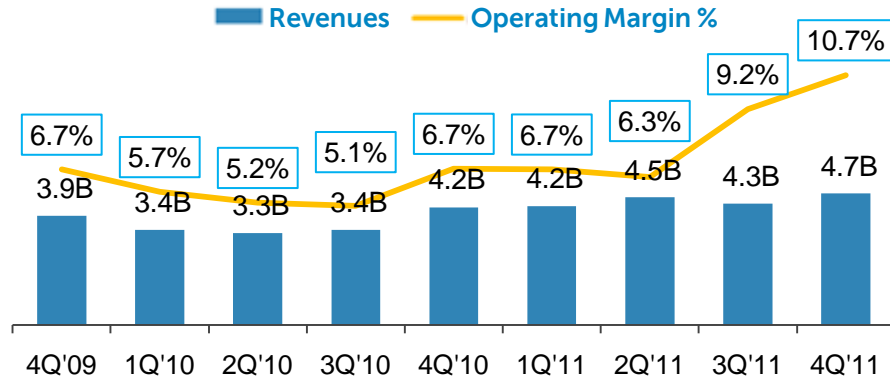


Dell 4Q FY11 Large Enterprise & Dell Services

Steve Schuckenbrock
President, Dell Services



4Q FY11 Large Enterprise Revenue & Operating Income

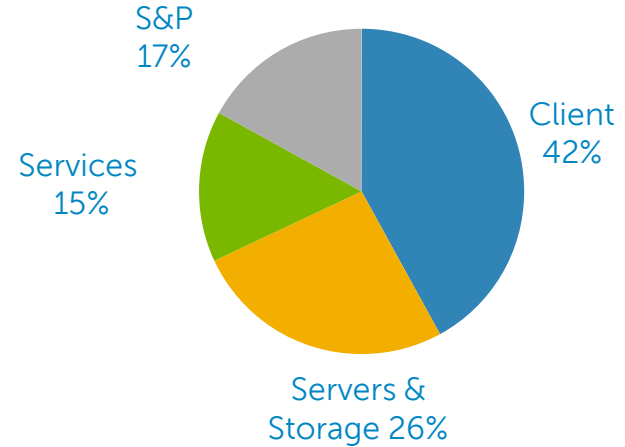


Large Enterprise P&L

\$ in Millions

	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11
Revenues	4,197	4,246	4,549	4,326	4,692
Sequential Growth, %	23%	1%	7%	-5%	8%
Y/Y Growth, %	8%	25%	38%	27%	12%
Operating Income	281	283	288	400	502
Operating Margin, %	6.7%	6.7%	6.3%	9.2%	10.7%
Sequential Growth, bps	160 bps	0 bps	-40 bps	290 bps	150 bps
Y/Y Growth, bps	0 bps	100 bps	110 bps	410 bps	400 bps

Revenue Mix



- Revenues of \$4.7B (up +12% Y/Y)
- Operating income was \$502M, up +400 bps Y/Y to 10.7%
- Client hardware revenue up +20% Y/Y
- Server revenue up +14% Y/Y



4Q FY11 Services

Dell Services Alignment

- Successful Perot Systems integration
 - 60 technology support centers
 - 36 customer data centers
 - Achieved more than \$100M in cost savings and \$150M in revenue synergies
- \$7.7B in annual revenue
- 43,000 services and IT members in 90 countries
- Consolidating Dell's solutions teams under one organization
- Making key acquisitions to further expand our IP and target specific solutions

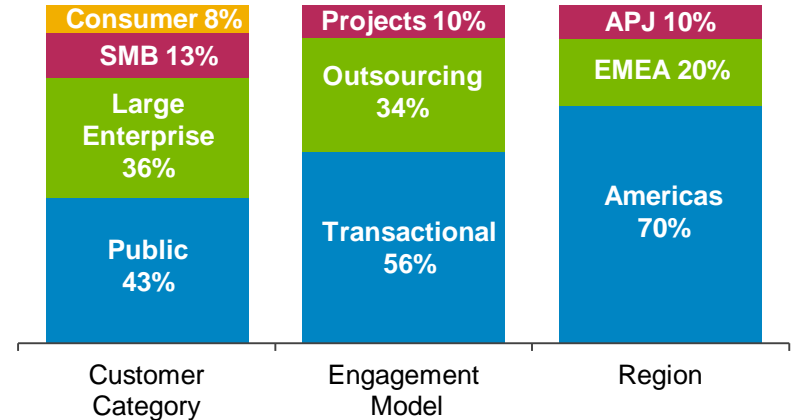


Largest independent provider of object storage for medical images



Industry leading security-as-a-service, risk consulting and threat intelligence

4Q'11 Performance



- Dell Services revenue of \$1.9B, up +1% Y/Y
- Services backlog was \$13.9B, up 9%. Services backlog includes deferred services revenue and contracted services backlog
- Services backlog¹ provides useful information regarding trends and changes in the size of our services business over time

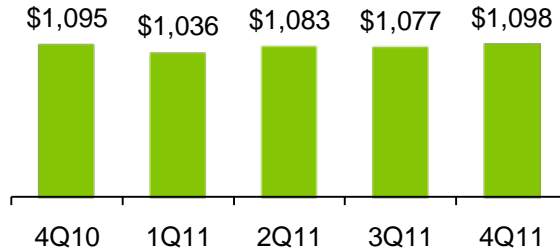
¹ Contracted services backlog represents signed contracts exceeding \$2M in total expected revenue and with an original term of 18 months



4Q FY11 Services

Transactional Revenue

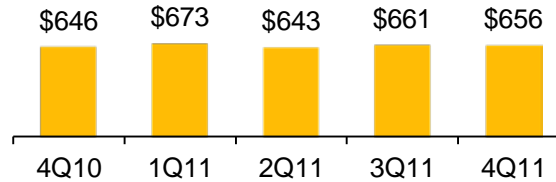
(\$ in Millions)



- Revenue of \$1.1B, flat Y/Y
- Deferred services revenue primarily associated with our extended warranties was \$6.7B, up +10% Y/Y

Outsourcing Revenue

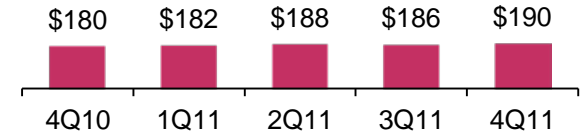
(\$ in Millions)



- Revenue of \$656M, up +2% Y/Y
- Estimated contracted services backlog, which is primarily related to our outsourcing services business was \$7.2B, up +8% Y/Y
- We have experienced longer sales cycles this year, but the level of bid activity continues to be elevated

Projects Revenue

(\$ in Millions)



- Revenue of \$190M, up +6% Y/Y
- Solutions surrounding globally delivered application services, domestic enterprise resource planning, & engineering services saw the strongest year-over-year growth



Dell 4Q FY11 FY11 Performance & FY12 Outlook

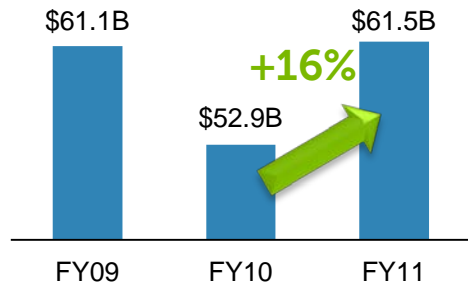
Brian Gladden
SVP and CFO



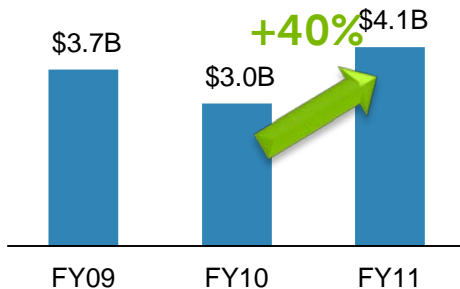
FY11 Performance Review

Executing enterprise solutions and services growth strategy

Revenue



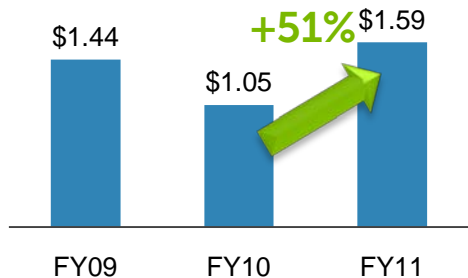
Non-GAAP Op Inc



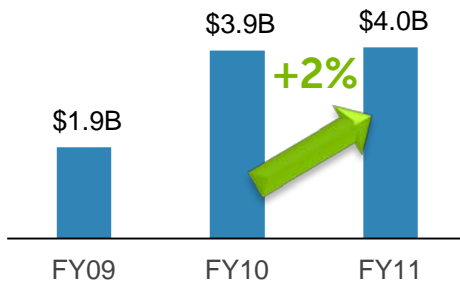
FY11 Highlights

- Revenue \$61.5B, up +16% Y/Y
- Non-GAAP GM of 19.1%, up +90 bps
- Non-GAAP OpInc was \$4.1B, up +40% Y/Y
- Non-GAAP EPS up +51%, to \$1.59
- CFOps of \$4.0B
- #2 PC vendor worldwide

Non-GAAP EPS

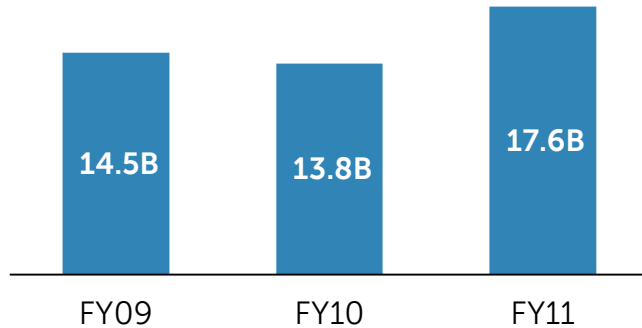


CFOps

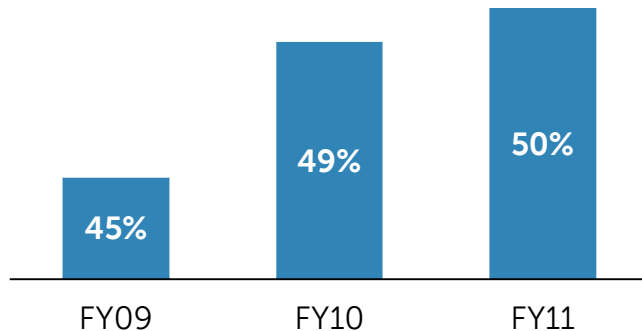


FY11 Enterprise Solutions & Services

Revenue



GM Mix of total Dell

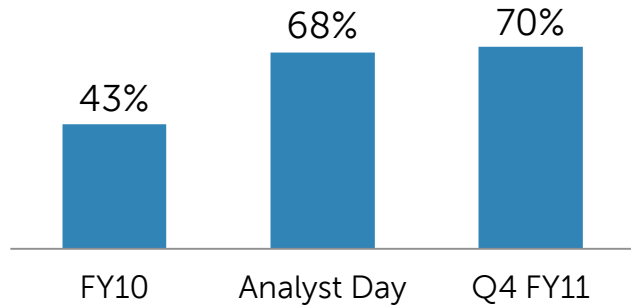


- For FY11 Enterprise Solutions and Services revenue grew +27% Y/Y, to \$17.6B
 - Servers & Networking revenue up +26% Y/Y
 - Services revenue, including acquisitions, up +36% Y/Y
- 4Q'11 Enterprise Solutions and Services revenue grew +7% Y/Y
 - Servers & Networking revenue up +16% Y/Y
 - Services revenue up +1% Y/Y

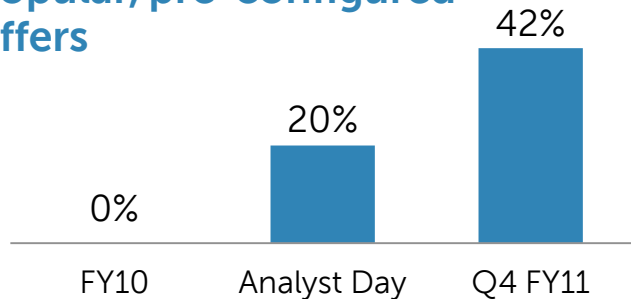


4Q FY11 Supply Chain

ODM volume



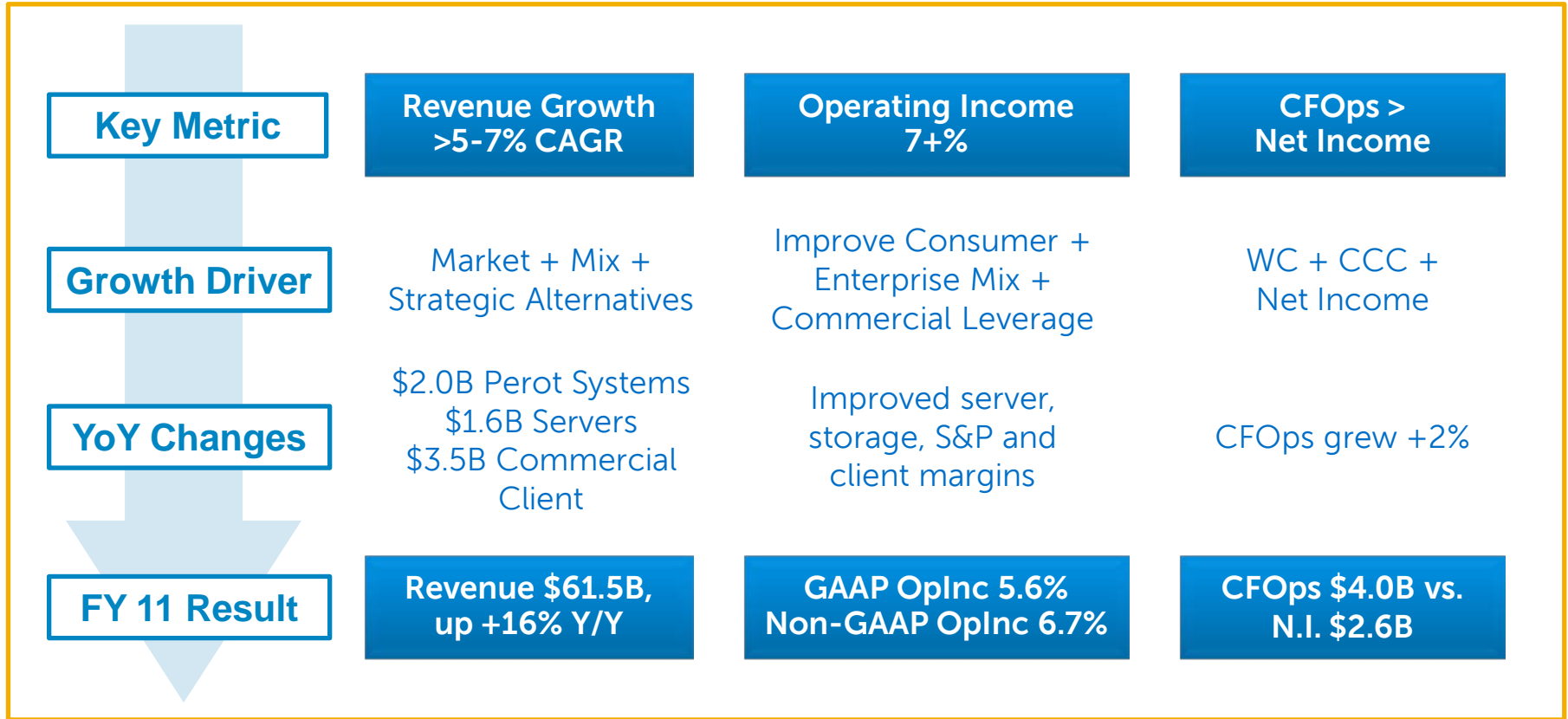
Popular, pre-configured offers



- Client profitability increased as a function of improved operational performance, lower input costs and improved product quality
- Global Operations team worked diligently to reinvent and transform our supply chain; product availability has improved 37% Y/Y and order-to-delivery times have improved 33% Y/Y
- Procurement team focused on vigilant cost control and maximizing the impact of a favorable component environment
- In addition, we also improved our ability to match our supply chain with retail buying seasons; providing customers the choices they value most



Long Term Value Creation Framework



FY12 Outlook

FY12 Outlook

Key Metrics	Outlook	Key Drivers
Revenue	up +5–9% Y/Y	<ul style="list-style-type: none">Enterprise solutions and services growth
Operating Income (Non-GAAP)	up +6–12% Y/Y	<ul style="list-style-type: none">Revenue StrengthCommercial LeverageFlexible Supply Chain
Cash Flow	CFOps > Net Income	<ul style="list-style-type: none">OpInc \$ GrowthSustained CCC

Dynamics

- Favorable component cost environment should continue into the first half of FY12; rate of cost deflation could slow in 2H
- Making strategic investments to grow our enterprise solutions and services business
- Anticipate interest and other expense of \$60M per quarter and full year tax rate of 23-25%
- In FY11, we consistently hit our operating targets every quarter. We pruned lower margin business in favor of revenue that delivered higher margins. We modulated Opex in 1H, and then made prudent investments in 2H
- In FY12, we will sustain this discipline and performance and manage for profitable growth
- For Q1, expect normal seasonal declines in consumer and public businesses and, as such, a slight sequential decline in revenue



FY11 Corporate Responsibility

Dell's commitment to our planet, our communities and our people

Our Planet

- Ranked No. 1 on Newsweek's 2010 list of the Greenest Companies in America
- Listed at top of Electronics Take-Back Coalition (ETBC) Electronics Company Recycling Report
- Cut customers' laptop-, desktop-related energy consumption by 25% since 2008
- Received the 2010 Greenest Supply Chain Award in China
- Remain on track to meet goal of eliminating the use of approximately 20 million pounds of packaging materials by 2012

Our Communities & Our People

- Positively impacted more than 2 million children globally through Dell YouthConnect
- Launched 65 Dell Connected Classroom solutions that are impacting 15,000 underserved students in China, India, and Mexico
- Implemented a new internal social media network to engage employees in the community, logging 175,000 volunteer hours with 1,500+ nonprofits



Dell 4Q FY11 Strategy

Michael Dell
Chairman and CEO



We Are Executing a Growth Strategy

Delivering enterprise solutions, growing operating income and cash flow

Strategy

Efficient Enterprise Solutions

Solutions that are
Open, Capable & Affordable

Flexible Value Chain

Reducing Complexity and
Optimizing our Value Chain

Balance Liquidity, Profitability and Growth

> 5-7% revenue growth
> 7%+ OpInc
CFOps > Net Income

Objective

Grow Solutions ✓

Increase Client Profitability ✓

Increase Enterprise Value

FY11 Results

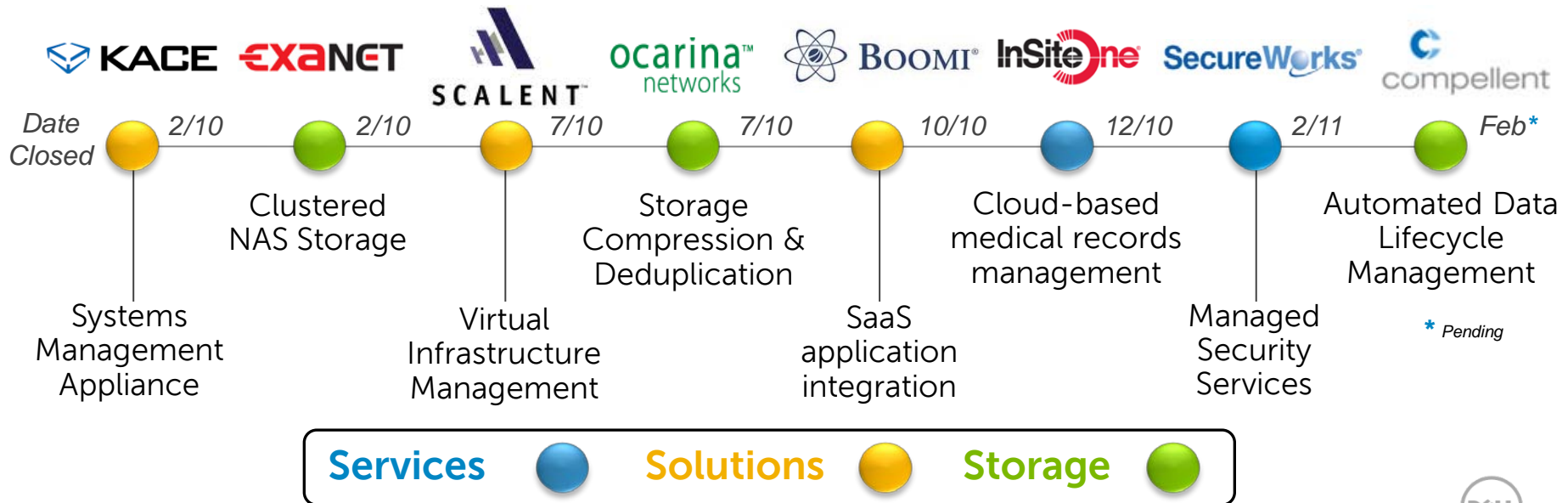
- Enterprise solutions and services
 - Revenue of \$17.6B, up +27% Y/Y
 - EQL & PV 60% of storage revenue & 80% of storage GM
- Much improved client supply chain
 - GM dollars grew >40% in 2H
 - 70% contract manufacturing
 - 42% fixed configurations
- Dell revenue up +16%, Non-GAAP OpInc up +40%, EPS up +51%, CFOps of \$4.0B



FY11 Enterprise Solutions & Services Transformation

Extending core capabilities and growing our solutions mix

- Continue to expand our enterprise services, solutions and storage capabilities
- Making sustained organic and inorganic investments while building an IP portfolio
- Creating optimal solutions for our customers that are Open, Capable and Affordable



FY12 Enterprise Solutions & Services Strategy

Aligned to focus on Dell's most important value drivers

Strategy

Efficient Enterprise Solutions

Solutions that are
Open, Capable & Affordable

Flexible Value Chain

Reducing Complexity and
Optimizing our Value Chain

Balance Liquidity, Profitability and Growth

> 5-7% revenue growth
> 7%+ OpInc
CFOps > Net Income

Solutions Alignment

Data Center and
Information Management

Services, Business
Processes and Applications

End User Computing



Objective

Grow Solutions

Grow End-User
Compute

Increase Enterprise
Value



Dell 4Q FY11

Supplemental Non-GAAP Measures



Supplemental Non-GAAP Measures

	Q1'09	Q2'09	Q3'09	Q4'09	FY09	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11
GAAP															
Net Income	784	616	727	351	2,478	290	472	337	334	1,433	341	545	822	927	2,635
EPS	\$0.38	\$0.31	\$0.37	\$0.18	\$1.25	\$0.15	\$0.24	\$0.17	\$0.17	\$0.73	\$0.17	\$0.28	\$0.42	\$0.48	\$1.35
Adjustments															
Income before Income Taxes															
Amortization of Intangibles	26	27	26	26	105	39	40	40	86	205	88	87	89	85	349
Severance & Facility Action Costs	106	25	17	134	282	185	87	123	86	481	57	24	31	17	129
Acquisition Related	-	-	-	-	-	-	-	-	116	116	20	16	23	39	98
Other ¹⁾	-	-	-	104	104	-	-	-	-	-	140	-	(72)		68
Aggregate Tax-adjustments	(27)	(15)	(14)	(61)	(117)	(28)	(24)	(51)	(78)	(181)	(62)	(43)	(18)	(50)	(173)
EPS - Diluted	\$0.05	\$0.02	\$0.01	\$0.11	\$0.19	\$0.10	\$0.05	\$0.06	\$0.11	\$0.32	\$0.13	\$0.04	\$0.03	\$0.05	\$0.24
Non-GAAP															
Net Income	889	653	756	554	2,852	486	575	449	544	2,054	584	629	875	1,018	3,106
EPS	\$0.43	\$0.33	\$0.38	\$0.29	\$1.44	\$0.25	\$0.29	\$0.23	\$0.28	\$1.05	\$0.30	\$0.32	\$0.45	\$0.53	\$1.59

1) Stock Option Accelerated Vesting Charges of \$104M, a \$40M Legal Settlement, a \$100M SEC Settlement and a \$72M merger termination fee.



Supplemental Non-GAAP Measures

	Q1'09	Q2'09	Q3'09	Q4'09	FY09	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11
<u>GAAP gross margin</u>	2,965	2,827	2,853	2,312	10,597	2,168	2,391	2,233	2,469	9,261	2,516	2,586	3,003	3,291	11,396
Non-GAAP adjustments:															
Amortization of intangibles	14	15	15	15	59	26	27	27	71	151	68	70	71	69	278
Severance and facility actions	24	11	8	103	146	65	14	102	55	236	29	14	4	6	53
Acquisition-related	-	-	-	-	-	-	-	-	1	1	1	1	-	2	4
Other ¹⁾	-	-	-	16	16	-	-	-	-	-	-	-	-	-	-
<u>Non-GAAP gross margin</u>	3,003	2,853	2,876	2,446	11,178	2,259	2,432	2,362	2,596	9,649	2,614	2,671	3,078	3,368	11,731
<i><u>Percentage of Total Net Revenue:</u></i>															
GAAP gross margin	18.4%	17.2%	18.8%	17.2%	17.9%	17.6%	18.7%	17.3%	16.6%	17.5%	16.9%	16.6%	19.5%	21.0%	18.5%
Non-GAAP adjustment	0.3%	0.2%	0.2%	1.0%	0.4%	0.7%	0.4%	1.0%	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%	0.6%
Non-GAAP gross margin	18.7%	17.4%	19.0%	18.2%	18.3%	18.3%	19.1%	18.3%	17.4%	18.2%	17.6%	17.2%	20.0%	21.5%	19.1%

1) "Other" includes stock option accelerated vesting charges



Supplemental Non-GAAP Measures

	Q1'09	Q2'09	Q3'09	Q4'09	FY09	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11
GAAP operating expenses	2,066	2,008	1,838	1,855	7,767	1,754	1,720	1,656	1,959	7,089	1,997	1,841	1,979	2,146	7,963
Non-GAAP adjustments:															
Amortization of intangibles	(12)	(12)	(11)	(11)	(46)	(13)	(13)	(13)	(15)	(54)	(20)	(17)	(18)	(16)	(71)
Severance and facility actions	(82)	(14)	(9)	(31)	(136)	(120)	(73)	(21)	(31)	(245)	(28)	(10)	(27)	(11)	(76)
Acquisition-related	-	-	-	-	-	-	-	-	(115)	(115)	(19)	(15)	(23)	(37)	(94)
Other ¹⁾	-	-	-	(88)	(88)	-	-	-	-	-	(140)	-	-	-	(140)
Non-GAAP operating expenses	1,972	1,982	1,818	1,725	7,497	1,621	1,634	1,622	1,798	6,675	1,790	1,799	1,911	2,082	7,582
<i>Percentage of Total Net Revenue:</i>															
GAAP operating expenses	12.9%	12.2%	12.1%	13.8%	12.7%	14.2%	13.5%	12.8%	13.2%	13.4%	13.4%	11.8%	12.8%	13.7%	12.9%
Non-GAAP adjustment	-0.6%	-0.1%	-0.1%	-1.0%	-0.4%	-1.1%	-0.7%	-0.2%	-1.1%	-0.8%	-1.4%	-0.2%	-0.4%	-0.4%	-0.6%
Non-GAAP operating expenses	12.3%	12.1%	12.0%	12.8%	12.3%	13.1%	12.8%	12.6%	12.1%	12.6%	12.0%	11.6%	12.4%	13.3%	12.3%

1) "Other" includes stock option accelerated vesting charges, a legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

	Q1'09	Q2'09	Q3'09	Q4'09	FY09	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11
GAAP operating income	899	819	1,015	457	3,190	414	671	577	510	2,172	519	745	1,024	1,145	3,433
Non-GAAP adjustments:															
Amortization of intangibles	26	27	26	26	105	39	40	40	86	205	88	87	89	85	349
Severance and facility actions	106	25	17	134	282	185	87	123	86	481	57	24	31	17	129
Acquisition-related	-	-	-	-	-	-	-	-	116	116	20	16	23	39	98
Other ¹⁾	-	-	-	104	104	-	-	-	-	-	140	-	-	-	140
Non-GAAP operating income	1,031	871	1,058	721	3,681	638	798	740	798	2,974	824	872	1,167	1,286	4,149
<u>Percentage of Total Net Revenue:</u>															
GAAP operating margin	5.5%	5.0%	6.7%	3.4%	5.2%	3.4%	5.2%	4.5%	3.4%	4.1%	3.5%	4.8%	6.7%	7.3%	5.6%
Non-GAAP adjustment	0.9%	0.3%	0.3%	2.0%	0.8%	1.8%	1.1%	1.2%	2.0%	1.5%	2.0%	0.8%	0.9%	0.9%	1.1%
Non-GAAP operating margin	6.4%	5.3%	7.0%	5.4%	6.0%	5.2%	6.3%	5.7%	5.4%	5.6%	5.5%	5.6%	7.6%	8.2%	6.7%

1) "Other" includes stock option accelerated vesting charges, a legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

Net TTM Free Cash Flow

	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11
Cash flow from operations	4,191	3,446	2,362	1,894	2,512	2,480	3,367	3,906	3,383	3,642	3,754	3,969
Capital expenditure	(782)	(631)	(596)	(440)	(398)	(355)	(288)	(367)	(333)	(379)	(402)	(444)
On balance sheet financing receivables	209	257	238	302	483	700	830	1,085	1,266	1,119	988	709
Net TTM Free Cash Flow	\$3,618	\$3,072	\$2,004	\$ 1,756	\$2,597	\$2,825	\$3,909	\$4,624	\$4,316	\$4,382	\$4,340	\$4,234

Net Free Cash Flow

	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11
Cash flow from operations	143	1,108	(86)	729	761	1,076	801	1,268	238	1,335	913	1,483
Capital expenditure	(122)	(142)	(137)	(39)	(80)	(99)	(70)	(118)	(46)	(145)	(93)	(160)
On balance sheet financing receivables	(154)	135	47	274	27	352	177	529	208	205	46	250
Net Free Cash Flow	(\$133)	\$1,101	(\$176)	\$964	\$708	\$1,329	\$908	\$1,679	\$400	\$1,395	\$866	\$1,573

