

DELL INC.

Condensed Consolidated Statement of Operations
(in millions)
(unaudited)

	Prior Quarter Results					Prior Annual Results		
	Q3-FY11	Q4-FY11	Q1-FY12	Q2-FY12	Q3-FY12	FY09	FY10	FY11
Income Statement:								
Net revenue	\$ 15,394	\$ 15,692	\$ 15,017	\$ 15,658	\$ 15,365	\$ 61,101	\$ 52,902	\$ 61,494
<i>Sequential Growth</i>	-1%	2%	-4%	4%	-2%			
<i>Y/Y Growth</i>	19%	5%	1%	1%	0%	0%	-13%	16%
Cost of revenue	12,391	12,401	11,585	12,133	11,896	50,144	43,641	50,098
Gross margin	3,003	3,291	3,432	3,525	3,469	10,957	9,261	11,396
SG&A	1,816	1,977	2,025	2,174	2,107	7,102	6,465	7,302
R&D	163	169	195	205	220	665	624	661
Total operating expenses	1,979	2,146	2,220	2,379	2,327	7,767	7,089	7,963
Operating income	1,024	1,145	1,212	1,146	1,142	3,190	2,172	3,433
Investment and other income, net	52	(18)	(42)	(55)	(70)	134	(148)	(83)
Income before taxes	1,076	1,127	1,170	1,091	1,072	3,324	2,024	3,350
Income tax provision	254	200	225	201	179	846	591	715
Net income	822	927	945	890	893	2,478	1,433	2,635
<i>Sequential Growth</i>	51%	13%	2%	-6%	0%			
<i>Y/Y Growth</i>	144%	177%	177%	63%	9%	-16%	-42%	84%
EPS:								
Basic	\$ 0.42	\$ 0.48	\$ 0.50	\$ 0.48	\$ 0.49	\$ 1.25	\$ 0.73	\$ 1.36
Diluted	\$ 0.42	\$ 0.48	\$ 0.49	\$ 0.48	\$ 0.49	\$ 1.25	\$ 0.73	\$ 1.35
Weighted Average Shares Outstanding:								
Basic	1,939	1,924	1,908	1,858	1,813	1,980	1,954	1,944
Diluted	1,949	1,938	1,923	1,871	1,828	1,986	1,962	1,955
Percentage of Net Revenue:								
Gross margin	19.5%	21.0%	22.9%	22.5%	22.6%	17.9%	17.5%	18.5%
Selling, general and administrative	11.8%	12.6%	13.5%	13.9%	13.8%	11.6%	12.2%	11.9%
Research, development and engineering	1.0%	1.1%	1.3%	1.3%	1.4%	1.1%	1.2%	1.0%
Total operating expenses	12.8%	13.7%	14.8%	15.2%	15.2%	12.7%	13.4%	12.9%
Operating income	6.7%	7.3%	8.1%	7.3%	7.4%	5.2%	4.1%	5.6%
Income before income taxes	7.0%	7.2%	7.8%	7.0%	7.0%	5.4%	3.8%	5.4%
Net income	5.3%	5.9%	6.3%	5.7%	5.8%	4.1%	2.7%	4.3%
Income tax rate	23.6%	17.8%	19.2%	18.4%	16.7%	25.4%	29.2%	21.3%
Revenues by Business Unit:								
Global Large Enterprise	15,394	15,692	15,017	15,658	15,365	61,101	52,902	61,494
Global Public	4,326	4,692	4,477	4,584	4,487	18,011	14,285	17,813
Global Small and Medium Business	4,442	3,973	3,767	4,457	4,375	15,338	14,484	16,851
Global Consumer	3,665	3,749	3,768	3,709	3,712	14,892	12,079	14,473
	2,961	3,278	3,005	2,908	2,791	12,860	12,054	12,357
Operating income by Business Unit:								
Global Large Enterprise	1,242	1,387	1,473	1,409	1,366	3,995	3,327	4,499
Global Public	400	502	504	448	441	1,158	819	1,473
Global Small and Medium Business	451	366	370	484	463	1,258	1,361	1,484
Global Consumer	391	450	463	404	386	1,273	1,040	1,477
	-	69	136	73	76	306	107	65
Revenues by product:								
Servers and Networking	15,394	15,692	15,017	15,658	15,365	61,101	52,902	61,494
Storage	1,844	2,090	1,973	2,054	2,089	6,512	6,032	7,609
Services	543	574	481	502	460	2,666	2,192	2,295
Software & Peripherals	1,924	1,943	1,984	2,036	2,123	5,352	5,622	7,673
Mobility	2,579	2,651	2,567	2,569	2,528	10,603	9,499	10,261
Desktop PCs	4,858	4,850	4,716	4,761	4,750	18,604	16,610	18,971
	3,646	3,584	3,296	3,736	3,415	17,364	12,947	14,685

¹ Results for fiscal year ended February 2, 2007 (including the interim periods within that year) and the fiscal year 2008 quarters include stock-based compensation expense due to the implementation of ASC 718 Compensation - Stock Compensation. Dell implemented ASC 718 using the modified prospective method effective February 4, 2006.

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands and rounded per share data.

DELL INC.

*Reconciliation of Non-GAAP Financial Measures
(in millions, except per share data and percentages)
(unaudited)*

	Prior Quarter Results					Prior Annual Results		
	Q3-FY11	Q4-FY11	Q1-FY12	Q2-FY12	Q3-FY12	FY09	FY10	FY11
GAAP gross margin	\$ 3,003	\$ 3,291	\$ 3,432	\$ 3,525	\$ 3,469	\$ 10,957	\$ 9,261	\$ 11,396
Non-GAAP adjustments:								
Amortization of intangibles	71	69	71	74	77	59	151	278
Severance and facility actions	4	6	5	-	-	146	236	53
Acquisition-related	-	2	3	26	-	-	1	4
Other ⁽¹⁾	-	-	-	-	-	-	-	-
Stock option accelerated vesting charges	-	-	-	-	-	16	-	-
Non-GAAP gross margin	3,078	3,368	3,511	3,625	3,546	11,178	9,649	11,731
GAAP operating expenses	1,979	2,146	2,220	2,379	2,327	7,767	7,089	7,963
Non-GAAP adjustments:								
Amortization of intangibles	(18)	(16)	(21)	(21)	(23)	(46)	(54)	(71)
Severance and facility actions	(27)	(11)	(14)	-	-	(136)	(245)	(76)
Acquisition-related	(23)	(37)	(50)	(61)	(46)	-	(115)	(94)
Other ⁽¹⁾	-	-	-	-	-	-	-	(140)
Stock option accelerated vesting charges	-	-	-	-	-	(88)	-	-
Non-GAAP operating expenses	1,911	2,082	2,135	2,297	2,258	7,497	6,675	7,582
GAAP operating income	1,024	1,145	1,212	1,146	1,142	3,190	2,172	3,433
Non-GAAP adjustments:								
Amortization of intangibles	89	85	92	95	100	105	205	349
Severance and facility actions	31	17	19	-	-	282	481	129
Acquisition-related	23	39	53	87	46	-	116	98
Other ⁽¹⁾	-	-	-	-	-	-	-	140
Stock option accelerated vesting charges	-	-	-	-	-	104	-	-
Non-GAAP operating income	1,167	1,286	1,376	1,328	1,288	3,681	2,974	4,149
GAAP net income	822	927	945	890	893	2,478	1,433	2,635
GAAP earnings per common share - diluted	\$ 0.42	\$ 0.48	\$ 0.49	\$ 0.48	\$ 0.49	\$ 1.25	\$ 0.73	\$ 1.35
Non-GAAP adjustments:								
Amortization of intangibles	89	85	92	95	100	105	205	349
Severance and facility actions	31	17	19	-	-	282	481	129
Acquisition-related	23	39	53	87	46	-	116	98
Other ⁽¹⁾	(72)	-	-	-	-	-	-	68
Stock option accelerated vesting charges	-	-	-	-	-	104	-	-
Aggregate adjustment for income taxes	(18)	(50)	(59)	(66)	(56)	(117)	(181)	(173)
Non-GAAP adjustments per common share - diluted	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.19	\$ 0.32	\$ 0.24
Non-GAAP net income	875	1,018	1,050	1,006	983	2,852	2,054	3,106
Non-GAAP earnings per common share - diluted	\$ 0.45	\$ 0.53	\$ 0.55	\$ 0.54	\$ 0.54	\$ 1.44	\$ 1.05	\$ 1.59
GAAP Diluted WAS	1,949	1,938	1,923	1,871	1,828	1,986	1,962	1,955

Percentage of Total Net Revenue:

GAAP gross margin	19.5%	21.0%	22.9%	22.5%	22.6%	17.9%	17.5%	18.5%
Non-GAAP adjustment	0.5%	0.5%	0.5%	7.0%	0.5%	0.4%	0.7%	0.6%
Non-GAAP gross margin	20.0%	21.5%	23.4%	23.2%	23.1%	18.3%	18.2%	19.1%
GAAP operating expenses	12.8%	13.7%	14.8%	15.2%	15.2%	12.7%	13.4%	12.9%
Non-GAAP adjustment	-0.4%	-0.4%	-0.6%	-0.5%	-0.5%	-0.4%	-0.8%	-0.6%
Non-GAAP operating expenses	12.4%	13.3%	14.2%	14.7%	14.7%	12.3%	12.6%	12.3%
GAAP operating income	6.7%	7.3%	8.1%	7.3%	7.4%	5.2%	4.1%	5.6%
Non-GAAP adjustment	0.9%	0.9%	1.1%	1.2%	1.0%	0.8%	1.5%	1.1%
Non-GAAP operating income	7.6%	8.2%	9.2%	8.5%	8.4%	6.0%	5.6%	6.7%

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands.

⁽¹⁾ Other for Q1 FY11 includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter, which are both recorded in operating expenses. Other for Q3 FY11 consists of Dell's receipt of a \$72 million merger termination fee, which is recorded in Interest and Other, Net.