## DELL INC. Condensed Consolidated Statement of Income and Related Financial Highlights (in millions, except per share data and percentages) (unaudited)

	Three Months Ended			% Growth Rates				
		July 30, April 30, July 31, 2010 <sup>(1)</sup> 2010 <sup>(1)</sup> 2009		Sequential Yr. to Y				
							ooquoman	
Vet revenue Products	\$	12 645	\$	12,086	\$	10,623	5%	19%
Services, including software related	ф	12,645 2.889	ф	2,788	Φ	2,141	5% 4%	35%
Net revenue		15,534		14,874		12,764	4%	22%
		10,001		1 1,07 1		12,101	170	2270
Cost of net revenue								
Products		10,931		10,385		8,978	5%	22%
Services, including software related		2,017	_	1,973		1,395	2%	45%
Total cost of net revenue		12,948		12,358		10,373	5%	25%
Gross margin		2,586		2,516		2,391	3%	8%
Gloss margin		2,560		2,510		2,391	370	0 76
Selling, general and administrative		1,679		1,830		1,571	(8%)	7%
Research, development and engineering		162		167		149	(3%)	9%
Total operating expenses		1,841		1,997		1,720	(8%)	7%
Operating income		745		519		671	44%	11%
operating moone		740				0/1	4470	1170
nterest and other, net		(49)	_	(68)	_	(42)	28%	(16%)
ncome before income taxes		696		451		629	55%	11%
ncome tax provision		151		110		157	38%	(4%)
Net income	\$	545	\$	341	\$	472	60%	16%
arnings per share.								
arnings per share: Basic	\$	0.28	\$	0.17	\$	0.24	65%	17%
Diluted	\$	0.28	\$	0.17	ŝ	0.24	65%	17%
	Ŧ	0.20						,5
Neighted average shares outstanding:								
Basic		1,952		1,961		1,955	(0%)	(0%)
Diluted		1,960		1,973		1,960	(1%)	0%
Percentage of Total Net Revenue:								
Gross margin		16.6%		16.9%		18.7%		
Selling, general and administrative		10.8%		12.3%		12.3%		
Research and development		1.0%		1.1%		1.2%		
Derating expenses.		11.8%		13.4%		13.5%		
Derating income		4.8%		3.5%		5.2%		
ncome before income taxes		4.5%		3.0%		4.9%		
Net income		3.5%		2.3%		3.7%		
ncome tax rate		21.7%		24.4%		25.0%		
Net Revenue by Product Category:	¢	1,890	¢	1,785	\$	1,403	6%	35%
Servers and Networking Storage	\$	624	\$	554	Φ	551	13%	35% 13%
Services <sup>(1)</sup>								
		1,915		1,891		1,218	1%	57%
Software and Peripherals		2,535		2,496		2,382	2% 3%	6%
Nobility Desktop PCs		4,700 3,870		4,563 3,585		3,891	3% 8%	21% 17%
Consolidated net revenue	\$	15,534	\$	14,874	\$	3,319 12,764	8% 4%	22%
	Ψ	10,004	Ψ	14,074	Ψ	12,704	470	2270
Percentage of Total Net Revenue:								
		12%		12%		11%		
Storage		4%		4%		4%		
Storage		4% 12%		4% 13%		4% 10%		
Storage		4% 12% 17%		4% 13% 17%		4% 10% 19%		
Storage		4% 12% 17% 30%		4% 13% 17% 30%		4% 10% 19% 30%		
Storage		4% 12% 17%		4% 13% 17%		4% 10% 19%		
Storage		4% 12% 17% 30% 25%		4% 13% 17% 30% 24%		4% 10% 19% 30% 26%		
Storage	\$	4% 12% 17% 30% 25% 4,549	\$	4% 13% 17% 30% 24% 4,246	\$	4% 10% 19% 30% 26% 3,285	7%	38%
Storage	\$	4% 12% 17% 30% 25% 4,549 4,580	\$	4% 13% 17% 30% 24% 4,246 3,856	\$	4% 10% 19% 30% 26% 3,285 3,798	19%	21%
Storage	\$	4% 12% 30% 25% 4,549 4,580 3,535	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524	\$	4% 10% 19% 30% 26% 3,285 3,798 2,820	19% 0%	21% 25%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,524 3,248	·	4% 10% 19% 30% 26% 3,285 3,798 2,820 2,861	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 30% 25% 4,549 4,580 3,535	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524	\$	4% 10% 19% 30% 26% 3,285 3,798 2,820	19% 0%	21% 25%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,524 3,248	·	4% 10% 19% 30% 26% 3,285 3,798 2,820 2,861	19% 0% (12%)	21% 25% 0%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29%		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28%	·	4% 10% 19% 30% 26% 3,285 3,798 2,820 2,861 12,764 26%	19% 0% (12%)	21% 25% 0%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30%		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26%	·	4% 10% 19% 30% 26% 3,285 3,788 2,820 2,861 12,764 26% 30%	19% 0% (12%)	21% 25% 0%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23%		4% 13% 17% 30% 24% 4,246 3,856 3,856 3,856 3,856 3,856 3,824 3,248 14,874 28% 26% 24%	·	4% 10% 19% 30% 26% 3,285 3,798 2,826 12,764 12,764 26% 30% 22%	19% 0% (12%)	21% 25% 0%
Storage Stora		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30%		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26%	·	4% 10% 19% 30% 26% 3,285 3,788 2,820 2,861 12,764 26% 30%	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23%	\$	4% 13% 17% 30% 24% 4,246 3,856 3,856 3,856 3,856 3,856 3,824 3,248 14,874 28% 26% 24%	\$	4% 10% 19% 30% 26% 3,285 3,798 2,826 12,764 12,764 26% 30% 22%	19% 0% (12%)	21% 25% 0%
Storage		4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 288		4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 24% 22% 283	·	4% 10% 19% 30% 26% 3,285 3,798 2,820 2,861 12,764 22% 22% 22%	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 288 369	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 24% 22% 283 298	\$	4% 10% 19% 30% 26% 3,285 3,798 2,820 2,861 12,764 26% 30% 22% 22% 172 383	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 288 369 323	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 28% 22% 28% 22% 28% 313	\$	4% 10% 19% 30% 26% 3,285 3,798 2,861 12,764 2,861 22% 22% 22% 172 383 246	19% 0% (12%)	21% 25% 0%
Storage       Storage         Services <sup>(1)</sup> Software and Peripherals         Aobility       Software and Peripherals         Public       Software and Peripheral         Consolidated net revenue       Consolidated net revenue:         Percentage of Total Net Revenue:       Sonsumer         Public       Sonsumer         Consolidated Operating Income:       Sonsumer         Sonsumer       Sonsumer         Sonsumer       Sonsumer	\$	4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 288 369 323 (21)	\$	4% 13% 17% 30% 24% 4,246 3,856 3,856 3,524 3,248 14,874 28% 26% 24% 22% 28% 22% 283 298 313 17	\$	4% 10% 19% 26% 3,285 3,798 2,820 2,861 12,764 26% 30% 22% 22% 172 383 246 89	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 30% 25% 4,549 4,580 3,535 2,870 15,534 15,534 29% 30% 23% 18% 23% 18% 288 369 323 (21) 959	\$	4% 13% 17% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 24% 22% 283 298 313 17 911	\$	4% 10% 19% 26% 3,285 3,798 2,861 12,764 2,861 22% 22% 22% 22% 172 383 246 890	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 23% 23% 18% 288 309 223% (21) 959 (24)	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 26% 24% 22% 283 298 313 17 911 (57)	\$	4% 10% 19% 30% 26% 3,285 3,798 2,861 12,764 2,861 22% 22% 22% 22% 172 22% 22% 172 383 246 89 890() (87)	19% 0% (12%)	21% 25% 0%
Storage       Storage         Services <sup>(1)</sup> Software and Peripherals         Aobility       Software and Peripherals         Public       Sonsumer         Consolidated net revenue       Sonsumer         Percentage of Total Net Revenue:       Sonsumer         Sonsumer       Sonsumer         Consolidated Operating Income:       Sonsumer         Sonsumer       Consolidated segment operating income.         Sonsumer       Consolidated segment operating income.         Severance and facility actions       Severance and facility sections	\$	4% 12% 17% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 23% 23% 23% 23% 23% 23% 23% 23% 23% 23	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 24% 22% 28% 22% 283 298 313 17 911 (57) (87)	\$	4% 10% 19% 26% 3,285 3,798 2,820 2,861 12,764 22% 22% 22% 172 383 246 89 890 (87) (92)	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 30% 25% 4,549 23% 18% 24% 24% 24% 24% 24% 24% 24% 24% 24% 24	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 24% 22% 283 283 298 313 17 911 (57) (87) (87) (88)	\$	4% 10% 19% 30% 26% 3,285 3,798 2,861 12,764 2,861 22% 22% 22% 22% 172 22% 22% 172 383 246 89 890() (87)	19% 0% (12%)	21% 25% 0%
Storage	\$	4% 12% 17% 25% 4,549 4,580 3,535 2,870 15,534 29% 30% 23% 18% 23% 23% 23% 23% 23% 23% 23% 23% 23% 23	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 26% 24% 22% 283 298 313 17 911 (57) (87) (87) (87) (87)	\$	4% 10% 19% 26% 3,285 3,798 2,820 2,861 12,764 22% 22% 22% 172 383 246 89 890 (87) (92)	19% 0% (12%)	21% 25% 0%
Percentage of Total Net Revenue: arge Enterprise. Public. Small and Medium Business. Consumer Consolidated Operating Income: arge Enterprise. Public. Small and Medium Business. Consult And Medium Business. Consult And Medium Business. Severance and facility actions Broad based long-term incentives. Amortization of intangible assets.	\$	4% 12% 17% 30% 25% 4,549 23% 18% 24% 24% 24% 24% 24% 24% 24% 24% 24% 24	\$	4% 13% 17% 30% 24% 4,246 3,856 3,524 3,248 14,874 28% 26% 24% 22% 283 283 298 313 17 911 (57) (87) (87) (88)	\$	4% 10% 19% 26% 3,285 3,798 2,820 2,861 12,764 22% 22% 22% 172 383 246 89 890 (87) (92)	19% 0% (12%)	21% 25% 0%

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

<sup>(1)</sup> Includes the results of Perot Systems Corporation ("Perot Systems"), which was acquired on November 3, 2009, from the date of acquisition.

(2) Includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter.

## DELL INC. Condensed Consolidated Statement of Income and Related Financial Highlights (in millions, except per share data and percentages) (unaudited)

	Six Mor	% Growth Rates		
	July 30,	July 31,		
	<b>2010</b> <sup>(1)</sup>	2009	Yr. to Yr.	
Net revenue				
Products	\$ 24,731	\$ 20,855	19% 34%	
Services, including software related Net revenue	5,677 30,408	4,251 25,106	21%	
	00,400	20,100	2170	
Cost of net revenue	21 216	17 764	20%	
Products Services, including software related	21,316 3,990	17,764 2,783	20% 43%	
Total cost of net revenue	25,306	20,547	23%	
Gross margin	5,102	4,559	12%	
Selling, general and administrative	3,509	3,184	10%	
Research, development and engineering	329	290	13%	
Total operating expenses	3,838	3,474	10%	
Operating income	1,264	1,085	16%	
storest and other not	(117)	(44)	(1000())	
nterest and other, netncome before income taxes	(117)	(44)	(166%)	
ncome tax provision	261	279	10% (6%)	
Net income	\$ 886	\$ 762	16%	
Earnings per share: Basic	\$ 0.45	\$ 0.39	15%	
Diluted	\$ 0.45	\$ 0.39	15%	
Veighted average shares outstanding:				
Basic	1,956	1,952	0%	
Diluted	1,967	1,956	1%	
Percentage of Total Net Revenue:				
Gross margin	16.8%	18.2%		
Selling, general and administrative	11.5%	12.7%		
Research and development	1.1%	1.1%		
Operating expenses	12.6%	13.8%		
Operating income	4.2%	4.3%		
ncome before income taxes	3.8%	4.1%		
Net income	2.9%	3.0%		
ncome tax rate	22.8%	26.8%		
Net Revenue by Product Category:				
Servers and Networking	\$ 3,675	\$ 2,689	37%	
Storage	1,178	1,085	9%	
Services <sup>(1)</sup>	3,806	2,456	55%	
Software and Peripherals	5,031	4,628	9%	
Mobility	9,263	7,766	19%	
Desktop PCs Consolidated net revenue	7,455 \$ 30,408	6,482 \$ 25,106	15% 21%	
	¢ 00,100	<u> </u>	2170	
Percentage of Total Net Revenue:	100/	440/		
Servers and Networking Storage	12% 4%	11% 4%		
Services <sup>(1)</sup>				
Software and Peripherals	12%	10% 18%		
	17% 30%	31%		
Mobility Desktop PCs	25%	26%		
Net Revenue by Global Segment:	2070	2070		
arge Enterprise		\$ 6,685	32%	
	\$ 8,795		21%	
Public	\$ 8,795 8,436	6,969		
Public			22%	
Public Small and Medium Business Consumer	8,436 7,059 6,118	6,969 5,787 5,665	8%	
Public Small and Medium Business	8,436 7,059	6,969 5,787		
Public mail and Medium Business Consumer Consolidated net revenue	8,436 7,059 6,118 \$ 30,408	6,969 5,787 5,665 \$ 25,106	8%	
Public	8,436 7,059 6,118 \$ 30,408 29%	6,969 5,787 <u>5,665</u> <u>\$ 25,106</u> 27%	8%	
Public. Small and Medium Business Consumer Consolidated net revenue Percentage of Total Net Revenue: arge Enterprise Public	8,436 7,059 6,118 \$ 30,408 29% 28%	6,969 5,787 5,665 \$ 25,106 27% 28%	8%	
Public mail and Medium Business Consumer	8,436 7,059 6,118 \$ 30,408 29%	6,969 5,787 <u>5,665</u> <u>\$ 25,106</u> 27%	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23%	6,969 5,787 5,665 \$ 25,106 27% 28% 23%	8%	
Public  mail and Medium Business Consumer  Percentage of Total Net Revenue: arge Enterprise Public Small and Medium Business Consolidated Operating Income:	8,436 7,059 6,118 \$ 30,408 29% 28% 23%	6,969 5,787 5,665 \$ 25,106 27% 28% 23%	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20%	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22%	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20% \$ 571 6636	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20% \$ 571 667 636 (4)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 20% \$ 571 667 636 (4) 1,870	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 476 88 1,604	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 29% 23% 20% \$ 571 667 636 (4) 1,870 (81)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88 1,604 (272)	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20% \$ 571 667 636 667 636 (4) 1,870 (81) (174)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88 1,604 (272) (168)	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20% \$ 571 667 636 (4) (1,870 (81) (174) (175)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88 1,604 (272)	8%	
Public	\$,436 7,059 6,118 \$ 30,408 29% 28% 20% \$ 571 667 636 (4) 1,870 (81) (174) (175) (36)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88 1,604 (272) (168)	8%	
Public	8,436 7,059 6,118 \$ 30,408 29% 28% 23% 20% \$ 571 667 636 (4) (1,870 (81) (174) (175)	6,969 5,787 5,665 \$ 25,106 27% 28% 23% 22% \$ 364 676 476 88 1,604 (272) (168)	8%	

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

(1) Includes the results of Perot Systems Corporation ("Perot Systems"), which was acquired on November 3, 2009, from the date of acquisition.

(2) Includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter.

### DELL INC.

## Condensed Consolidated Statement of Financial Position and Related Financial Highlights

(in millions, except for "Ratios")

(unaudited)

	J	uly 30, 2010	pril 30, 2010	uly 31, 2009 <sup>(2)</sup>
<u>Assets:</u>				
Current assets:				
Cash and cash equivalents	\$	11,694	\$ 10,255	\$ 11,699
Short-term investments		744	627	299
Accounts receivable, net		6,565	5,880	5,403
Financing receivables, net		3,272	3,221	2,252
Inventories, net		1,372	1,182	839
Other current assets		3,562	3,619	3,348
Total current assets		27,209	 24,784	 23,840
Property, plant and equipment, net		1,980	2,049	2,117
Investments		633	714	746
Long-term financing receivables, net		622	528	263
Goodwill		4,264	4,181	1,748
Purchased intangible assets, net		1,638	1,658	646
Other non-current assets		294	327	698
Total assets	\$	36,640	\$ 34,241	\$ 30,058
<u>Liabilities and Equity:</u> Current liabilities:				
Short-term debt	\$	1,627	\$ 1,079	\$ 49
Accounts payable		12,465	11,402	9,698
Accrued and other		3,812	3,549	3,709
Short-term deferred services revenue		3,009	 2,950	 2,831
Total current liabilities		20,913	18,980	16,287
Long-term debt		3,623	3,582	3,394
Long-term deferred services revenue		3,311	3,194	3,051
Other non-current liabilities		2,632	 2,607	 2,701
Total liabilities		30,479	28,363	25,433
Stockholders' equity		6,161	 5,878	 4,625
Total liabilities and equity	\$	36,640	\$ 34,241	\$ 30,058
Ratios:				10
Days of sales outstanding <sup>(1)</sup>		41	38	42
Days supply in inventory		10	9	7
Days in accounts payable		(87)	 (83)	 (84)
Cash conversion cycle		(36)	 (36)	 (35)
Average total revenue/unit (approximate)	\$	1,340	\$ 1,360	\$ 1,280

Note: Ratios are calculated based on underlying data in thousands.

<sup>(1)</sup> Days of sales outstanding ("DSO") is based on the ending net trade receivables and most recent quarterly revenue for each period. DSO includes the effect of product costs related to customer shipments not yet recognized as revenue that are classified in the other current assets. At July 30, 2010, April 30, 2010, and July 31, 2009, DSO and days of customer shipments not yet recognized were 38 and 3 days, 35 and 3 days, 38 and 4 days, respectively.

<sup>(2)</sup> Prior period amounts have been revised to reflect a reclassification between short-term deferred service revenue and accrued and other.

## DELL INC.

Condensed Consolidated Statements of Cash Flows

(in millions, unaudited)

July 30, July 31, 2010         July 30, 2009''         July 30, 2009''         July 30, 2009''           Cash flows from operating activities:         \$ 545 \$ 472 \$ 886 \$ 762           Net income		Three Months Ended		Six Months Ended			
Net income.         \$ 545         \$ 472         \$ 886         \$ 762           Adjustments to reconcile net income to net cash provided by operating activities:         264         201         511         402           Depreciation and amoritization         264         201         511         402           Stock-based compensation         80         79         156         146           Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies         7         26         37         26           Deferred income taxes         (24)         (114)         (55)         (140)           Provision for doubtful accounts - including financing receivables         95         105         217         210           Other         assets and liabilities, net of effects from acquisitions:         4         1         4         19           Accounts payable         (166)         5         (318)         29         0ther assets         (186)         5         (313)         29           Other assets         (193)         69         265         44         Accounts payable         1.109         1.801         1.131         1.318           Deferred services revenue         1.335         1.076         1.573         1.837 <th></th> <th>-</th> <th></th> <th></th> <th></th>		-					
Adjustments to reconcile net income to net cash provided by operating activities:       264       201       511       402         Stock-based compensation       80       79       156       146         Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies       7       26       37       26         Deferred income taxes       (24)       (114)       (55)       (140)         Provision for doubtful accounts - including financing receivables       95       105       217       210         Other       4       1       4       19         Changes in assets and liabilities, net of effects from acquisitions:       7       (352)       (413)       (378)         Accounts receivables       (166)       5       (318)       29         Other asset       (133)       (571)       36       (24)         Accounts payable       1,109       1,131       1,318       1,317         Cash flows from investing activities:       1,335       1.076       1,573       1,837         Investments:       Purchases       669       340       83       982         Capital expenditures       (260)       (91)       (620)       40         Acstrue and sales       266	Cash flows from operating activities:						
operating activities:         264         201         511         402           Depreciation and amortization         263         201         511         402           Stock-based compensation         80         79         156         146           Effects of exchange rate changes on monetary assets and         7         26         37         26           Deterred income taxes         (24)         (114)         (55)         (14)           Provision for doubtil accounts - including financing receivables         95         105         217         210           Other         4         1         4         19         143         131         1318           Accounts receivable         (166)         5         (318)         29         01her assets         (33)         (571)         36         (24)           Accounds payable         (130)         (145)         1,131         1,318         1,131         1,318         1,131         1,318         1,132         1,131         1,133         1,133         1,335         1,076         1,573         1,837           Cash flows from investing activities:         1,335         1,076         1,573         1,837           Invextinets         2         669		\$ 545	\$ 472	\$ 886	\$ 762		
Depreciation and amortization         264         201         511         402           Stock-based compensation         80         79         166         146           Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies         7         26         37         26           Deferred income taxes							
Stock-based compensation         80         79         156         146           Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies         7         26         37         26           Deferred income taxes         (24)         (114)         (55)         (140)           Provision for doubtil accounts - including financing receivables         95         105         217         210           Other         4         1         4         19         4         14         19           Changes in assets and liabilities, net of effects from acquisitions:         (205)         (352)         (413)         (378)           Accounts receivable         (186)         5         (318)         29           Other assets         (33)         (571)         36         (24)           Accounts payable         1,109         1,801         1,131         1,318           Deferred services revenue         193         69         225         44           Accured and other liabilities         263         327         12         17           Change in cash from operating activities:         1,335         1,076         1,573         1,837           Purchases         Géfe 340         83 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>							
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies         7         26         37         26           Deferred income taxes         (24)         (114)         (55)         (140)           Provision for doubtful accounts - including financing receivables         95         105         217         210           Other         4         1         4         19         4         14         4         19           Changes in assets and liabilities, net of effects from acquisitions:         (205)         (352)         (413)         (379)           Accounts receivable         (186)         5         (318)         29           Other assets         (33)         (571)         36         (24)           Accounts payable         1,109         1,801         1,131         1,318           Deferred exrices revenue         193         69         265         44           Accounts payable         1,335         1,076         1,573         1,837           Change in cash from operating activities:         1         1,335         1,076         1,673         1,837           Investments:         Purchases         (713)         (348)         (1,063)         (776)           Purchased	•	-	-	-	-		
labilities denominated in foreign currencies         7         26         37         26           Deferred income taxes         (24)         (114)         (55)         (140)           Provision for doubtil accounts - including financing receivables         95         105         217         210           Other         4         1         4         19           Accounts receivable         (777)         (973)         (896)         (593)           Financing receivables         (205)         (352)         (413)         (379)           Inventories         (186)         5         (318)         29           Other assets         (33)         (571)         36         (24)           Accounts payable         1.09         1.801         1.131         1.318           Deferred services revenue         193         60         265         44           Accrued and other liabilities         1.335         1.076         1.573         1.837           Cash flows from investing activities:         1.335         1.076         1.573         1.837           Investments:         Purchases         (713)         (348)         (1.063)         (776)           Matrities and sales         (260)         (91	•	80	79	156	146		
Deferred income taxes         (24)         (114)         (55)         (140)           Provision for doubtful accounts - including financing receivables         95         105         217         210           Other         4         1         4         19         4         14         19           Accounts receivables         (777)         (973)         (896)         (593)         (313)         (379)           Inventories         (186)         5         (318)         29         (205)         (352)         (413)         (379)           Inventories         (190)         1,801         1,131         1,318         0.6         (24)         4         4         4         4         19           Other assets         (33)         (571)         36         (24)         4         4         4         10.0         1.311         1.318         1.318         1.076         1.573         1.837           Change in cash from operating activities         1.335         1.076         1.573         1.837           Cash flows from investing activities         (145)         (99)         (191)         (179)           Proceeds from sale of facility and land         18         16         18         16	a a ,						
Provision for doubtful accounts - including financing receivables         95         105         217         210           Other         4         1         4         1         4         1         4         1         4         1         9           Changes in assets and liabilities, net of effects from acquisitions:         (777)         (973)         (896)         (593)           Financing receivable         (186)         5         (318)         29           Other assets         (186)         5         (318)         29           Other assets         (186)         5         (318)         29           Other assets         (133)         (571)         36         (24)           Accound and other liabilities         263         327         12         17           Change in cash from operating activities:         1,335         1,076         1,573         1,837           Cash flows from investing activities:         1         1,335         1,076         1,573         1,837           Purchases         (713)         (344)         (1,063)         (776)           Maturities and sales         669         340         838         982           Capital expenditures         (144) <t< td=""><td>liabilities denominated in foreign currencies</td><td>7</td><td>26</td><td>37</td><td>26</td></t<>	liabilities denominated in foreign currencies	7	26	37	26		
Other         4         1         4         19           Changes in assets and liabilities, net of effects from acquisitions:         (777)         (973)         (896)         (593)           Financing receivables         (205)         (352)         (413)         (379)           Inventories         (205)         (352)         (413)         (379)           Inventories         (186)         5         (318)         29           Other assets         (33)         (571)         36         (24)           Accounts payable         109         1,801         1,131         1,318           Deferred services revenue         133         69         265         44           Accrued and other liabilities         283         327         12         17           Change in cash from operating activities:         1,335         1,076         1,573         1,837           Cash flows from investing activities:         (145)         (99)         (145)         (99)         (91)         (179)           Purchases		· · ·	· · ·	· · · ·	· · ·		
Changes in assets and liabilities, net of effects from acquisitions:       (777)       (973)       (896)       (593)         Accounts receivable       (205)       (352)       (413)       (379)         Inventories       (186)       5       (318)       29         Other assets       (33)       (571)       36       (24)         Accounts payable       1,109       1,801       1,131       1,318         Deferred services revenue       193       69       265       44         Accrued and other liabilities       263       327       12       17         Change in cash from operating activities       1,335       1,076       1,573       1,837         Cash flows from investing activities:       1,335       1,076       1,573       1,837         Purchases       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land.       18       16       18       16         Acquisition of business, net of cash received       (260)       (91)       (620)       40         Cash flows fr					-		
Accounts receivable         (777)         (973)         (896)         (593)           Financing receivables         (205)         (352)         (413)         (379)           Inventories         (186)         5         (318)         29           Other assets         (33)         (571)         36         (24)           Accounts payable         1,109         1,801         1,131         1,318           Deferred services revenue         193         69         265         44           Accrued and other liabilities         263         327         12         17           Change in cash from operating activities         1,335         1,076         1,573         1,837           Cash flows from investing activities:         1         1         1         1         1         1         1         1         1         1         1         1         3         9         26         44         4         1         1         1         1         3         1         1         1         3         1         1         1         3         1         1         1         3         1         1         1         3         1         1         1         3		4	1	4	19		
Financing receivables       (205)       (352)       (413)       (379)         Inventories       (186)       5       (318)       29         Other assets       (33)       (571)       36       (24)         Accounts payable       1,109       1,801       1,131       1,318         Deferred services revenue.       193       69       265       44         Accrued and other liabilities       263       327       12       17         Change in cash from operating activities:       1,335       1,076       1,573       1,837         Cash flows from investing activities:       1       1,335       1,076       1,573       1,837         Purchases       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land.       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from innecing activities:       (260)       (91)       (620)       400         Issuance of common stock u	Changes in assets and liabilities, net of effects from acquisitions:						
Inventories       (186)       5       (318)       29         Other assets       (33)       (571)       36       (24)         Accounts payable       1,109       1,801       1,131       1,318         Deferred services revenue       193       69       265       44         Accound ther liabilities       263       327       12       17         Change in cash from operating activities:       1,335       1,076       1,573       1,837         Cash flows from investing activities:       1,335       1,076       1,573       1,837         Cash flows from investing activities:       1,93       649       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (260)       (91)       (620)       40         Repurchase of common stock       (200)       -       (400)       -         Issuance of common stock under employee plans       2       -       9       - <t< td=""><td>Accounts receivable</td><td>(777)</td><td>(973)</td><td>(896)</td><td>(593)</td></t<>	Accounts receivable	(777)	(973)	(896)	(593)		
Other assets       (33)       (571)       36       (24)         Accounts payable       1,109       1,801       1,131       1,318         Deferred services revenue       193       69       265       44         Accrued and other liabilities       263       327       12       17         Change in cash from operating activities:       1,335       1,076       1,573       1,837         Cash flows from investing activities:       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land.       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (260)       (91)       (620)       40         Cash flows from financing activities:       (200)       -       (400)       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of common stock under employee plans.       2       -       9       - <tr< td=""><td>Financing receivables</td><td>(205)</td><td>(352)</td><td>(413)</td><td>(379)</td></tr<>	Financing receivables	(205)	(352)	(413)	(379)		
Accounts payable       1,109       1,801       1,131       1,318         Deferred services revenue       193       69       265       44         Accrued and other liabilities       263       327       12       17         Change in cash from operating activities       1,335       1,076       1,573       1,837         Cash flows from investing activities:       1,335       1,076       1,573       1,837         Cash flows from investing activities:       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (260)       (40)       -         Issuance of common stock       (200)       -       (400)       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       .       .       .       .       .	Inventories	(186)	5	(318)	29		
Deferred services revenue	Other assets	(33)	(571)	36	(24)		
Accrued and other liabilities263 $327$ 1217Change in cash from operating activities1,3351,0761,5731,837Cash flows from investing activities:Investments:11,3351,0761,5731,837Purchases(713)(348)(1,063)(776)Maturities and sales669340838982Capital expenditures(145)(99)(191)(179)Proceeds from sale of facility and land18161816Acquisition of business, net of cash received(89)-(222)(3)Change in cash from investing activities:(260)(91)(620)40Cash flows from financing activities:2-9-Repurchase of common stock2-9-Issuance of common stock under employee plans.2-9-Issuance of common stock under employee plans.2-9-Issuance of commercial paper (maturity 90 days or less), net490(100)724(100)Proceeds from debt(253)-(819)(12)Other(11)-2-Change in cash from financing activities(15)129(19)91Effect of exchange rate changes on cash and cash equivalents(15)129(19)91Change in cash and cash equivalents1,4392,0081,0593,347Cash and cash equivalents at beginning of period10,2559,691	Accounts payable	1,109	1,801	1,131	1,318		
Change in cash from operating activities       1,335       1,076       1,573       1,837         Cash flows from investing activities:       Investments:       Purchases       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (200)       -       (400)       -         Issuance of common stock       100)       724       (100)       -       1,431         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       341       994       609       1,491         Repayments of debt       (253)       -       (819)       (12)         Other       (11)       2       -       -       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and c	Deferred services revenue	193	69	265	44		
Cash flows from investing activities:         Investments:         Purchases       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (260)       (91)       (620)       40         Cash flows from financing activities:       (200)       -       (400)       -         Issuance of common stock       2       -       9       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of common stock under employee plans.       (200)       -       (400)       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt	Accrued and other liabilities	263	327	12	17		
Investments:       Purchases       (713)       (348)       (1,063)       (776)         Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land.       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities:       (260)       (91)       (620)       40         Cash flows from financing activities:       (200)       -       (400)       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       (341       994       609       1,491         Repayments of debt       (253)       -       (819)       (12)         Other       (1)       -       2       -	Change in cash from operating activities	1,335	1,076	1,573	1,837		
Maturities and sales       669       340       838       982         Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities       (260)       (91)       (620)       40         Cash flows from financing activities:       (200)       -       (400)       -         Repurchase of common stock       (200)       -       (400)       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       (253)       -       (819)       (12)         Other       (11)       -       2       -       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents       (15)       129       (19)       91         Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,6	Investments:	(740)	(0.40)	(4,000)	(770)		
Capital expenditures       (145)       (99)       (191)       (179)         Proceeds from sale of facility and land.       18       16       18       16         Acquisition of business, net of cash received       (89)       -       (222)       (3)         Change in cash from investing activities       (260)       (91)       (620)       40         Cash flows from financing activities:       (200)       -       (400)       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       (253)       -       (819)       (12)         Other       (11)       -       2       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents.       (15)       129       (19)       91         Change in cash and cash equivalents.       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period.       10,255 </td <td></td> <td>· · ·</td> <td>· · ·</td> <td>. ,</td> <td>· · ·</td>		· · ·	· · ·	. ,	· · ·		
Proceeds from sale of facility and land							
Acquisition of business, net of cash received(89)-(222)(3)Change in cash from investing activities(260)(91)(620)40Cash flows from financing activities:(200)-(400)-Repurchase of common stock(200)-(400)-Issuance of common stock under employee plans2-9-Issuance of commercial paper (maturity 90 days or less), net490(100)724(100)Proceeds from debt3419946091,491(253)-(819)(12)Other(1)-2Change in cash from financing activities3798941251,379Effect of exchange rate changes on cash and cash equivalents(15)129(19)91Change in cash and cash equivalents1,4392,0081,0593,347Cash and cash equivalents at beginning of period10,2559,69110,6358,352		( )	· · ·	( )	· · ·		
Change in cash from investing activities $(260)$ $(91)$ $(620)$ $40$ Cash flows from financing activities: Repurchase of common stock $(200)$ - $(400)$ -Issuance of common stock under employee plans2-9-Issuance of commercial paper (maturity 90 days or less), net490 $(100)$ 724 $(100)$ Proceeds from debt3419946091,491Repayments of debt $(253)$ - $(819)$ $(12)$ Other $(1)$ -2-Change in cash from financing activities $379$ $894$ $125$ $1,379$ Effect of exchange rate changes on cash and cash equivalents $(15)$ $129$ $(19)$ $91$ Change in cash and cash equivalents $1,439$ $2,008$ $1,059$ $3,347$ Cash and cash equivalents at beginning of period $10,255$ $9,691$ $10,635$ $8,352$		-	16	-	-		
Cash flows from financing activities: Repurchase of common stock	•		-	· · · ·			
Repurchase of common stock       (200)       -       (400)       -         Issuance of common stock under employee plans.       2       -       9       -         Issuance of commercial paper (maturity 90 days or less), net       490       (100)       724       (100)         Proceeds from debt       341       994       609       1,491         Repayments of debt       (253)       -       (819)       (12)         Other       (1)       -       2       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents       (15)       129       (19)       91         Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period.       10,255       9,691       10,635       8,352	Change in cash from investing activities	(260)	(91)	(620)	40		
Issuance of common stock under employee plans	Cash flows from financing activities:						
Issuance of commercial paper (maturity 90 days or less), net	Repurchase of common stock	(200)	-	(400)	-		
Proceeds from debt       341       994       609       1,491         Repayments of debt       (253)       -       (819)       (12)         Other       (1)       -       2       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents       (15)       129       (19)       91         Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,691       10,635       8,352	Issuance of common stock under employee plans	2	-	9	-		
Repayments of debt       (253)       -       (819)       (12)         Other       (1)       -       2       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents       (15)       129       (19)       91         Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,691       10,635       8,352	Issuance of commercial paper (maturity 90 days or less), net	490	(100)	724	(100)		
Other       (1)       -       2       -         Change in cash from financing activities       379       894       125       1,379         Effect of exchange rate changes on cash and cash equivalents       (15)       129       (19)       91         Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,691       10,635       8,352	Proceeds from debt	341	994	609	1,491		
Change in cash from financing activities3798941251,379Effect of exchange rate changes on cash and cash equivalents(15)129(19)91Change in cash and cash equivalents1,4392,0081,0593,347Cash and cash equivalents at beginning of period10,2559,69110,6358,352	Repayments of debt	(253)	-	(819)	(12)		
Effect of exchange rate changes on cash and cash equivalents(15)129(19)91Change in cash and cash equivalents1,4392,0081,0593,347Cash and cash equivalents at beginning of period10,2559,69110,6358,352	Other	(1)	-	2	-		
Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,691       10,635       8,352	Change in cash from financing activities	379	894	125	1,379		
Change in cash and cash equivalents       1,439       2,008       1,059       3,347         Cash and cash equivalents at beginning of period       10,255       9,691       10,635       8,352							
Cash and cash equivalents at beginning of period 10,255 9,691 10,635 8,352	Effect of exchange rate changes on cash and cash equivalents	(15)	129	(19)	91		
	Change in cash and cash equivalents	1,439	2,008	1,059	3,347		
Cash and cash equivalents at end of period \$ 11,694 \$ 11,699 \$ 11,699 \$ 11,699							
	Cash and cash equivalents at end of period	\$ 11,694	\$ 11,699	\$ 11,694	\$ 11,699		

<sup>(1)</sup> Prior period amounts have been reclassified to conform to the current year presentation.

### SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

The tables on the following pages set forth, for the periods indicated, a reconciliation of 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") to the most comparable GAAP financial measures. These non-GAAP financial measures may not be directly comparable to similarly titled measures reported by other companies. See "Use of Non-GAAP Financial Measures" following the tables for additional information regarding Dell's reasons for including the non-GAAP financial measures and for material limitations with respect to the usefulness of these measures.

# DELL INC. Reconciliation of Non-GAAP Financial Measures (in millions, except per share data and percentages) (unaudited)

	Three Months Ended					% Growth Rates		
	July 30, April 30, 2010 2010			ıly 31, 2009	Sequential	Yr. to Yr.		
	¢	2 596	\$	2 5 1 6	\$	2 201	3%	8%
GAAP gross margin	\$	2,586	φ	2,516	φ	2,391	3%	0%
Non-GAAP adjustments: Amortization of intangibles		70		68		27		
Severance and facility actions Acquisition-related		14 1		29 1		14 -		
Non-GAAP gross margin	\$	2,671	\$	2,614	\$	2,432	2%	10%
GAAP operating expenses	\$	1,841	\$	1,997	\$	1,720	(8%)	7%
Non-GAAP adjustments:								
Amortization of intangibles		(17)		(20)		(13)		
Severance and facility actions		(10)		(28)		(73)		
Acquisition-related		(15)		(19)		-		
Other <sup>(1)</sup> Non-GAAP operating expenses	\$	- 1,799	\$	(140) 1,790	\$	1,634	1%	10%
NUPGAAF Operating expenses	φ	1,799	\$	1,790	φ	1,034	1 78	1078
GAAP operating income	\$	745	\$	519	\$	671	44%	11%
Non-GAAP adjustments:		87		88		40		
Amortization of intangibles Severance and facility actions		24		00 57		40 87		
Acquisition-related		16		20		- 07		
Other <sup>(1)</sup>		- 10		140				
Non-GAAP operating income	\$	872	\$	824	\$	798	6%	9%
GAAP net income	\$	545	\$	341	\$	472	60%	16%
Non-GAAP adjustments: Amortization of intangibles		87		88		40		
Severance and facility actions		24		57		87		
Acquisition-related		16		20		-		
Other <sup>(1)</sup>				140		-		
Aggregate adjustment for income taxes		(43)		(62)		(24)		
Non-GAAP net Income	\$	629	\$	584	\$	575	8%	9%
GAAP earnings per share - diluted	\$	0.28	\$	0.17	\$	0.24	65%	17%
Non-GAAP adjustments per share - diluted	+	0.04	•	0.13	•	0.05		
Non-GAAP earnings per share - diluted	\$	0.32	\$	0.30	\$	0.29	7%	10%
GAAP Diluted WAS		1,960		1,973		1,960		
Percentage of Total Net Revenue:								
GAAP gross margin		16.6%		16.9%		18.7%		
Non-GAAP adjustment		0.6%		0.7%		0.4%		
Non-GAAP gross margin	_	17.2%		17.6%		19.1%		
GAAP operating expenses		11.8% (0.2%)		13.4% (1.4%)		13.5% (0.7%)		
Non-GAAP adjustment Non-GAAP operating expenses		11.6%		12.0%		12.8%		
GAAP operating income		4.8%		3.5%		5.2%		
Non-GAAP adjustment		0.8%		2.0% 5.5%		<u>1.1%</u> 6.3%		
Non-GAAP operating income		5.0%		0.0%		0.3%		

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

<sup>(1)</sup> Includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter.

# DELL INC. Reconciliation of Non-GAAP Financial Measures (in millions, except per share data and percentages) (unaudited)

		Six Mon	% Growth Rates		
		uly 30, 2010		ily 31, 2009	Yr. to Yr.
GAAP gross margin	\$	5,102	\$	4,559	12%
				,	
Non-GAAP adjustments: Amortization of intangibles		138		53	
Severance and facility actions		43		79	
Acquisition-related Non-GAAP gross margin	\$	2 5,285	\$	- 4,691	13%
NOIPOAAF gloss maight	\$	3,205	φ	4,091	1376
GAAP operating expenses	\$	3,838	\$	3,474	10%
Non-GAAP adjustments:					
Amortization of intangibles		(37)		(26)	
Severance and facility actions		(38)		(193)	
Acquisition-related		(34)		-	
Other <sup>(1)</sup>	¢	(140)	¢	-	100/
Non-GAAP operating expenses	\$	3,589	\$	3,255	10%
GAAP operating income	\$	1,264	\$	1,085	16%
Non-GAAP adjustments:					
Amortization of intangibles		175		79	
Severance and facility actions		81		272	
Acquisition-related		36		-	
Other <sup>(1)</sup>	- ¢	140	~	-	400/
Non-GAAP operating income	\$	1,696	\$	1,436	18%
GAAP net income	\$	886	\$	762	16%
Non-GAAP adjustments:					
Amortization of intangibles		175		79	
Severance and facility actions		81 36		272	
Acquisition-related				-	
Other <sup>(1)</sup> Aggregate adjustment for income taxes		140		-	
Non-GAAP net Income	\$	(105) 1,213	\$	(52)	14%
	Ψ	1,215	Ψ	1,001	1470
GAAP earnings per share - diluted	\$	0.45	\$	0.39	15%
Non-GAAP adjustments per share - diluted		0.17		0.15	
Non-GAAP earnings per share - diluted	\$	0.62	\$	0.54	15%
GAAP Diluted WAS		1,967		1,956	
Percentage of Total Net Revenue:					
GAAP gross margin		16.8%		18.2%	
Non-GAAP adjustment		0.6%		0.5%	
Non-GAAP gross margin		17.4%		18.7%	
GAAP operating expenses.		12.6%		13.8%	
Non-GAAP adjustment		(0.8%)		(0.8%)	
		11.8%		13.0%	
Non-GAAP operating expenses	-				
		4.2%		4.3%	
Non-GAAP operating expenses GAAP operating income Non-GAAP adjustment Non-GAAP operating income	_	4.2% <u>1.4%</u> 5.6%		4.3% 1.4%	

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

<sup>(1)</sup> Includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation matter.

### USE OF NON-GAAP FINANCIAL MEASURES

Dell provides non-GAAP financial information to investors to supplement GAAP financial information. Dell believes that excluding certain items from Dell's GAAP results allows Dell's management to better understand Dell's consolidated financial performance from period to period and in relationship to the operating results of Dell's segments, as management does not believe that the excluded items are reflective of underlying operating performance. Dell also believes that excluding certain items from Dell's GAAP results allows Dell's management to better project Dell's future consolidated financial performance because Dell's forecasts are developed at a level of detail different than that used to prepare GAAP-based financial measures, and exclude certain amounts pertaining to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Non-GAAP operating income growth as projected for Fiscal 2011, which is a forward looking non-GAAP financial measure, excludes the following items, some of which Dell cannot forecast; acquisition related charges, amortization of purchased intangible assets related to acquisitions, severance and facility action costs, and amounts for the settlement of the SEC investigation as well as a securities litigation matter that were incurred during the first quarter of Fiscal 2011. The historical non-GAAP financial measures, as defined by Dell, represent the comparable GAAP measures adjusted to exclude these same items. In the future, Dell expects that it may again exclude such items and may incur expenses similar to these excluded items, including in connection with any future acquisitions. Accordingly, the exclusion of these items and other similar items in Dell's non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent, or unusual. Dell believes the non-GAAP financial measures will provide investors with useful information to help them evaluate Dell's operating results and projections. These non-GAAP financial measures facilitate an enhanced understanding of historical results and projections, and enable more meaningful period to period comparisons.

This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for gross margin, operating expenses, operating income, net income, and earnings per share prepared in accordance with GAAP.

The non-GAAP financial measures for the periods indicated in the tables above reflect adjustments related to the following items:

• Acquisition-related charges are expensed as incurred and consist primarily of retention payments, integration costs, bankers' fees, legal fees, and consulting fees. Retention payments include stock-based compensation and cash incentives awarded to employees, which are recognized over the vesting period. Integration costs include incremental business costs that are directly attributable to the acquisition of Perot Systems during the fourth quarter of Fiscal 2010 and are being incurred during the integration period. These costs primarily include IT costs related to the integration of IT systems and processes, costs related to the integration of Perot Systems employees, costs related to full-time employees who are working on the integration, and consulting expenses. Acquisition-related charges are inconsistent in amount and are significantly impacted by the timing and nature of acquisitions. Therefore, although Dell may incur these types of expenses in connection with future acquisitions, Dell believes eliminating acquisition related charges for purposes of calculating the non-GAAP financial measures facilitates a more meaningful evaluation of Dell's current operating performance and comparisons to Dell's past operating performance.

• Amortization of purchased intangible assets consists primarily of amortization of customer relationships, customer lists, acquired technology, trade names, and non-compete covenants purchased in connection with business acquisitions. Dell incurs charges relating to the amortization of these intangibles, and those charges are included in Dell's GAAP financial statements. Amortization charges for Dell's purchased intangible assets are inconsistent in amount and are significantly impacted by the timing and magnitude of Dell's acquisitions. Consequently, Dell excludes these charges for purposes of calculating the non-GAAP financial measures to facilitate a more meaningful evaluation of Dell's current operating performance and comparisons to Dell's past operating performance.

• Severance and facility action costs primarily relate to facilities charges including accelerated depreciation and severance and benefits for employees terminated pursuant to actions taken as part of a comprehensive review of costs, including certain employee cost synergies realized through our strategic acquisitions. Management measures the performance of Dell excluding the effects of severance and facility action costs and has been, for recent quarters, providing the effects to investors to supplement GAAP financial information. Dell excludes these severance and facility action costs for purposes of calculating the non-GAAP financial measures because it believes that these historical costs do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of Dell's current operating performance or comparisons to Dell's past operating performance.

• For the first quarter of Fiscal 2011, Dell recorded a \$100 million settlement amount for the SEC investigation into certain of Dell's accounting and financial matters, which was initiated in 2005. During the first quarter of Fiscal 2011, Dell also incurred \$40 million for a securities litigation class action lawsuit that was filed against Dell during Fiscal 2007. Dell is excluding these settlements from the operating results of the first half of Fiscal 2011for the purpose of calculating the non-GAAP financial measures because it believes these settlements are outside Dell's ordinary course of business and do not contribute to a meaningful evaluation of Dell's current operating performance.

• The aggregate adjustment for income taxes is the estimated combined income tax effect for the adjustments mentioned above. The tax effects are determined based on the jurisdictions where the adjustments were incurred.

There are limitations to the use of non-GAAP financial measures. Other companies, including companies in Dell's industry, may calculate the non-GAAP financial measures differently than Dell does, limiting the usefulness of those measures for comparative purposes. In addition, items such as amortization of purchased intangible assets represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in the non-GAAP financial measures and such measures, therefore, do not reflect the full economic effect of such loss. Lastly, items such as severance and facility action costs and acquisition expenses that are excluded from the non-GAAP financial measures can have a material impact on earnings. Dell's management compensates for the foregoing limitations by relying primarily on Dell's GAAP results and using non-GAAP financial measures only supplementally or for projections when comparable GAAP measures are not available. Non-GAAP financial measures are not an alternative to GAAP financial measures and should be read only in conjunction with financial information presented on a GAAP basis when available. Dell provides detailed reconciliations of each historical non-GAAP financial measure to its most directly comparable GAAP measure within the financial information included with this press release and in other written materials that include such non-GAAP historical financial measures, and Dell encourages investors to review the reconciliations in conjunction with the presentation of any historical non-GAAP financial measures.