

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

	Three Months Ended			% Growth Rates	
	January 30, 2009	October 31, 2008	February 1, 2008	Sequential	Yr. to Yr.
Net revenue	\$ 13,428	\$ 15,162	\$ 15,989	(11%)	(16%)
Cost of revenue	11,116	12,309	12,995	(10%)	(14%)
Gross margin	2,312	2,853	2,994	(19%)	(23%)
Selling, general and administrative	1,679	1,671	1,981	1%	(15%)
<i>Research and Development:</i>					
Research, development and engineering	176	167	154	6%	14%
In-process research and development	-	-	83	N/A	N/A
Total research and development	176	167	237	6%	(26%)
Total operating expenses	1,855	1,838	2,218	1%	(16%)
Operating income	457	1,015	776	(55%)	(41%)
Investment and other income, net	(3)	(6)	106	47%	(103%)
Income before income taxes	454	1,009	882	(55%)	(49%)
Income tax provision	103	282	203	(64%)	(49%)
Net income	<u>\$ 351</u>	<u>\$ 727</u>	<u>\$ 679</u>	(52%)	(48%)
Earnings per common share:					
Basic	<u>\$ 0.18</u>	<u>\$ 0.37</u>	<u>\$ 0.31</u>	(51%)	(42%)
Diluted	<u>\$ 0.18</u>	<u>\$ 0.37</u>	<u>\$ 0.31</u>	(51%)	(42%)
Weighted average shares outstanding:					
Basic	1,944	1,953	2,184	(0%)	(11%)
Diluted	1,948	1,957	2,201	(0%)	(11%)
<u>Percentage of Total Net Revenue:</u>					
Gross margin	17.2%	18.8%	18.8%		
Selling, general and administrative	12.5%	11.0%	12.4%		
Total research and development	1.3%	1.1%	1.5%		
Operating expenses	13.8%	12.1%	13.9%		
Operating income	3.4%	6.7%	4.9%		
Income before income taxes	3.4%	6.7%	5.5%		
Net income	2.6%	4.8%	4.2%		
Income tax rate	22.6%	28.0%	23.0%		
<u>Net Revenue by Product Category:</u>					
Mobility	\$ 4,014	\$ 4,849	\$ 4,813	(17%)	(17%)
Desktop PCs	3,532	4,083	4,860	(13%)	(27%)
Software and Peripherals	2,487	2,586	2,654	(4%)	(6%)
Servers and Networking	1,347	1,573	1,612	(14%)	(16%)
Services	1,356	1,449	1,401	(6%)	(3%)
Storage	692	622	649	11%	7%
<u>Percentage of Total Net Revenue:</u>					
Mobility	30%	32%	30%		
Desktop PCs	26%	27%	30%		
Software and Peripherals	19%	17%	17%		
Servers and Networking	10%	10%	10%		
Services	10%	10%	9%		
Storage	5%	4%	4%		
<u>Net Revenue by Geographic Region:</u>					
Americas Commercial	\$ 5,991	\$ 7,229	\$ 7,216	(17%)	(17%)
EMEA Commercial	3,036	3,272	3,680	(7%)	(17%)
Asia Pacific - Japan Commercial	1,445	1,818	1,905	(21%)	(24%)
Global Consumer	2,956	2,843	3,188	4%	(7%)
Consolidated net revenue	<u>\$ 13,428</u>	<u>\$ 15,162</u>	<u>\$ 15,989</u>		
<u>Percentage of Total Net Revenue:</u>					
Americas Commercial	45%	48%	45%		
EMEA Commercial	22%	21%	23%		
Asia Pacific - Japan Commercial	11%	12%	12%		
Global Consumer	22%	19%	20%		
<u>Consolidated Operating Income</u>					
Americas Commercial	\$ 517	\$ 763	\$ 502		
EMEA Commercial	135	116	283		
Asia Pacific - Japan Commercial	47	123	120		
Global Consumer	1	112	3		
Consolidated segment operating income	700	1,114	908		
Stock-based compensation expense	(217)	(73)	(38)		
In-process research and development	-	-	(83)		
Amortization of intangible assets	(26)	(26)	(11)		
Consolidated operating income	<u>\$ 457</u>	<u>\$ 1,015</u>	<u>\$ 776</u>		

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

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

	Fiscal Year Ended		% Growth Rates
	January 30, 2009	February 1, 2008	
Net revenue	\$ 61,101	\$ 61,133	(0%)
Cost of revenue.....	50,144	49,462	1%
Gross margin	10,957	11,671	(6%)
Selling, general and administrative	7,102	7,538	(6%)
<i>Research and Development:</i>			
Research, development and engineering	663	610	9%
In-process research and development	2	83	(98%)
Total research and development	665	693	(4%)
Total operating expenses.....	7,767	8,231	(6%)
Operating income	3,190	3,440	(7%)
Investment and other income, net	134	387	(65%)
Income before income taxes	3,324	3,827	(13%)
Income tax provision	846	880	(4%)
Net income	<u>\$ 2,478</u>	<u>\$ 2,947</u>	(16%)
Earnings per common share:			
Basic	<u>\$ 1.25</u>	<u>\$ 1.33</u>	(6%)
Diluted	<u>\$ 1.25</u>	<u>\$ 1.31</u>	(5%)
Weighted average shares outstanding:			
Basic	1,980	2,223	(11%)
Diluted	1,986	2,247	(12%)
<u>Percentage of Total Net Revenue:</u>			
Gross margin	17.9%	19.1%	
Selling, general and administrative.....	11.6%	12.4%	
Total research and development.....	1.1%	1.1%	
Operating expenses.....	12.7%	13.5%	
Operating income.....	5.2%	5.6%	
Income before income taxes.....	5.4%	6.3%	
Net income.....	4.1%	4.8%	
Income tax rate	25.4%	23.0%	
<u>Net Revenue by Product Category:</u>			
Mobility.....	\$ 18,638	\$ 17,423	7%
Desktop PCs.....	17,244	19,573	(12%)
Software and Peripherals	10,603	9,908	7%
Servers and Networking	6,275	6,474	(3%)
Services	5,715	5,320	7%
Storage.....	2,626	2,435	8%
<u>Percentage of Total Net Revenue:</u>			
Mobility.....	31%	28%	
Desktop PCs.....	29%	32%	
Software and Peripherals	17%	16%	
Servers and Networking	10%	11%	
Services	9%	9%	
Storage.....	4%	4%	
<u>Net Revenue by Geographic Region:</u>			
Americas Commercial.....	\$ 28,614	\$ 29,981	(5%)
EMEA Commercial.....	13,617	13,607	0%
Asia Pacific - Japan Commercial.....	7,341	7,167	2%
Global Consumer.....	11,529	10,378	11%
Consolidated net revenue.....	<u>\$ 61,101</u>	<u>\$ 61,133</u>	
<u>Percentage of Total Net Revenue:</u>			
Americas Commercial.....	47%	49%	
EMEA Commercial.....	22%	22%	
Asia Pacific - Japan Commercial.....	12%	12%	
Global Consumer.....	19%	17%	
<u>Consolidated Operating Income</u>			
Americas Commercial.....	\$ 2,568	\$ 2,566	
EMEA Commercial.....	544	978	
Asia Pacific - Japan Commercial.....	458	424	
Global Consumer.....	143	2	
Consolidated segment operating income.....	3,713	3,970	
Stock-based compensation expense	(418)	(436)	
In-process research and development	(2)	(83)	
Amortization of intangible assets.....	(103)	(11)	
Consolidated operating income	<u>\$ 3,190</u>	<u>\$ 3,440</u>	

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

DELL INC.
Condensed Consolidated Statement of Financial Position and Related Financial Highlights
(in millions, except for "Ratios" and "Other information")
(unaudited)

	<u>January 30,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>	<u>February 1,</u> <u>2008</u>
<u>Assets:</u>			
Current assets:			
Cash and cash equivalents	\$ 8,352	\$ 7,910	\$ 7,764
Short-term investments	740	662	208
Accounts receivable, net	4,731	5,532	5,961
Financing receivables, net	1,712	1,526	1,732
Inventories, net	867	1,109	1,180
Other	3,749	4,795	3,035
Total current assets	<u>20,151</u>	<u>21,534</u>	<u>19,880</u>
Property, plant and equipment, net	2,277	2,458	2,668
Investments	454	374	1,560
Long-term financing receivables, net	500	435	407
Goodwill	1,737	1,743	1,648
Purchased intangible assets, net	724	750	780
Other non-current assets	657	523	618
Total assets	<u>\$ 26,500</u>	<u>\$ 27,817</u>	<u>\$ 27,561</u>
<u>Liabilities and Equity:</u>			
Current liabilities:			
Short-term debt	\$ 113	\$ 266	\$ 225
Accounts payable	8,309	9,475	11,492
Accrued and other	3,788	4,108	4,323
Short-term deferred service revenue	2,649	2,572	2,486
Total current liabilities	<u>14,859</u>	<u>16,421</u>	<u>18,526</u>
Long-term debt	1,898	1,851	362
Long-term deferred service revenue	3,000	3,001	2,774
Other non-current liabilities	2,472	2,385	2,070
Total liabilities	<u>22,229</u>	<u>23,658</u>	<u>23,732</u>
Redeemable common stock	-	-	94
Stockholders' equity	4,271	4,159	3,735
Total liabilities and equity	<u>\$ 26,500</u>	<u>\$ 27,817</u>	<u>\$ 27,561</u>
<u>Ratios:</u>			
Days of sales outstanding ⁽¹⁾	35	36	36
Days supply in inventory	7	8	8
Days in accounts payable	67	69	80
Cash conversion cycle	<u>(25)</u>	<u>(25)</u>	<u>(36)</u>
<u>Other Information:</u>			
Regular headcount (approximate).....	76,500	77,700	82,700
Temporary headcount	2,400	3,100	5,500
Total headcount	<u>78,900</u>	<u>80,800</u>	<u>88,200</u>
Average total revenue/unit (approximate)	\$ 1,410	\$ 1,440	\$ 1,480

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

⁽¹⁾ 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 January 30, 2009, October 31, 2008, and February 1, 2008, DSO and days of customer shipments not yet recognized were 31 and 4 days, 33 and 3 days, and 33 and 3 days, respectively.

DELL INC.
Condensed Consolidated Statements of Cashflows
(in millions, unaudited)

	Three Months Ended		Twelve Months Ended	
	January 30, 2009	February 1, 2008	January 30, 2009	February 1, 2008
Cash flows from operating activities:				
Net income	\$ 351	\$ 679	\$ 2,478	\$ 2,947
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	196	183	769	607
Stock-based compensation	217	38	418	329
In-process research and development charges	-	83	2	83
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	(2)	(10)	(115)	30
Deferred income taxes	(151)	(222)	58	(308)
Other	94	57	231	121
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable.....	753	323	591	(990)
Financing receivables.....	(274)	(210)	(302)	(394)
Inventories.....	244	(61)	309	(498)
Other assets	542	157	(106)	(121)
Accounts payable	(1,125)	(62)	(3,117)	837
Deferred service revenue	187	242	611	1,032
Accrued and other liabilities	(303)	-	67	274
Change in cash from operating activities	<u>729</u>	<u>1,197</u>	<u>1,894</u>	<u>3,949</u>
Cash flows from investing activities:				
Investments:				
Purchases	(434)	(306)	(1,584)	(2,394)
Maturities and sales.....	299	934	2,333	3,679
Capital expenditures.....	(39)	(195)	(440)	3,679
Proceeds from sale of facility and land	-	-	44	-
Acquisition of business, net of cash received.....	(11)	(2,111)	(176)	(2,217)
Change in cash from investing activities	<u>(185)</u>	<u>(1,678)</u>	<u>177</u>	<u>2,747</u>
Cash flows from financing activities:				
Repurchase of common stock	(1)	(4,003)	(2,867)	(4,004)
Issuance of common stock under employee plans.....	-	115	79	136
Issuance (payment) of commercial paper, net	(153)	-	100	(100)
Proceeds from issuance of debt.....	-	28	1,519	66
Repayments of debt.....	-	(121)	(237)	(165)
Other	-	(53)	-	(53)
Change in cash from financing activities	<u>(154)</u>	<u>(4,034)</u>	<u>(1,406)</u>	<u>(4,120)</u>
Effect of exchange rate changes on cash and cash equivalents.....	52	43	(77)	152
Change in cash and cash equivalents.....	<u>442</u>	<u>(4,472)</u>	<u>588</u>	<u>(1,782)</u>
Cash and cash equivalents at beginning of period.....	7,910	12,236	7,764	9,546
Cash and cash equivalents at end of period.....	<u>\$ 8,352</u>	<u>\$ 7,764</u>	<u>\$ 8,352</u>	<u>\$ 7,764</u>

DELL INC.

Supplementary Items

(in millions, except per share data)

(unaudited)

The following supplemental data is provided for additional information.

All items are included in Dell's U.S. GAAP results.

	Three Months Ended January 30, 2009	
	Pre-Tax \$M	Est. EPS Impact
Severance & Facility Closures	\$ (134)	\$ (0.06)
Stock Option Acceleration	\$ (104)	\$ (0.04)
Stock Award Forfeitures (a)	\$ (39)	\$ (0.01)

	Twelve Months Ended January 30, 2009	
	Pre-Tax \$M	Est. EPS Impact
Severance & Facility Closures	\$ (282)	\$ (0.12)
Stock Option Acceleration	\$ (104)	\$ (0.04)
Amortization of Purchased Intangibles	\$ (103)	\$ (0.03)
Investigation Related Costs	\$ (43)	\$ (0.01)
Exchange Rate Error	\$ 42	\$ 0.02
Reversal of prior year bonus accrual	\$ 46	\$ 0.02
Patent Litigation Reserve	\$ 55	\$ 0.02

(a) Annual true-up of estimated forfeitures related to SFAS No. 123R