
Dell

Investor Relations

Aongus Hegarty
President, Europe, Middle East and Africa



September 10, 2012

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, trends relating to mix shift, effects of our acquisitions, results of our strategic transformation, capital allocation expectations, dividend payments, cost savings, and general strategy) 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: intense competition; Dell's reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; Dell's ability to achieve favorable pricing from its vendors; weak global economic conditions and instability in financial markets; Dell's ability to manage effectively the change involved in implementing strategic initiatives; successful implementation of Dell's acquisition strategy; Dell's cost-efficiency measures; Dell's ability to effectively manage periodic product and services transitions; Dell's ability to deliver consistent quality products and services; Dell's ability to generate substantial non-U.S. net revenue; Dell's product, customer, and geographic sales mix, and seasonal sales trends; the performance of Dell's sales channel partners; access to the capital markets by Dell or its customers; weak economic conditions and additional regulation affecting our financial services activities; counterparty default; 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; loss of government contracts; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; infrastructure disruptions; cyber attacks or other data security breaches; Dell's ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; impairment of portfolio investments; unfavorable results of legal proceedings; Dell's ability to attract, retain, and motivate key personnel; 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; 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 February 3, 2012. Dell assumes no obligation to update its forward-looking statements.

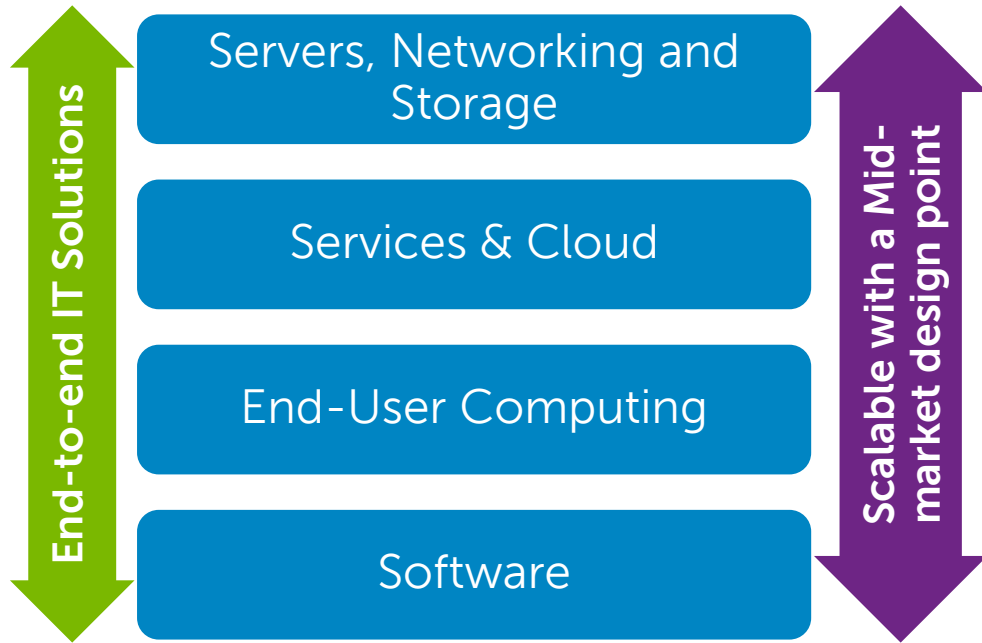
Non-GAAP Financial Measures:

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 "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Non-GAAP Financial Measures" in Dell's annual report on Form 10-K for the fiscal year ended February 3, 2012. We encourage investors to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.



Committed to our strategic priorities

Executing our strategy to deliver end-to-end solutions with a flexible design point



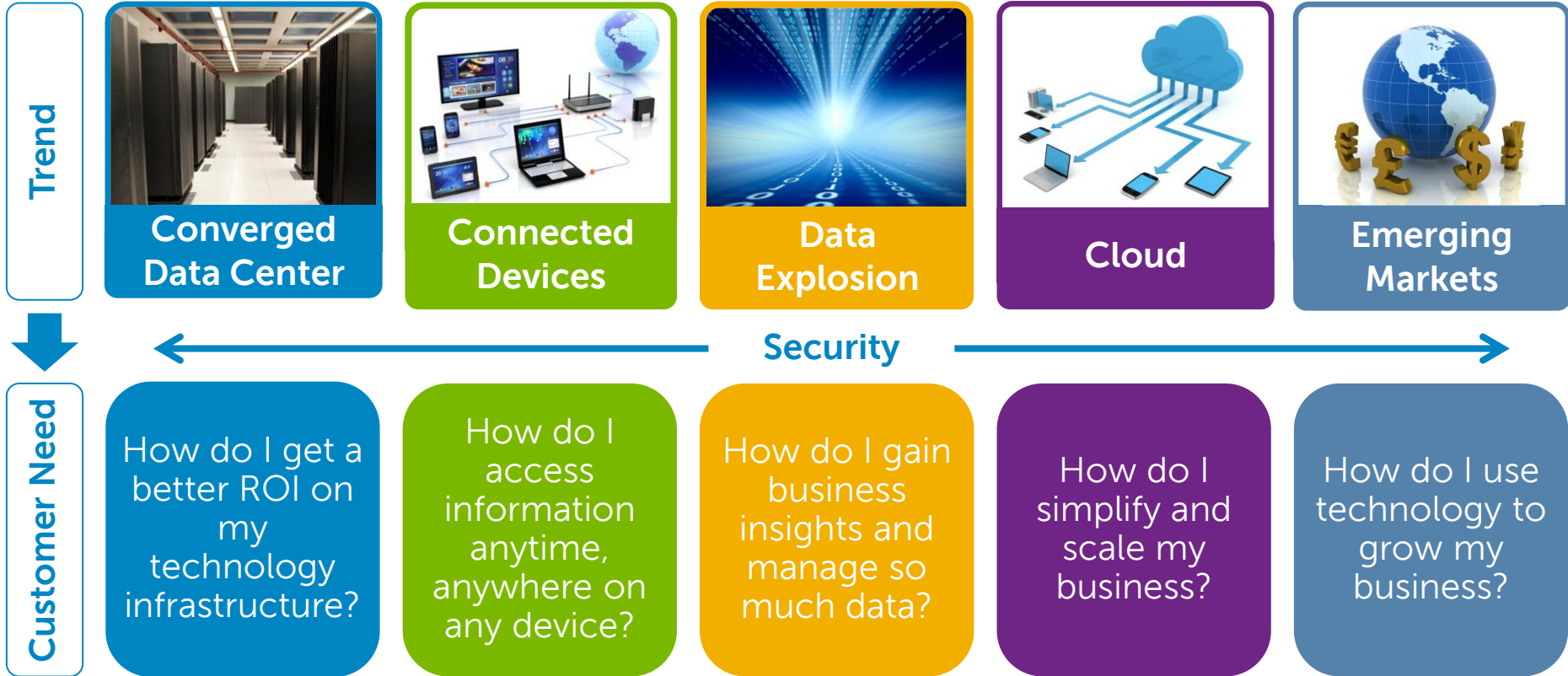
- **Develop & Acquire Key IP**
 - 8 acquisitions in last 12 months
 - Opened 2 data centers and 11 solutions centers in last 4 quarters
- **Deliver Solutions that Customers Value**
 - \$18.6B enterprise solutions and services in FY12
 - New strategic solutions alignment including software
- **Capture Growing share of IT Profit Pool**
 - FY12 Client revenue down 1%, gross margin \$'s up 38%
 - Enterprise solutions and services made almost 50% of Dell gross margin \$'s in FY12
- **Grow operating income and cash flow FY12**
 - FY12 operating income up 24% to \$5.1B
 - FY12 cash flow from ops up 39% Y/Y to \$5.5B

Numbers displayed on chart refer to non-GAAP results



Developing solutions with a customer point of view

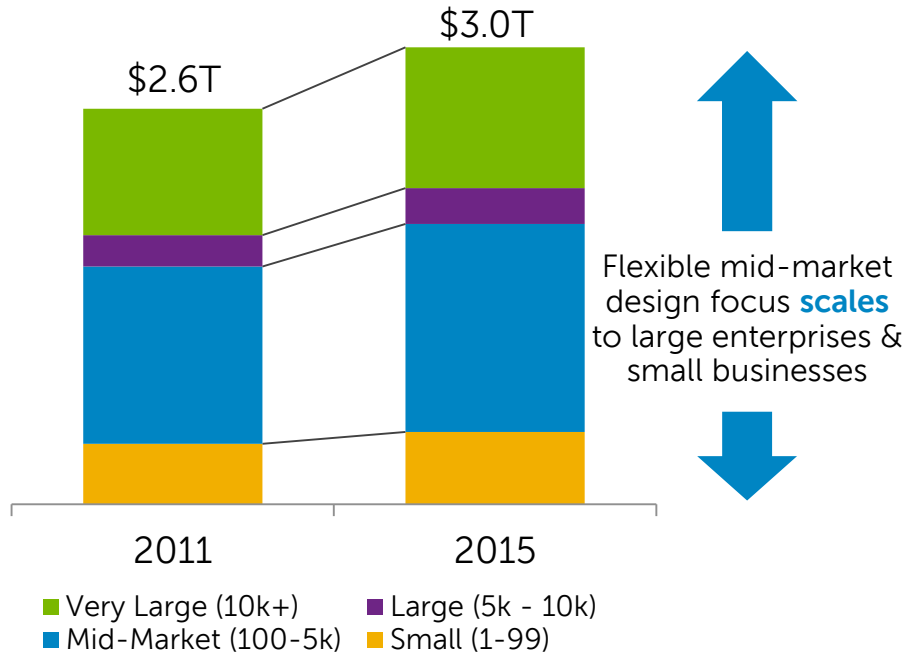
Emerging trends drive customer needs



Differentiated with a scalable design focus

Solutions that work in mid-market scale to largest and smallest customers

Commercial IT Spend



How is Dell differentiated?

Scalable End-to-end Solutions

- End-to-end solutions
- Scalable & flexible
- Standards based...avoid lock in
- Easy to use...intuitive and simple

Customer Focused

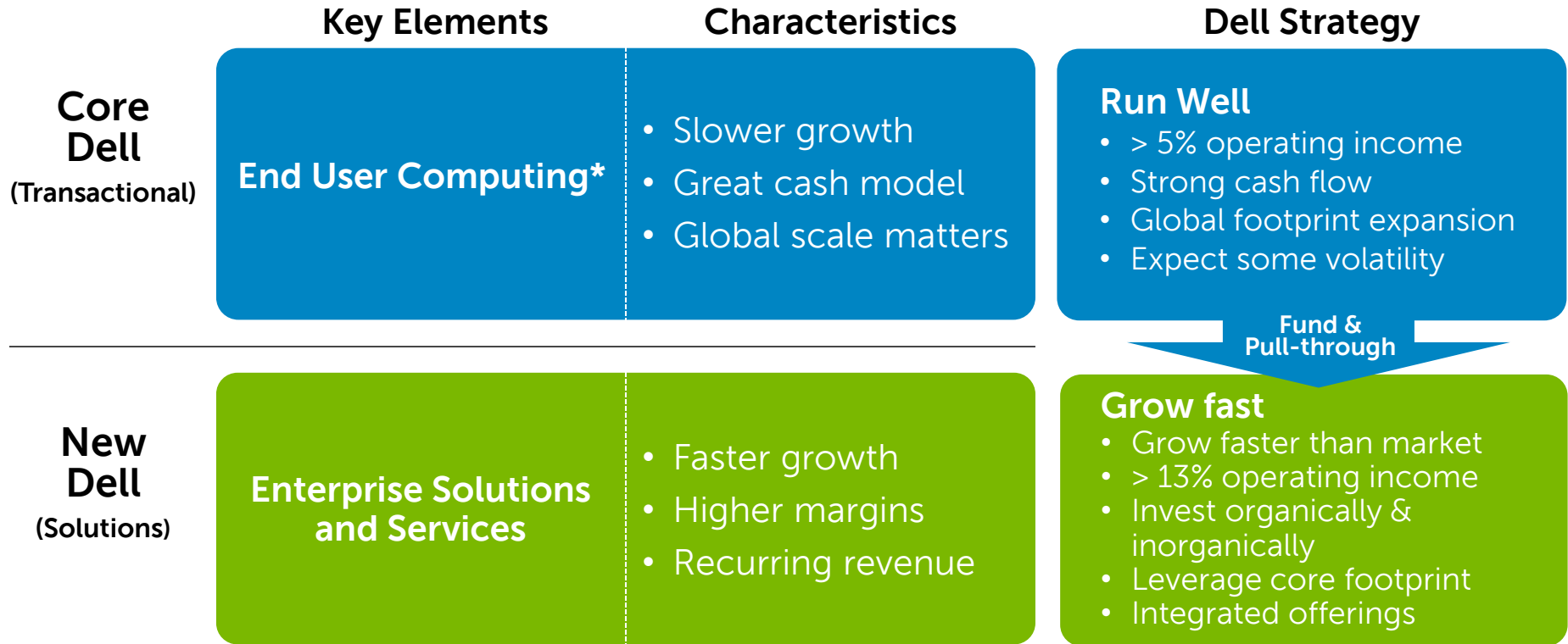
- "Trusted advisor" relationship
- Highly responsive sales model
- Flexible support

Financially Differentiated

- Best total cost of ownership
- Quickest time to value
- Fastest time to deploy

Long-term formula for success

Continue to run the core business well and focus on growth in solutions



*EUC includes mobility, desktop, accessories, and 3rd party software

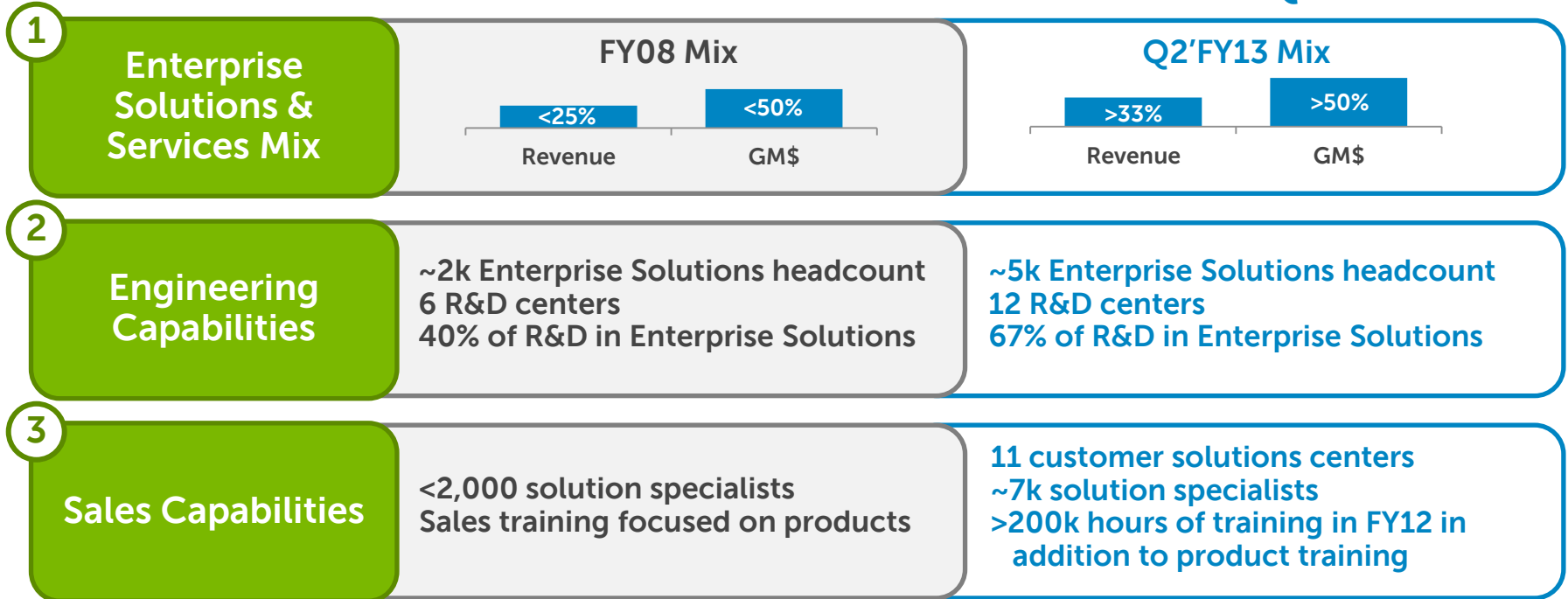
Operating income by line of business based on fully burdened operating expense consumption

Shifting business mix to enterprise solutions & services

Dell-owned innovations and solutions

"Old Dell" FY08

"New Dell" Q2'FY13



Numbers displayed on chart refer to non-GAAP results



Dell in FY16

Continue executing on consistent strategic vision and maintain our disciplined capital allocation program; stock repurchase, dividend, continued investments

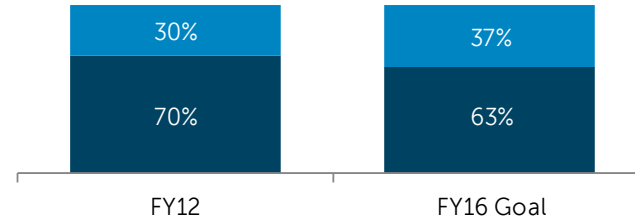
End-to-end solution provider

Vertically-focused

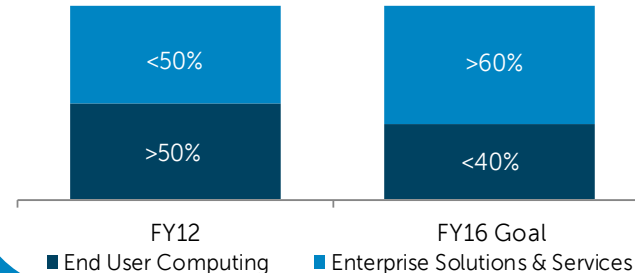
Solutions-focused

Creating value for customers

Revenue \$ Mix Trend



OpInc \$ Mix Trend



Numbers displayed on chart refer to non-GAAP results
Operating income by line of business based on fully burdened operating expense consumption

2Q FY13 Non-GAAP Summary

Consolidated Non-GAAP P&L

\$ in Millions - except Units and EPS

	2Q'12	1Q'13	2Q'13	Y/Y Growth	Seq Growth
Units (thousands)	11,573	10,644	10,393	-10%	-2%
Revenues	15,658	14,422	14,483	-8%	0%
Gross Margin	3,625	3,167	3,270	-10%	3%
<i>GM % of revenue</i>	<i>23.2%</i>	<i>22.0%</i>	<i>22.6%</i>	<i>-60 bps</i>	<i>60 bps</i>
Operating Expenses	2,297	2,157	2,147	-7%	0%
<i>Opex % of revenue</i>	<i>14.7%</i>	<i>15.0%</i>	<i>14.8%</i>	<i>10 bps</i>	<i>-20 bps</i>
Operating Income	1,328	1,010	1,123	-15%	11%
<i>Opinc % of revenue</i>	<i>8.5%</i>	<i>7.0%</i>	<i>7.8%</i>	<i>-70 bps</i>	<i>80 bps</i>
Income Before Taxes	1,273	978	1,060	-17%	8%
Income Tax	267	217	185	-31%	-15%
<i>Effective Tax Rate %</i>	<i>21.0%</i>	<i>22.2%</i>	<i>17.5%</i>	<i>-350 bps</i>	<i>-470 bps</i>
Net Income	1,006	761	875	-13%	15%
<i>NI % of revenue</i>	<i>6.4%</i>	<i>5.3%</i>	<i>6.0%</i>	<i>-40 bps</i>	<i>70 bps</i>
Diluted EPS	\$0.54	\$0.43	\$0.50	-7%	16%

Revenue of \$14.5B, down -8% Y/Y

- Enterprise Services and Solutions grew +6% Y/Y
- Challenging environment in EUC

Gross margin was 22.6%, up +60bps Q/Q
down -60bps Y/Y

- Maintained sequential gross margin % given challenging macro and competitive dynamics

OPEX \$ declined -\$10M sequentially; OPEX % declined -20bps sequentially to 14.8%

- includes almost \$100M of strategic spend

Cash from operations was \$637M; \$3.2B TTM

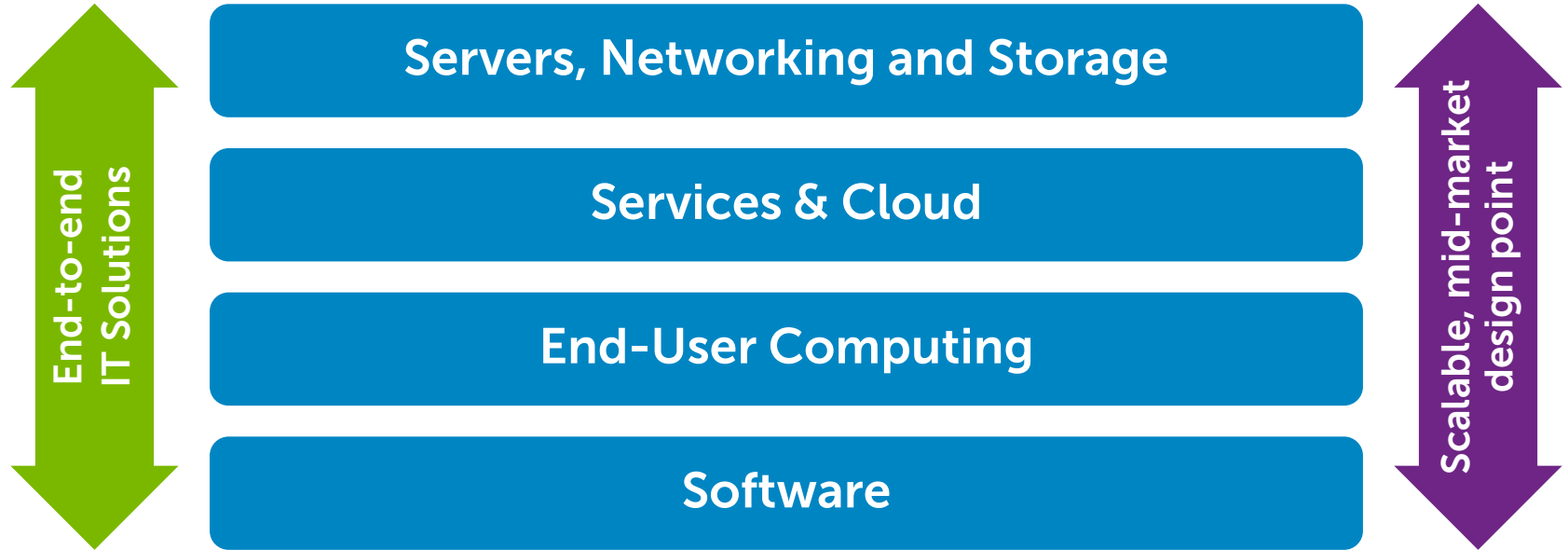
- CCC was -30; increase in DSO of +3 days

Dividend policy in June with expected initial rate of \$0.08/share per quarter beginning in 3Q FY13



Committed to our strategy

Delivering end-to-end solutions with scalable, mid-market design point



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Obrigado

Thank you

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Gracias

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Спасибо

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Dell 2Q FY13

Supplemental Non-GAAP Measures



Supplemental Non-GAAP Measures

(\$ millions, except per share data)

	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13	2Q'13
GAAP Net Income	341	545	822	927	2,635	945	890	893	764	3,492	635	732
GAAP EPS	0.17	0.28	0.42	0.48	1.35	0.49	0.48	0.49	0.43	1.88	0.36	0.42
<u>Non-GAAP adjustments:</u>												
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110	150
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76	72
Other ¹	140	0	(72)	0	68	0	0	0	0	0	0	0
Aggregate Tax-adjustments	(62)	(43)	(18)	(50)	(173)	(59)	(66)	(56)	(63)	(244)	(60)	(79)
Total adjustments to Net Income	243	84	53	91	471	105	116	90	149	460	126	143
Total adjustments to EPS - diluted	0.13	0.04	0.03	0.05	0.24	0.06	0.06	0.05	0.08	0.25	0.07	0.08
Non-GAAP Net Income	584	629	875	1,018	3,106	1,050	1,006	983	913	3,952	761	875
Non-GAAP EPS	0.30	0.32	0.45	0.53	1.59	0.55	0.54	0.54	0.51	2.13	0.43	0.50
<u>Percentage of Total Net Revenue:</u>												
GAAP Net Income	2.3%	3.5%	5.3%	5.9%	4.3%	6.3%	5.7%	5.8%	4.8%	5.6%	4.4%	5.1%
Non-GAAP adjustments	1.6%	0.5%	0.4%	0.6%	0.8%	0.7%	0.7%	0.6%	0.9%	0.8%	0.9%	0.9%
Non-GAAP Net Income	3.9%	4.0%	5.7%	6.5%	5.1%	7.0%	6.4%	6.4%	5.7%	6.4%	5.3%	6.0%

¹ \$40M Legal Settlement, a \$100M SEC Settlement, and a -\$72M merger termination fee



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13	2Q'13
GAAP Gross Margin	2,516	2,586	3,003	3,291	11,396	3,432	3,525	3,469	3,385	13,811	3,067	3,138
<u>Non-GAAP adjustments:</u>												
Amortization of intangibles	68	70	71	69	278	71	74	77	83	305	88	109
Severance & facility actions and Acquisition-related	30	15	4	8	57	8	26	0	15	49	12	23
Total adjustments to Gross Margin	98	85	75	77	335	79	100	77	98	354	100	132
Non-GAAP Gross Margin	2,614	2,671	3,078	3,368	11,731	3,511	3,625	3,546	3,483	14,165	3,167	3,270
<u>Percentage of Total Net Revenue:</u>												
<i>GAAP Gross Margin</i>	<i>16.9%</i>	<i>16.6%</i>	<i>19.5%</i>	<i>21.0%</i>	<i>18.5%</i>	<i>22.9%</i>	<i>22.5%</i>	<i>22.6%</i>	<i>21.1%</i>	<i>22.3%</i>	<i>21.3%</i>	<i>21.6%</i>
<i>Non-GAAP adjustments</i>	<i>0.7%</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.7%</i>	<i>0.5%</i>	<i>0.6%</i>	<i>0.5%</i>	<i>0.7%</i>	<i>1.0%</i>
<i>Non-GAAP Gross Margin</i>	<i>17.6%</i>	<i>17.2%</i>	<i>20.0%</i>	<i>21.5%</i>	<i>19.1%</i>	<i>23.4%</i>	<i>23.2%</i>	<i>23.1%</i>	<i>21.7%</i>	<i>22.8%</i>	<i>22.0%</i>	<i>22.6%</i>



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13	2Q'13
GAAP operating expenses	1,997	1,841	1,979	2,146	7,963	2,220	2,379	2,327	2,454	9,380	2,243	2,237
<u>Non-GAAP adjustments:</u>												
Amortization of intangibles	(20)	(17)	(18)	(16)	(71)	(21)	(21)	(23)	(21)	(86)	(22)	(41)
Severance & facility actions and Acquisition-related	(47)	(25)	(50)	(48)	(170)	(64)	(61)	(46)	(93)	(264)	(64)	(49)
Other ¹	(140)	0	0	0	(140)	0	0	0	0	0	0	0
Total adjustments to opex	(207)	(42)	(68)	(64)	(381)	(85)	(82)	(69)	(114)	(350)	(86)	(90)
Non-GAAP operating expenses	1,790	1,799	1,911	2,082	7,582	2,135	2,297	2,258	2,340	9,030	2,157	2,147
<u>Percentage of Total Net Revenue:</u>												
GAAP operating expenses	13.4%	11.8%	12.8%	13.7%	12.9%	14.8%	15.2%	15.2%	15.3%	15.2%	15.6%	15.4%
Non-GAAP adjustments	-1.4%	-0.2%	-0.4%	-0.4%	-0.6%	-0.6%	-0.5%	-0.5%	-0.7%	-0.7%	-0.6%	-0.6%
Non-GAAP operating expenses	12.0%	11.6%	12.4%	13.3%	12.3%	14.2%	14.7%	14.7%	14.6%	14.5%	15.0%	14.8%

¹ \$40M Legal Settlement and a \$100M SEC Settlement



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13	2Q'13
GAAP operating income	519	745	1,024	1,145	3,433	1,212	1,146	1,142	931	4,431	824	901
<u>Non-GAAP adjustments:</u>												
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110	150
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76	72
Other ¹	140	0	0	0	140	0	0	0	0	0	0	0
Total adjustments to opinc	305	127	143	141	716	164	182	146	212	704	186	222
Non-GAAP operating income	824	872	1,167	1,286	4,149	1,376	1,328	1,288	1,143	5,135	1,010	1,123
<u>Percentage of Total Net Revenue:</u>												
GAAP operating income	3.5%	4.8%	6.7%	7.3%	5.6%	8.1%	7.3%	7.4%	5.8%	7.1%	5.7%	6.2%
Non-GAAP adjustments	2.0%	0.8%	0.9%	0.9%	1.1%	1.1%	1.2%	1.0%	1.3%	1.2%	1.3%	1.6%
Non-GAAP operating income	5.5%	5.6%	7.6%	8.2%	6.7%	9.2%	8.5%	8.4%	7.1%	8.3%	7.0%	7.8%

¹ \$40M Legal Settlement and a \$100M SEC Settlement



Supplemental Non-GAAP Measures

(\$ millions)

	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13
Net TTM Free Cash Flow										
Cash flow from operations	3,383	3,642	3,754	3,969	4,196	5,235	5,173	5,527	4,924	3,187
Capital expenditures	(333)	(379)	(402)	(444)	(535)	(549)	(670)	(675)	(680)	(641)
Financing receivables	1,266	1,119	988	709	480	375	412	372	322	282
Net TTM Free Cash Flow	4,316	4,382	4,340	4,234	4,141	5,061	4,915	5,224	4,566	2,828

Net Free Cash Flow

Cash flow from operations	238	1,335	913	1,483	465	2,374	851	1,837	(138)	637
Capital expenditures	(46)	(145)	(93)	(160)	(137)	(159)	(214)	(165)	(142)	(120)
Financing receivables	208	205	46	250	(21)	100	83	210	(71)	60
Net Free Cash Flow	400	1,395	866	1,573	307	2,315	720	1,882	(351)	577

