

---

# Dell 4Q FY12 Performance Review

## **Michael Dell**

Chairman and CEO

## **Brian Gladden**

SVP, Chief Financial Officer

## **Steve Felice**

President, Chief Commercial Officer

---



February 21, 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 enterprise, solutions and services, anticipated customer demand, global macroeconomic uncertainty, and geographic trends, as well as the financial guidance with respect to revenue, cash flow from operations, net income and non-GAAP earnings per share) 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 cost-cutting measures; Dell's ability to effectively manage the growth of its distribution capabilities and add to its product and services offerings; Dell's ability to effectively manage periodic product and services transitions; weak global economic conditions and instability in financial markets; Dell's ability to generate substantial non-U.S. net revenue; weak economic conditions and additional regulation affecting Dell's financial services activities; Dell's ability to achieve favorable pricing from its vendors; Dell's ability to deliver consistent quality products and services; Dell's reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; successful implementation of Dell's acquisition strategy; Dell's product, customer, and geographic sales mix, and seasonal sales trends; access to the capital markets by Dell or its customers; loss of government contracts; the risk of temporary suspension or debarment from contracting with U.S. federal, state and local governments as a result of settlements of an SEC investigation by Dell and Dell's Chairman and CEO; customer terminations of or pricing changes in services contracts, or Dell's failure to perform as it anticipates at the time it enters into services contracts; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; information technology and manufacturing infrastructure disruptions or breaches of data security; Dell's ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; counterparty default; unfavorable results of legal proceedings; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; 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 Jan. 28, 2011. In particular, Dell's expectations with regard to revenue, cash flow from operations, net income and non-GAAP earnings per share for the full fiscal year ending Feb. 1, 2013 assume, among other matters, that there is no significant decline in economic conditions generally or demand growth specifically, that macroeconomic uncertainties do not materialize into significant economic difficulties, no significant change in product mix patterns, continued geographic customer demand trends, continued successful demand planning and forecasting, no supply chain disruptions, and no significant adverse component pricing or supply movements. Dell assumes no obligation to update its forward-looking statements.*

## Non-GAAP Financial Measures

*This presentation includes information about non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per share (collectively the "non-GAAP financial measures"), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the historical non-GAAP financial measures and of free cash flow, which is also a non-GAAP measure, to the most directly comparable GAAP measures in the slides captioned "Supplemental Non-GAAP Measures." A detailed discussion of our reasons for including the non-GAAP financial measures and the limitations associated with those measures is presented in "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 financial year ended January 28, 2011. We encourage investors to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.*



# Dell 4Q FY12

## FY12 and 4Q Earnings Review

**Brian Gladden**

SVP, Chief Financial Officer



# We Are Executing on our Strategy

## Strategy

### Enterprise Solutions & Services

Mid-market design focus

### End-User Computing

Reduce complexity and optimize supply chain

### Balance Liquidity, Profitability and Growth

> 5-7% revenue growth  
> 7%+ operating income  
CFOps > net income

## Objective

Grow Enterprise Solutions and Services

Continue structural cost improvement and grow high-value solutions

Increase shareholder value

## FY12 Results

✓ **Record** enterprise solutions and services revenue of \$18.6B, up +6% Y/Y; now accounts for 30% of total revenue

✓ Structurally and sustainably improved client supply chain, End-User Computing operating income above 5% for the year

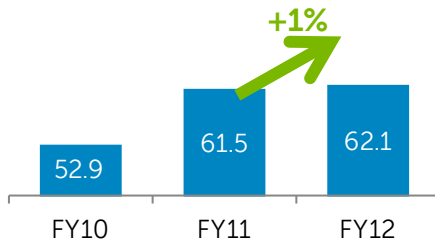
✓ GAAP results: revenue up +1% Y/Y, operating income of 7.1%, Cash flow from operations of 1.6x net income



# FY12 Non-GAAP Performance Review

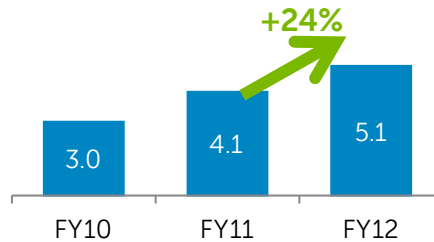
## Revenues

\$ Billions



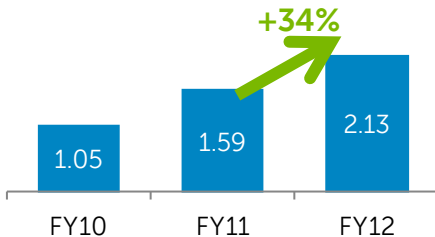
## Operating Income

\$ Billions



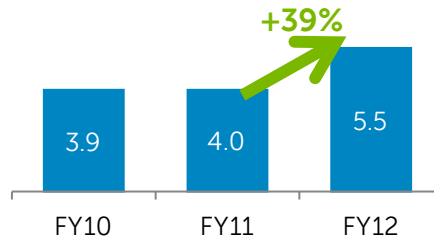
## Non-GAAP EPS

\$ per share



## CFOps

\$ Billions



## FY12 Highlights

*Growth refers to year-over-year*

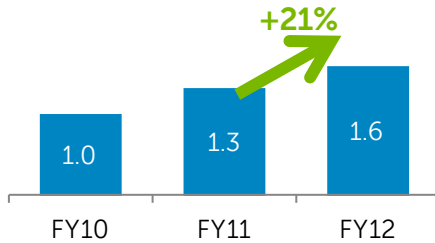
- **Record** revenue of \$62.1B, up +1%
- **Record** gross margin of \$14.2B, up +370bps to 22.8%
- **Record** operating income of \$5.1B, up +24%
- **Record** Net Income of \$4.0B, up +27%
- **Record** EPS of \$2.13, up +34%
- CFOps of \$5.5B, up +39%



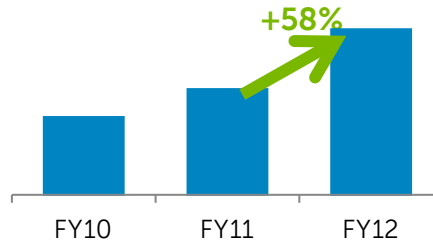
# FY12 Line of Business Highlights

## Dell-IP Storage

Revenue \$ Billions

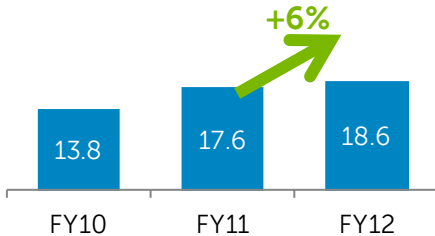


## Networking

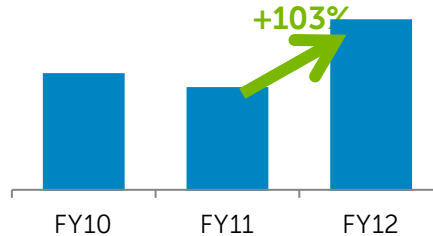


## ES&S

Revenue \$ Billions



## XPS Notebook



## FY12 LOB Highlights

*Growth refers to year-over-year*

- Dell-IP storage revenue up +21% to \$1.6B
  - Closed acquisition of Compellent
- Networking revenue up +58%
  - Closed acquisition of Force 10
- Enterprise Solutions and Services (ES&S) revenue up +6% to \$18.6B
  - Server and networking revenue up 10%
  - Closed acquisition of SecureWorks
- XPS notebook revenue up +103%; now accounts for 18% of Consumer notebook revenue



# 4Q FY12 Non-GAAP Highlights

*Growth refers to year-over-year*

- Delivered revenue of \$16.0B representing growth of +2% and included a 14<sup>th</sup> week which we estimate to be +3% of added growth
- Gross margin was 21.7%, down -140bps sequentially and up 20bps +Y/Y; sequential decline driven by lower end mix in Consumer and S&P businesses caused by hard drive supply, margin impact of working through previous generation phones, and growth and profitability pressure in the U.S. Public business
- Effectively managed operating expenses while continuing to enable strategic investments; operating expenses declined -10bps sequentially to 14.6% of revenue
- Operating income was \$1.14B, or 7.1% of revenue
- Earnings per share declined -4% to \$0.51
- Cash conversion cycle was negative -36 days; days receivable and days inventory were flat relative to Q3 while days payable increased +5 days, driven by 14<sup>th</sup> week
- Generated \$1.8B of cash flow from operations, up +\$1B sequentially and +24% Y/Y
- Ended the quarter with \$18.2B in cash and investments; repurchased \$561M in stock in Q4 and \$2.7B or 178 million shares in FY12



# 4Q FY12 Non-GAAP Consolidated Results

## Consolidated P&L<sup>1</sup>

\$ in Millions - except Units and EPS

	4Q'11	3Q'12	4Q'12	Y/Y Growth	Seq Growth
<b>Units (thousands)</b>	11,507	11,087	12,050	5%	9%
<b>Revenues</b>	15,692	15,365	16,031	2%	4%
<b>Gross Margin</b>	3,368	3,546	3,483	3%	-2%
<i>GM % of revenue</i>	21.5%	23.1%	21.7%	20 bps	-140 bps
<b>Operating Expenses</b>	2,082	2,258	2,340	12%	4%
<i>Opex % of revenue</i>	13.3%	14.7%	14.6%	130 bps	-10 bps
<b>Operating Income</b>	1,286	1,288	1,143	-11%	-11%
<i>OpInc % of revenue</i>	8.2%	8.4%	7.1%	-110 bps	-130 bps
<b>Income Before Taxes</b>	1,268	1,218	1,119	-12%	-8%
<b>Income Tax</b>	250	235	206	-18%	-12%
<i>Effective Tax Rate %</i>	19.7%	19.3%	18.4%	-130 bps	-90 bps
<b>Net Income</b>	1,018	983	913	-10%	-7%
<i>NI % of revenue</i>	6.5%	6.4%	5.7%	-80 bps	-70 bps
<b>Diluted EPS</b>	\$0.53	\$0.54	\$0.51	-4%	-6%

<sup>1</sup>Percentages and ratios are calculated based on underlying data

*Growth refers to year-over-year*

- Revenue up +2% to \$16.0B, driven by growth in services, Dell-IP storage, our SMB business, and growth markets
- Gross margin percent up +20bps Y/Y and down -140bps sequentially to 21.7%
- Operating expense percent up +130bps Y/Y and down -10bps sequentially to 14.6%
- Operating income of \$1.1B, down -110bps to 7.1% as a percent of revenue
- Tax rate of 18.4%, driven by an increase in earnings in lower tax jurisdictions and tax benefits we don't anticipate in FY13
- EPS down -4% to \$0.51

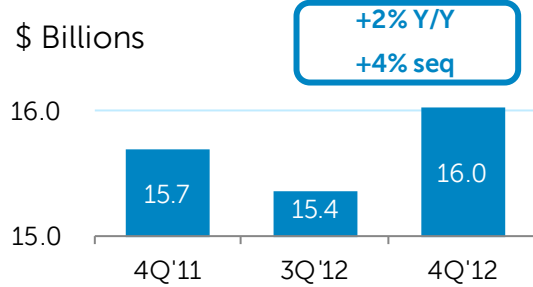




# 4Q FY12 Non-GAAP Key Performance Metrics

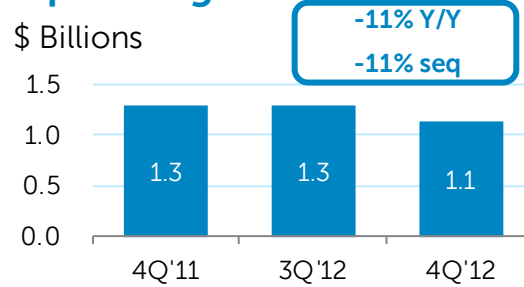
## Revenues

\$ Billions



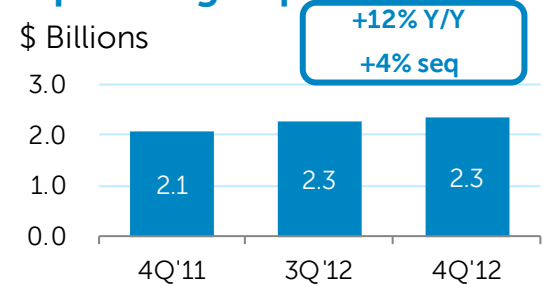
## Operating Income

\$ Billions



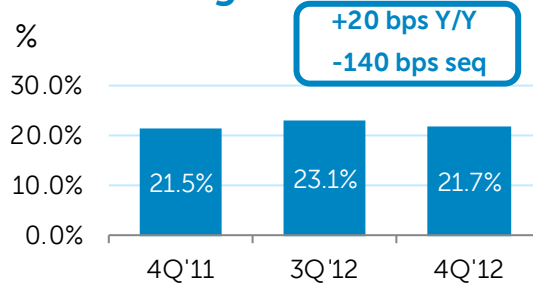
## Operating Expense

\$ Billions



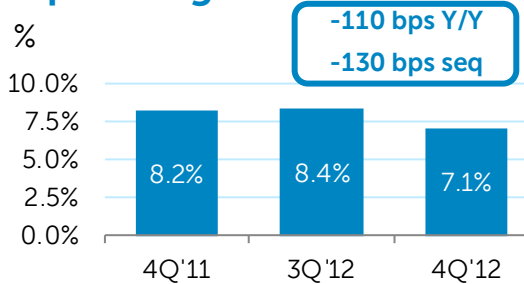
## Gross Margin %

%



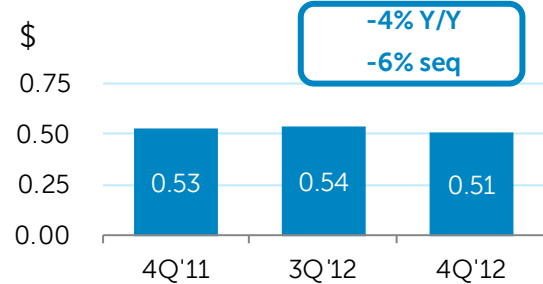
## Operating Income %

%



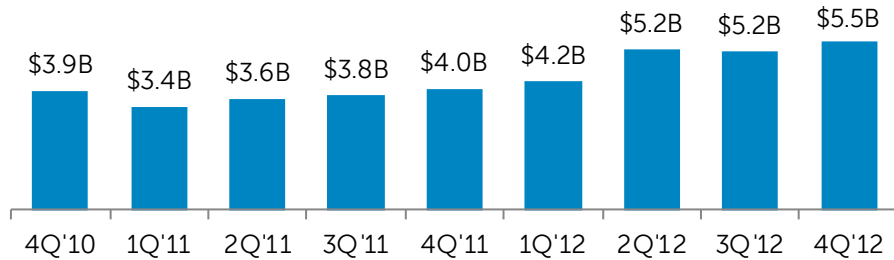
## EPS

\$

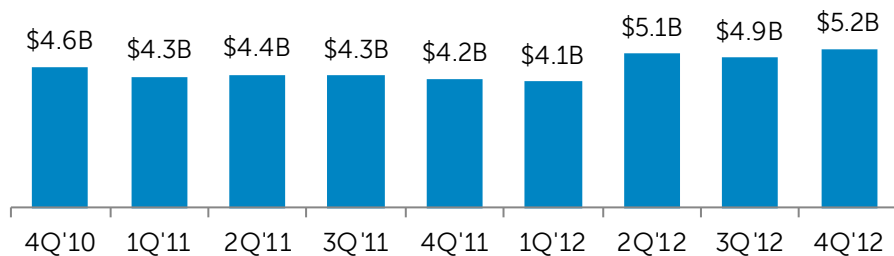


# 4Q FY12 Cash Flow Performance

## Cash Flow from Operations<sup>1</sup>



## Free Cash Flow<sup>1,2</sup>



<sup>1</sup>Trailing Twelve Months

<sup>2</sup>Cash flow from operations less capital expenditures less tax benefit from stock-based compensation plus on balance-sheet fundings

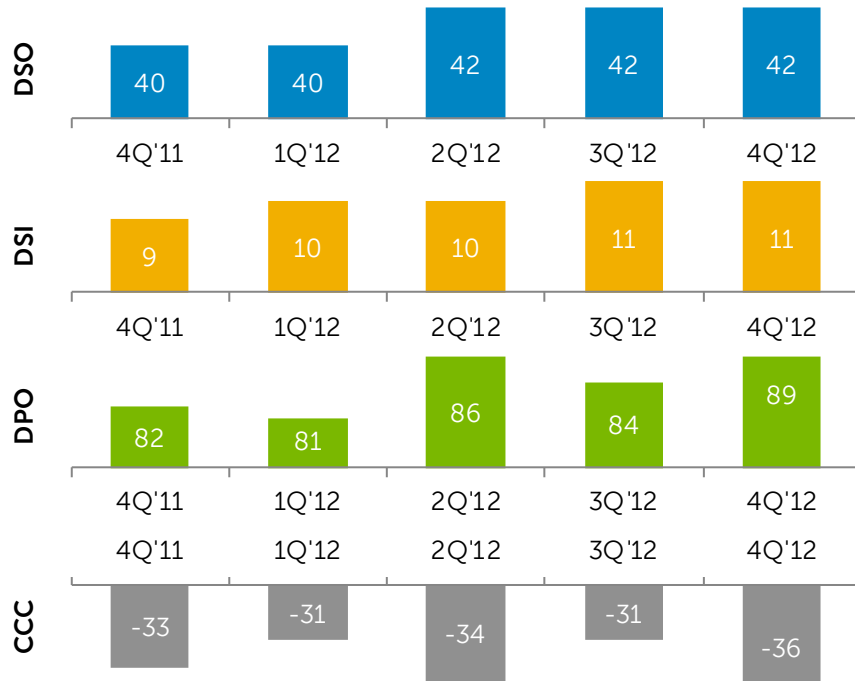
*Growth refers to year-over-year*

- Cash flow from operations of \$1,837M; \$5.5B trailing twelve months
- Capital expenditures of \$165M; \$675M trailing twelve months
- Free cash flow of \$1.882M; \$5.2B trailing twelve months
- Ended 4Q FY12 with \$18.2B cash and investments
- Repurchased \$561M in stock in Q4 and \$2.7B or 178M shares for FY12
- Diluted weighted average shares down -142M Y/Y, down -7%



# 4Q FY12 Working Capital

## Cash Conversion Cycle (CCC)



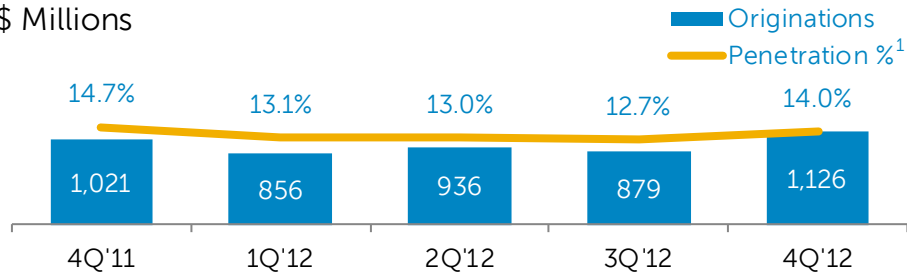
- Days sales outstanding flat sequentially to 42 days
- Days sales of inventory flat sequentially to 11 days
- Days payables outstanding up +5 days sequentially to 89 days, driven by 14<sup>th</sup> week in quarter
- Cash conversion cycle improved -5 days sequentially to -36 days
- Expect cash conversion cycle to remain in mid -30 day range



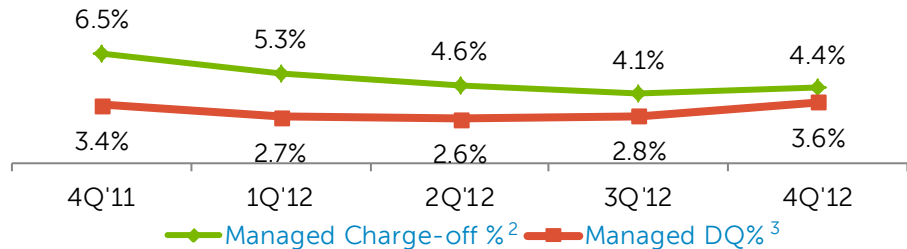
# 4Q FY12 Dell Financial Services

## New Financing Originations

\$ Millions



## Losses & Delinquencies<sup>2,3</sup>



<sup>1</sup> Measured on financing transactions primarily related to Dell customers in the US and Canada

<sup>2</sup> Gross principal charge-offs less recovery payments divided by average managed assets

<sup>3</sup> 60 day plus delinquent assets at quarter end divided by quarter end managed assets

*Growth refers to year-over-year*

- Originations up +10% to \$1.1B, driven by large commercial accounts and DFS Canada acquisition (included starting in Q2); penetration rate down -70bps
- Managed charge-off % down -210bps and managed delinquency % up +20bps; managed losses continue to trend with expectations and seasonality
- Agreement reached with CIT for Dell-related European assets and sales & servicing functions; phased transition will begin mid next year



# 4Q FY12 Line of Business Results

## LOB Revenue Trends

	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12	
Revenue	Servers & Networking	2,090	1,973	2,054	2,089	2,220
	Storage	574	481	502	460	500
	<i>Dell-owned IP</i>	348	341	393	388	463
	Services	1,943	1,984	2,036	2,123	2,179
	S&P	2,651	2,567	2,569	2,528	2,558
	Mobility	4,850	4,716	4,761	4,750	4,877
	Desktop PCs	3,584	3,296	3,736	3,415	3,697
<b>Total</b>	<b>15,692</b>	<b>15,017</b>	<b>15,658</b>	<b>15,365</b>	<b>16,031</b>	
Q/Q Growth	Servers & Networking	13%	-6%	4%	2%	6%
	Storage	6%	-16%	4%	-8%	9%
	<i>Dell-owned IP</i>	10%	-2%	15%	-1%	19%
	Services	1%	2%	3%	4%	3%
	S&P	3%	-3%	0%	-2%	1%
	Mobility	0%	-3%	1%	0%	3%
	Desktop PCs	-2%	-8%	13%	-9%	8%
<b>Total</b>	<b>2%</b>	<b>-4%</b>	<b>4%</b>	<b>-2%</b>	<b>4%</b>	
Y/Y Growth	Servers & Networking	16%	11%	9%	13%	6%
	Storage	-4%	-13%	-20%	-15%	-13%
	<i>Dell-owned IP</i>	20%	11%	15%	23%	33%
	Services	1%	5%	6%	10%	12%
	S&P	7%	3%	1%	-2%	-4%
	Mobility	4%	3%	1%	-2%	1%
	Desktop PCs	4%	-8%	-3%	-6%	3%
<b>Total</b>	<b>5%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>2%</b>	

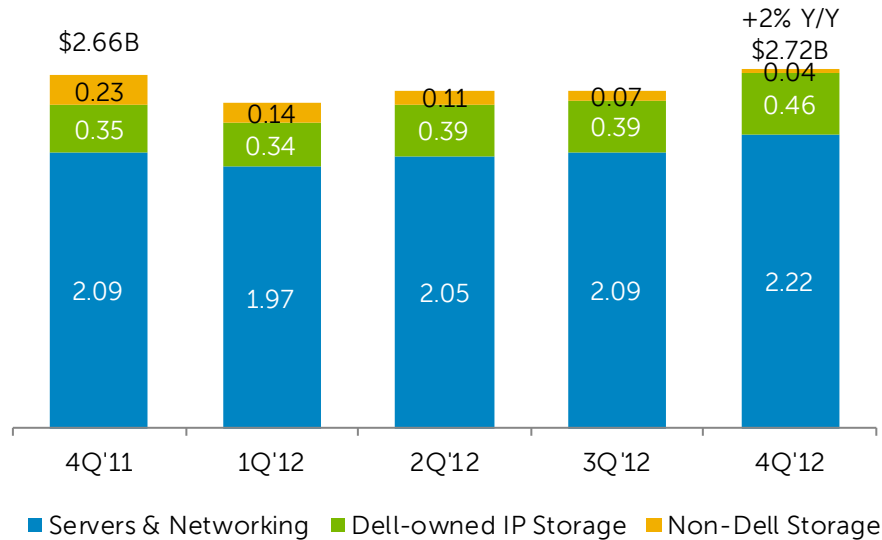
*Growth refers to year-over-year*

- **Record** enterprise solutions and services revenue of \$4.9B, up +6%
- Services revenue up +12% to \$2.2B; Services backlog up +11% to \$15.5B
- Dell-owned IP storage revenue up +33% to \$463M; Total storage revenue down -13%
- Servers and Networking revenue up +6% with accretive margins and rising ASP's
- End User Computing (Mobility and Desktop PCs) revenue up +2%
- S&P revenue down -4% to \$2.6B, driven by continued focus on pruning lower margin elements of portfolio



# 4Q FY12 Servers, Networking & Storage

## Servers, Networking & Storage Revenue (\$ in Billions)



*Growth refers to year-over-year*

- Servers, Networking & Storage revenue up +2% Y/Y; up +10% when excluding non-Dell storage
- Server virtualization momentum continues, particularly evident in SMB with server and networking growth of +15% Y/Y
- Dell-owned IP storage revenue now accounts for 93% of total storage revenue, driving improvements in total storage profitability
- Compellent revenue up over +60% sequentially

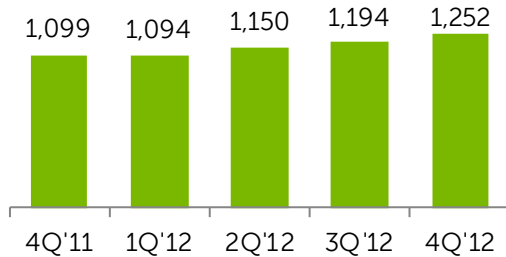
*Numbers displayed on chart are rounded, see Line of Business Results for more detail*



# 4Q FY12 Services, Security and Cloud

## Transactional

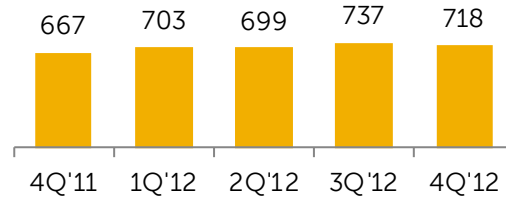
(Revenue \$ in Millions)



- Revenue up +14% Y/Y to \$1.3B, driven by growth with commercial customers in EMEA and APJ
- Strong growth in attach rates of Dell premium services
- Deferred extended warranties up +9% Y/Y to \$7.0B

## Outsourcing

(Revenue \$ in Millions)



- Revenue up +8% Y/Y to \$718M, driven by growth in new contract signings and SecureWorks acquisition
- Estimated contracted services backlog was \$8.5B, up +13% Y/Y

## Projects

(Revenue \$ in Millions)



- Revenue up +17% Y/Y to \$209M, driven by increased applications and infrastructure consulting projects
- Strength in healthcare clinical applications and commercial application development and management projects



# 4Q FY12 Services Reporting Structure

Beginning in 1QFY13, Dell will change how Services revenue is reported

## How we engage with our customers

### Transactional

Services closely tied to sale of servers, storage, and client hardware

### Outsourcing

Services designed to reduce customer costs and help to increase the efficiency and improve the quality of customer business operations

### Projects

Short-term services that address a wide array of client needs, including IT infrastructure, applications, business process, and business consulting

## Type of work we do for our customers

### Support & Deployment

Services closely tied to sale of servers, storage, and client hardware

### Infrastructure, Cloud & Security

Services include infrastructure and security managed services, cloud computing, infrastructure consulting, and security consulting and threat intelligence

### Applications & BPO

Services such as application development and maintenance, application consulting, business process outsourcing, and business process consulting

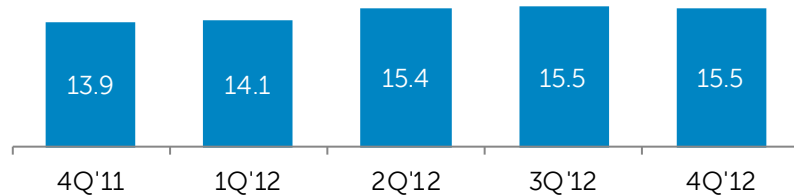




# 4Q FY12 Services, Security and Cloud

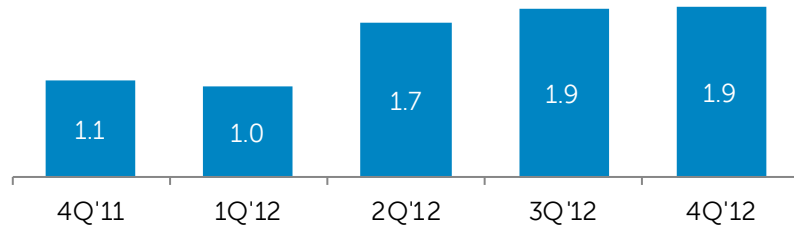
## Services Backlog

(\$ in Billions)



## TTM New Contract Signings<sup>1</sup>

(\$ in Billions)



*Growth refers to year-over-year*

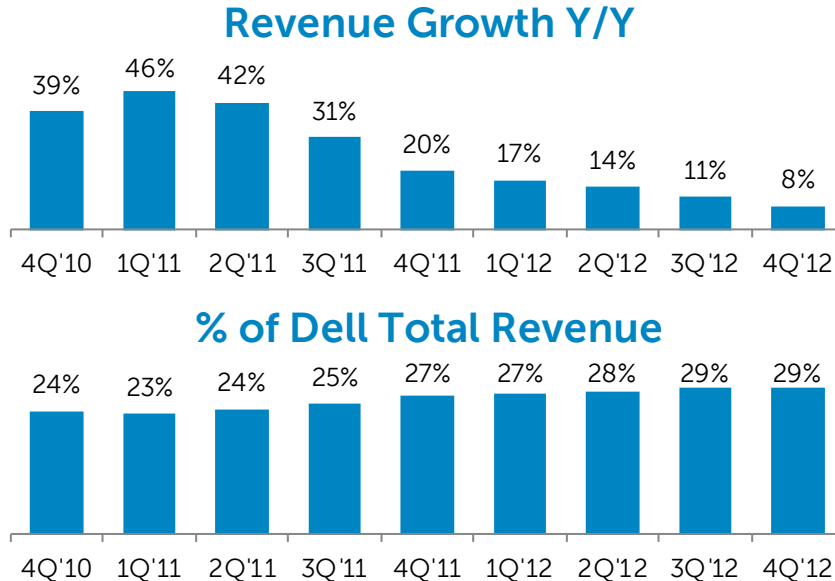
- Services backlog up +11% to \$15.5B
- Trailing twelve months new contract signings up +75% to \$1.9B
- Since April, opened 10 Solution Centers in all three major geographies; expect to open 2 more solution centers in next 6 months
- Dell SecureWorks recognized as “Leader” in Gartner’s Magic Quadrant for Managed Security Services Providers, North America, 2011
- Dell multi-vendor hardware support reduces customer complexity with a single point of contact and a consolidated support plan

<sup>1</sup> 4Q'11 TTM contract signings slightly understated due to Q4'FY10 Perot integration



# 4Q FY12 Growth Markets

## Growth Markets<sup>1</sup>



*Growth refers to year-over-year*

## Growth Markets and BRIC Dynamics

- Growth market revenue up +8%, up +12% for FY12, and now accounts for 29% of Dell's consolidated revenue
- BRIC countries revenue up +10%

## Regional Dynamics

- APJ and EMEA revenue up +10% and +8%, respectively, while Americas was down -3%
- Revenue outside of the U.S. was 53% of our total mix

<sup>1</sup> Growth Markets: Exclude US, Canada, Western Europe and Japan



# Dell 4Q FY12 Business Results

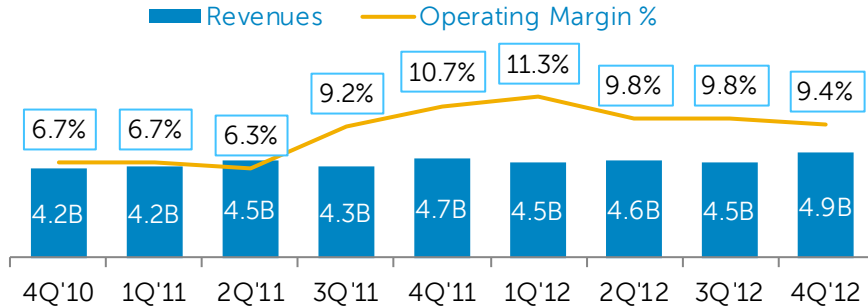
**Steve Felice**

President, Chief Commercial Officer



# 4Q FY12 Large Enterprise

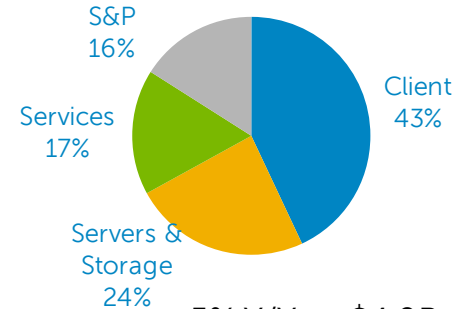
## Revenue & Operating Income



## Large Enterprise P&L

\$ in Millions	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12
Revenues	4,692	4,477	4,584	4,487	4,909
Sequential Growth, %	8%	-5%	2%	-2%	9%
Y/Y Growth, %	12%	5%	1%	4%	5%
Operating Income	502	504	448	441	461
Operating Margin, %	10.7%	11.3%	9.8%	9.8%	9.4%
Sequential Growth, bps	150 bps	60 bps	-150 bps	0 bps	-40 bps
Y/Y Growth, bps	400 bps	460 bps	350 bps	60 bps	-130 bps

## Revenue Mix

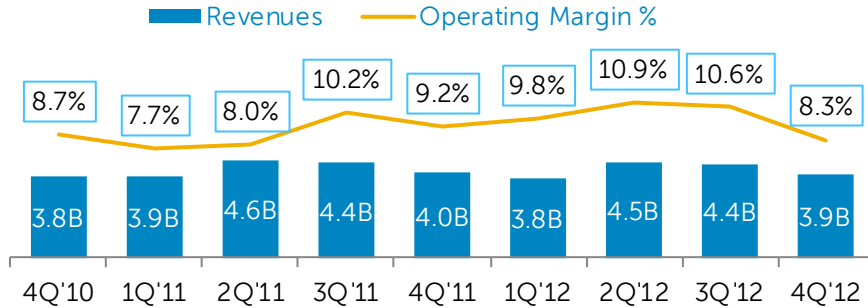


- Revenue up +5% Y/Y to \$4.9B, driven by broad based growth across both client and enterprise solutions and services
- Services revenue up +18% Y/Y as we continue to expand our vertical expertise
- Demand continued to be softer in US, but saw good growth in both EMEA and APJ
- Operating income of \$461M down -40bps sequentially to 9.4% as a percent of revenue



# 4Q FY12 Public

## Revenue & Operating Income

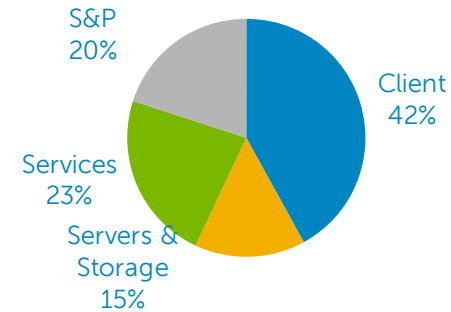


## Public P&L

\$ in Millions

	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12
Revenues	3,973	3,767	4,457	4,375	3,949
Sequential Growth, %	-11%	-5%	18%	-2%	-10%
Y/Y Growth, %	4%	-2%	-3%	-2%	-1%
Operating Income	366	370	484	463	327
Operating Margin, %	9.2%	9.8%	10.9%	10.6%	8.3%
Sequential Growth, bps	-100 bps	60 bps	110 bps	-30 bps	-230 bps
Y/Y Growth, bps	50 bps	210 bps	290 bps	40 bps	-90 bps

## Revenue Mix

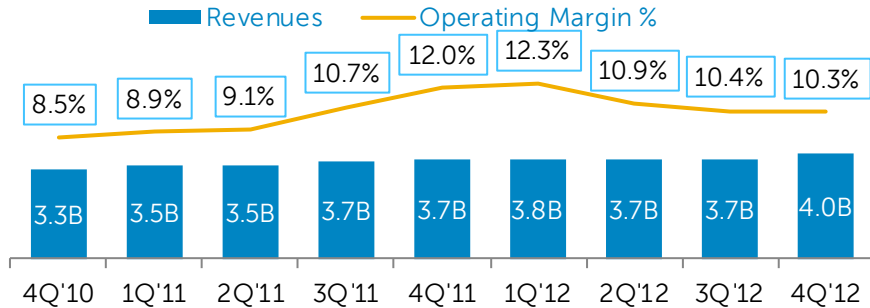


- Revenue down -1% Y/Y to \$3.9B, driven by continued weakness in US Public and Western Europe
- Services revenue up +7% Y/Y; Dell-IP storage revenue up +32% Y/Y
- Operating income of \$327M down -230bps sequentially to 8.3% as a percent of revenue



# 4Q FY12 Small & Medium Business

## Revenue & Operating Income

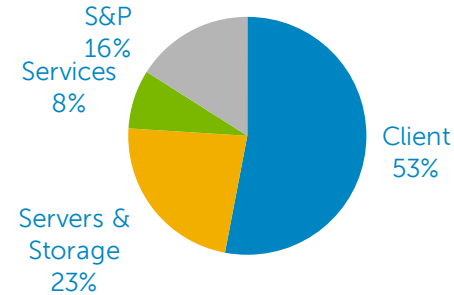


## SMB P&L

\$ in Millions

	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12
Revenues	3,749	3,768	3,709	3,712	3,977
Sequential Growth, %	2%	0%	-2%	0%	7%
Y/Y Growth, %	12%	7%	5%	1%	6%
Operating Income	450	463	404	386	412
Operating Margin, %	12.0%	12.3%	10.9%	10.4%	10.3%
Sequential Growth, bps	130 bps	30 bps	-140 bps	-50 bps	-10 bps
Y/Y Growth, bps	350 bps	340 bps	180 bps	-30 bps	-170 bps

## Revenue Mix

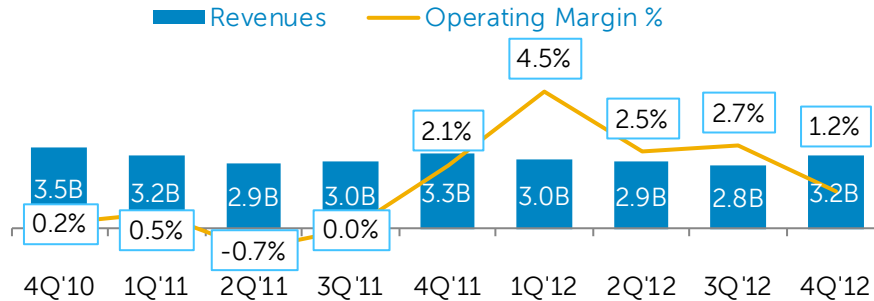


- Revenue up +6% Y/Y to \$4.0B, with strong growth across all regions, including the US
- Enterprise solutions and services revenue hit an all-time high, generating growth of +18% Y/Y; Services revenue up +28% Y/Y
- Operating income of \$412M down -10bps sequentially to 10.3% as a percent of revenue



# 4Q FY12 Consumer

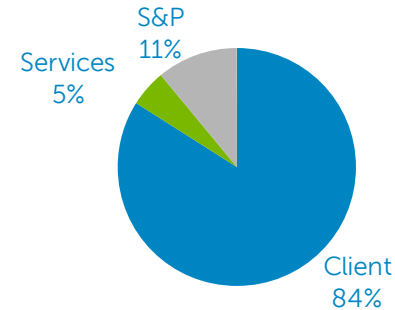
## Revenue & Operating Income



## Consumer P&L

\$ in Millions	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12
Revenues	3,278	3,005	2,908	2,791	3,196
Sequential Growth, %	11%	-8%	-3%	-4%	15%
Y/Y Growth, %	-8%	-7%	1%	-6%	-2%
Operating Income	69	136	73	76	39
Operating Margin, %	2.1%	4.5%	2.5%	2.7%	1.2%
Sequential Growth, bps	210 bps	240 bps	-200 bps	20 bps	-150 bps
Y/Y Growth, bps	190 bps	400 bps	320 bps	270 bps	-90 bps

## Revenue Mix



- Revenue down -2% Y/Y to \$3.2B, driven by weakness in US
- XPS notebook revenue up +103% for full year
- Operating income of \$39M down -150bps sequentially to 1.2% as a percent of revenue, driven by impact from working through remaining inventory of our previous generation phones



# Dell 4Q FY12 FY13 Outlook

**Brian Gladden**

SVP, Chief Financial Officer





# Outlook

## Full Year FY13

- Committed to executing our strategy of shifting the mix of the company's revenues and margin, and continuing to make the necessary organic and inorganic investments to accelerate this progress
- Expect EPS to exceed the \$2.13 delivered in FY12 with cash flow from operations exceeding net income
- Given continued focus on profitability, pruning of low-value business, and an uncertain macro environment, we are not providing a range of revenue growth for the year
- Expect interest and other to average approximately \$60M per quarter and tax rate between 19% and 21%
- Disciplined capital allocation strategy with 10-30% of free cash flows directed to share repurchase and approximately ~\$700M in capital expenditures

## Q1 FY13

- Expect revenue to be in line with normalized sequential decline of approximately -7%; typical sequential decline averages -4%, but must be normalized for the 14<sup>th</sup> week that occurred in Q4 FY12
- Expect good customer receptivity to the Q1 launch of our new 12<sup>th</sup> generation server line
- Consistent with others in the industry, we are still seeing some uncertainty around hard disk supply and pricing; expect mix management to continue to be challenging, but not as impactful as in Q4 FY12



# 4Q FY12 Corporate Responsibility

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

## Our Planet

- Expanded Dell's premiere recycling program, Dell Reconnect, to 319 additional donation sites helping to divert another 7.5 million pounds of unwanted electronics from landfills annually
- Opened new data center providing technology solutions to customers who want to consider the impact to the environment when configuring their IT solutions
- Within five year timeframe, Dell server performance per watt has improved 31X

## Our Communities & Our People

- Launched new giving and technology platform designed to fight pediatric cancer with the use of IT enabled healthcare
- Named among "China's Best CSR Programs" for our corporate responsibility efforts
- Opened application process for the 2012 Dell Social Innovation Challenge
- Honored with "Champion of Youth" award by the Boys & Girls Club of Oklahoma County for Dell's commitment to supporting youth through both company giving, team member engagement, and volunteerism
- Partnered with Adobe to empower underserved with the help of technology



# Dell 4Q FY12

## Supplemental Non-GAAP Measures



# Supplemental Non-GAAP Measures

(\$ millions, except per share data)

	1Q'10	2Q'10	3Q'10	4Q'10	FY10	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12
<b>GAAP Net Income</b>	<b>290</b>	<b>472</b>	<b>337</b>	<b>334</b>	<b>1,433</b>	<b>341</b>	<b>545</b>	<b>822</b>	<b>927</b>	<b>2,635</b>	<b>945</b>	<b>890</b>	<b>893</b>	<b>764</b>	<b>3,492</b>
<b>GAAP EPS</b>	<b>0.15</b>	<b>0.24</b>	<b>0.17</b>	<b>0.17</b>	<b>0.73</b>	<b>0.17</b>	<b>0.28</b>	<b>0.42</b>	<b>0.48</b>	<b>1.35</b>	<b>0.49</b>	<b>0.48</b>	<b>0.49</b>	<b>0.43</b>	<b>1.88</b>
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	39	40	40	86	205	88	87	89	85	349	92	95	100	104	391
Severance & facility actions and Acquisition-related	185	87	123	202	597	77	40	54	56	227	72	87	46	108	313
Other <sup>1</sup>	0	0	0	0	0	140	0	(72)	0	68	0	0	0	0	0
Aggregate Tax-adjustments	(28)	(24)	(51)	(78)	(181)	(62)	(43)	(18)	(50)	(173)	(59)	(66)	(56)	(63)	(244)
Total adjustments to Net Income	196	103	112	210	621	243	84	53	91	471	105	116	90	149	460
Total adjustments to EPS - diluted	0.10	0.05	0.06	0.11	0.32	0.13	0.04	0.03	0.05	0.24	0.06	0.06	0.05	0.08	0.25
<b>Non-GAAP Net Income</b>	<b>486</b>	<b>575</b>	<b>449</b>	<b>544</b>	<b>2,054</b>	<b>584</b>	<b>629</b>	<b>875</b>	<b>1,018</b>	<b>3,106</b>	<b>1,050</b>	<b>1,006</b>	<b>983</b>	<b>913</b>	<b>3,952</b>
<b>Non-GAAP EPS</b>	<b>0.25</b>	<b>0.29</b>	<b>0.23</b>	<b>0.28</b>	<b>1.05</b>	<b>0.30</b>	<b>0.32</b>	<b>0.45</b>	<b>0.53</b>	<b>1.59</b>	<b>0.55</b>	<b>0.54</b>	<b>0.54</b>	<b>0.51</b>	<b>2.13</b>
<u>Percentage of Total Net Revenue:</u>															
GAAP Net Income	2.3%	3.7%	2.6%	2.2%	2.7%	2.3%	3.5%	5.3%	5.9%	4.3%	6.3%	5.7%	5.8%	4.8%	5.6%
Non-GAAP adjustments	1.6%	0.8%	0.9%	1.5%	1.2%	1.6%	0.5%	0.4%	0.6%	0.8%	0.7%	0.7%	0.6%	0.9%	0.8%
Non-GAAP Net Income	3.9%	4.5%	3.5%	3.7%	3.9%	3.9%	4.0%	5.7%	6.5%	5.1%	7.0%	6.4%	6.4%	5.7%	6.4%

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



# Supplemental Non-GAAP Measures

(\$ millions)

	1Q'10	2Q'10	3Q'10	4Q'10	FY10	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12
<b>GAAP Gross Margin</b>	<b>2,168</b>	<b>2,391</b>	<b>2,233</b>	<b>2,469</b>	<b>9,261</b>	<b>2,516</b>	<b>2,586</b>	<b>3,003</b>	<b>3,291</b>	<b>11,396</b>	<b>3,432</b>	<b>3,525</b>	<b>3,469</b>	<b>3,385</b>	<b>13,811</b>
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	26	27	27	71	151	68	70	71	69	278	71	74	77	83	305
Severance & facility actions and Acquisition-related	65	14	102	56	237	30	15	4	8	57	8	26	0	15	49
<b>Total adjustments to Gross Margin</b>	<b>91</b>	<b>41</b>	<b>129</b>	<b>127</b>	<b>388</b>	<b>98</b>	<b>85</b>	<b>75</b>	<b>77</b>	<b>335</b>	<b>79</b>	<b>100</b>	<b>77</b>	<b>98</b>	<b>354</b>
<b>Non-GAAP Gross Margin</b>	<b>2,259</b>	<b>2,432</b>	<b>2,362</b>	<b>2,596</b>	<b>9,649</b>	<b>2,614</b>	<b>2,671</b>	<b>3,078</b>	<b>3,368</b>	<b>11,731</b>	<b>3,511</b>	<b>3,625</b>	<b>3,546</b>	<b>3,483</b>	<b>14,165</b>
<u>Percentage of Total Net Revenue:</u>															
<i>GAAP Gross Margin</i>	<i>17.6%</i>	<i>18.7%</i>	<i>17.3%</i>	<i>16.6%</i>	<i>17.5%</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>Non-GAAP adjustments</i>	<i>0.7%</i>	<i>0.4%</i>	<i>1.0%</i>	<i>0.8%</i>	<i>0.7%</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>Non-GAAP Gross Margin</i>	<i>18.3%</i>	<i>19.1%</i>	<i>18.3%</i>	<i>17.4%</i>	<i>18.2%</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>



# Supplemental Non-GAAP Measures

(\$ millions)

	1Q'10	2Q'10	3Q'10	4Q'10	FY10	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12
<b>GAAP operating expenses</b>	<b>1,754</b>	<b>1,720</b>	<b>1,656</b>	<b>1,959</b>	<b>7,089</b>	<b>1,997</b>	<b>1,841</b>	<b>1,979</b>	<b>2,146</b>	<b>7,963</b>	<b>2,220</b>	<b>2,379</b>	<b>2,327</b>	<b>2,454</b>	<b>9,380</b>
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	(13)	(13)	(13)	(15)	(54)	(20)	(17)	(18)	(16)	(71)	(21)	(21)	(23)	(21)	(86)
Severance & facility actions and Acquisition-related	(120)	(73)	(21)	(146)	(360)	(47)	(25)	(50)	(48)	(170)	(64)	(61)	(46)	(93)	(264)
Other <sup>1</sup>	0	0	0	0	0	(140)	0	0	0	(140)	0	0	0	0	0
Total adjustments to opex	(133)	(86)	(34)	(161)	(414)	(207)	(42)	(68)	(64)	(381)	(85)	(82)	(69)	(114)	(350)
<b>Non-GAAP operating expenses</b>	<b>1,621</b>	<b>1,634</b>	<b>1,622</b>	<b>1,798</b>	<b>6,675</b>	<b>1,790</b>	<b>1,799</b>	<b>1,911</b>	<b>2,082</b>	<b>7,582</b>	<b>2,135</b>	<b>2,297</b>	<b>2,258</b>	<b>2,340</b>	<b>9,030</b>
<u>Percentage of Total Net Revenue:</u>															
GAAP operating expenses	14.2%	13.5%	12.8%	13.2%	13.4%	13.4%	11.8%	12.8%	13.7%	12.9%	14.8%	15.2%	15.2%	15.3%	15.2%
Non-GAAP adjustments	-1.1%	-0.7%	-0.2%	-1.1%	-0.8%	-1.4%	-0.2%	-0.4%	-0.4%	-0.6%	-0.6%	-0.5%	-0.5%	-0.7%	-0.7%
Non-GAAP operating expenses	13.1%	12.8%	12.6%	12.1%	12.6%	12.0%	11.6%	12.4%	13.3%	12.3%	14.2%	14.7%	14.7%	14.6%	14.5%

<sup>1</sup> \$40M Legal Settlement and a \$100M SEC Settlement



# Supplemental Non-GAAP Measures

(\$ millions)

	1Q'10	2Q'10	3Q'10	4Q'10	FY10	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12
<b>GAAP operating income</b>	<b>414</b>	<b>671</b>	<b>577</b>	<b>510</b>	<b>2,172</b>	<b>519</b>	<b>745</b>	<b>1,024</b>	<b>1,145</b>	<b>3,433</b>	<b>1,212</b>	<b>1,146</b>	<b>1,142</b>	<b>931</b>	<b>4,431</b>
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	39	40	40	86	205	88	87	89	85	349	92	95	100	104	391
Severance & facility actions and Acquisition-related	185	87	123	202	597	77	40	54	56	227	72	87	46	108	313
Other <sup>1</sup>	0	0	0	0	0	140	0	0	0	140	0	0	0	0	0
Total adjustments to opinc	224	127	163	288	802	305	127	143	141	716	164	182	146	212	704
<b>Non-GAAP operating income</b>	<b>638</b>	<b>798</b>	<b>740</b>	<b>798</b>	<b>2,974</b>	<b>824</b>	<b>872</b>	<b>1,167</b>	<b>1,286</b>	<b>4,149</b>	<b>1,376</b>	<b>1,328</b>	<b>1,288</b>	<b>1,143</b>	<b>5,135</b>
<u>Percentage of Total Net Revenue:</u>															
GAAP operating income	3.4%	5.2%	4.5%	3.4%	4.1%	3.5%	4.8%	6.7%	7.3%	5.6%	8.1%	7.3%	7.4%	5.8%	7.1%
Non-GAAP adjustments	1.8%	1.1%	1.2%	2.0%	1.5%	2.0%	0.8%	0.9%	0.9%	1.1%	1.1%	1.2%	1.0%	1.3%	1.2%
Non-GAAP operating income	5.2%	6.3%	5.7%	5.4%	5.6%	5.5%	5.6%	7.6%	8.2%	6.7%	9.2%	8.5%	8.4%	7.1%	8.3%

<sup>1</sup> \$40M Legal Settlement and a \$100M SEC Settlement



# Supplemental Non-GAAP Measures

(\$ millions)

	1Q'10	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12
<b>Net TTM Free Cash Flow</b>												
Cash flow from operations	2,512	2,480	3,367	3,906	3,383	3,642	3,754	3,969	4,196	5,235	5,173	5,527
Capital expenditures	(398)	(355)	(288)	(367)	(333)	(379)	(402)	(444)	(535)	(549)	(670)	(675)
Financing receivables	483	700	830	1,085	1,266	1,119	988	709	480	375	412	372
<b>Net TTM Free Cash Flow</b>	<b>2,597</b>	<b>2,825</b>	<b>3,909</b>	<b>4,624</b>	<b>4,316</b>	<b>4,382</b>	<b>4,340</b>	<b>4,234</b>	<b>4,141</b>	<b>5,061</b>	<b>4,915</b>	<b>5,224</b>
<b>Net Free Cash Flow</b>												
Cash flow from operations	761	1,076	801	1,268	238	1,335	913	1,483	465	2,374	851	1,837
Capital expenditures	(80)	(99)	(70)	(118)	(46)	(145)	(93)	(160)	(137)	(159)	(214)	(165)
Financing receivables	27	352	177	529	208	205	46	250	(21)	100	83	210
<b>Net Free Cash Flow</b>	<b>708</b>	<b>1,329</b>	<b>908</b>	<b>1,679</b>	<b>400</b>	<b>1,395</b>	<b>866</b>	<b>1,573</b>	<b>307</b>	<b>2,315</b>	<b>720</b>	<b>1,882</b>

