
Dell 3Q FY12 Performance Review

Michael Dell

Chairman and CEO

Brian Gladden

SVP and CFO

Jeff Clarke

Vice Chairman, Global Operations & End User Computing Solutions



November 15th, 2011

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, Dell's strategies and spending relating to investments and research and development, anticipated customer demand, global macroeconomic uncertainty, geographic trends, operating expense strategies, and hard drive and other component supply, as well as the financial guidance with respect to revenue and non-GAAP operating income) 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 and non-GAAP operating income for the full fiscal year ending Feb. 3, 2012 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, that Dell is able to adequately address hard drive supply challenges, 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 3Q FY12 Operating Agenda and Strategy

Michael Dell
Chairman and CEO

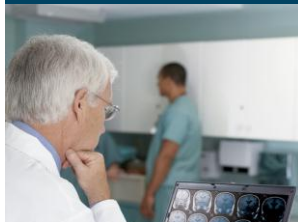


Executing a growth strategy

Building enterprise solutions that drive efficiency and flexibility for the virtual era

Efficient IT Solutions
Open, Capable, Affordable

**Long-Term
Value Creation**



**Next Gen Computing Solutions
& Intelligent Data Management**

**Services, Security
& Cloud**

**End-User
Computing**

**Balanced Liquidity,
Profitability & Growth**

- **Growing Enterprise Solutions and Services:** Revenue up +8% Y/Y to \$4.7B, up +13%, excluding third party storage hardware; now accounts for 46% of gross margin dollars
- **Innovation is fueling new product pipeline:** Investing in R&D at an annual run rate approaching \$1B; 5,000 patents granted or pending; over 20 R&D labs globally
- **Focus on higher value solutions:** Choosing not to participate in low-value opportunities puts short-term pressure on revenue growth while driving expanded margins and growing earnings
- **Maximizing earnings and cash flow:** 7.6% year to date GAAP operating income; \$3.7B year to date cash flow from operations, up +48% Y/Y



Dell 3Q FY12 Earnings Review

Brian Gladden
SVP and CFO



3Q FY12 Non-GAAP Consolidated Results

Consolidated P&L¹

\$ in Millions – except Units and EPS

	3Q'11	2Q'12	3Q'12	Y/Y Growth	Seq Growth
Units (thousands)	11,152	11,573	11,087	-1%	-4%
Revenues	15,394	15,658	15,365	0%	-2%
Gross Margin	3,078	3,625	3,546	15%	-2%
<i>GM % of revenue</i>	20.0%	23.2%	23.1%	310 bps	-10 bps
Operating Expenses	1,911	2,297	2,258	18%	-2%
<i>Opex % of revenue</i>	12.4%	14.7%	14.7%	230 bps	0 bps
Operating Income	1,167	1,328	1,288	10%	-3%
<i>OpInc % of revenue</i>	7.6%	8.5%	8.4%	80 bps	-10 bps
Income Before Taxes	1,147	1,273	1,218	6%	-4%
Income Tax	272	267	235	-14%	-12%
<i>Effective Tax Rate %</i>	23.7%	21.0%	19.3%	-440 bps	-170 bps
Net Income	875	1,006	983	12%	-2%
<i>NI % of revenue</i>	5.7%	6.4%	6.4%	70 bps	0 bps
Diluted EPS	\$0.45	\$0.54	\$0.54	20%	0%

¹Percentages and ratios are calculated based on underlying data

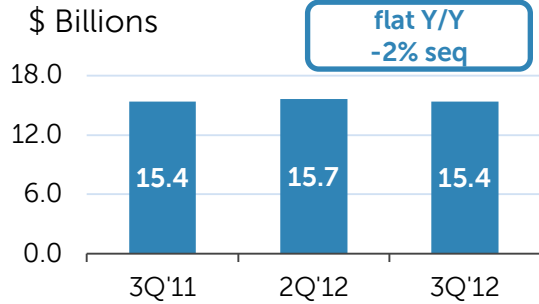
Growth refers to year-over-year

- Revenue flat to \$15.4B driven by enterprise solutions and services growth offset by softness in Consumer in developed markets, U.S. Federal, and Western Europe Public
- Gross margin of 23.1%, up +310 bps Y/Y and up +40 bps Q/Q after normalizing for favorable vendor settlement in Q2
- Opex down \$39M sequentially to \$2.3B, or 14.7% of revenue
- Operating income up +80 bps to 8.4%; up +10% to \$1.3B
- Tax rate was 19.3%, driven by an increase in earnings in lower tax jurisdictions
- EPS 54 cents, up +20%

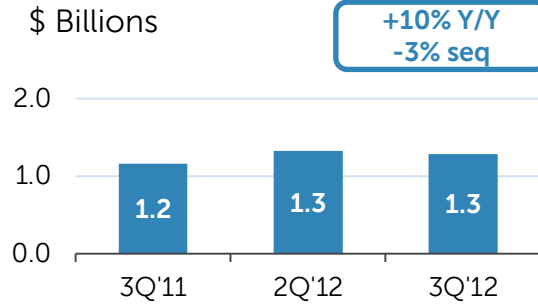


3Q FY12 Non-GAAP Key Performance Metrics

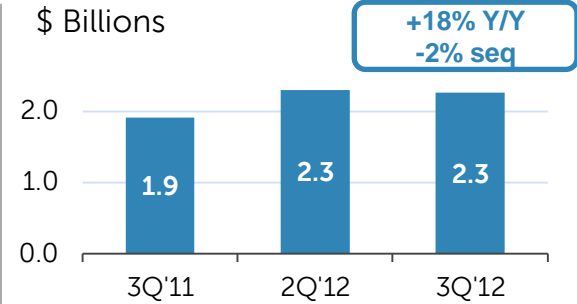
Revenue



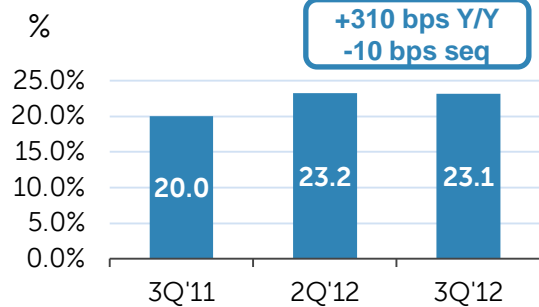
Operating Income



Operating Expense



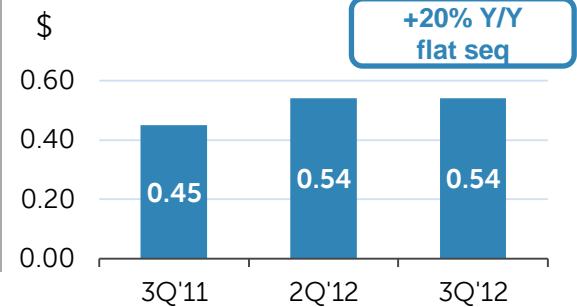
Gross Margin %



Operating Income %

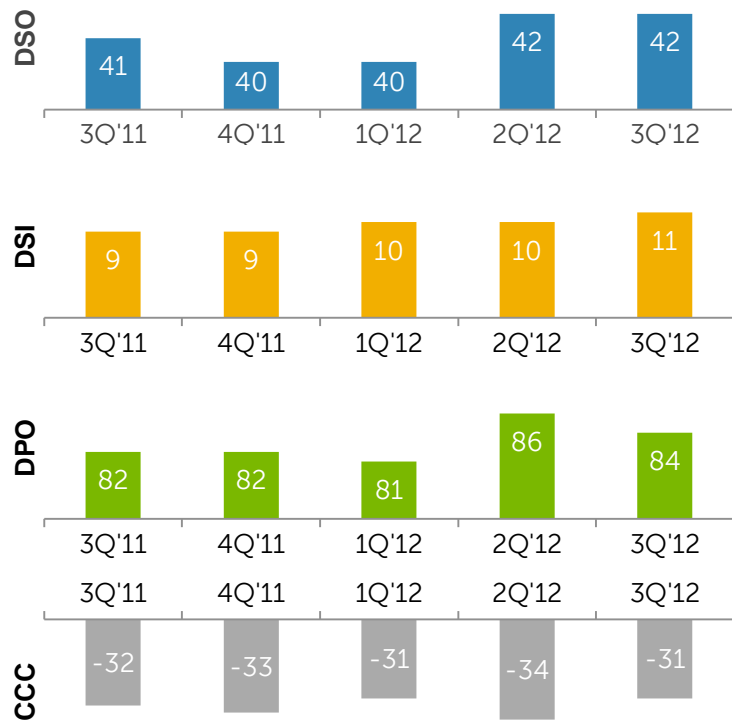


EPS



3Q FY12 Working Capital

Cash Conversion Cycle (CCC)

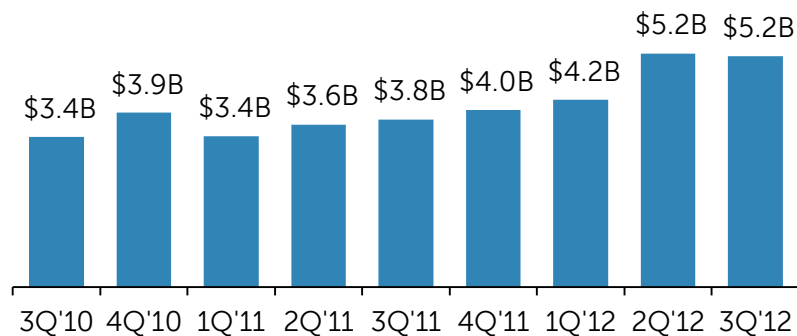


- CCC was -31 days, sequentially a 3 day contraction
- Days inventory increased one day to 11, driven by strategic buys including hard disk drives
- Days payable decreased two days to 84, driven by linearity within the quarter and quarterly seasonality
- Days sales flat at 42 days
- Continue to expect CCC to remain in mid -30 day range

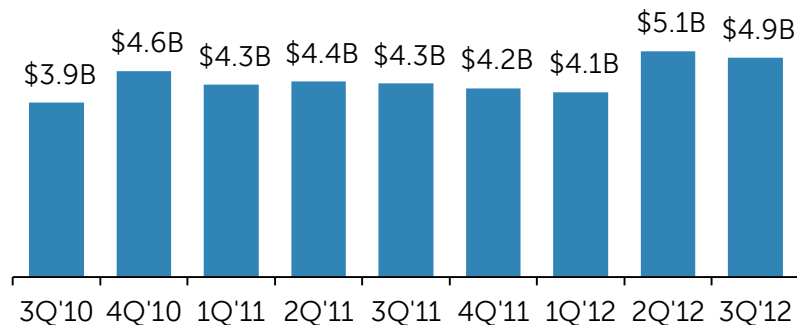


3Q FY12 Cash Flow Performance

Cash Flow from Operations ¹



Free Cash Flow ^{1,2}



- CFOps in the quarter of \$851M; \$5.2B trailing twelve months CFOps
- Ended 3Q FY12 with \$16.0B cash and investments
- Share repurchases of \$600M, \$2.2B year to date
- Diluted weighted average shares decreased 121M Y/Y, down 6%
- FCF of \$720M; \$4.9B trailing twelve months FCF
- Capex of \$214M, \$670M trailing twelve months

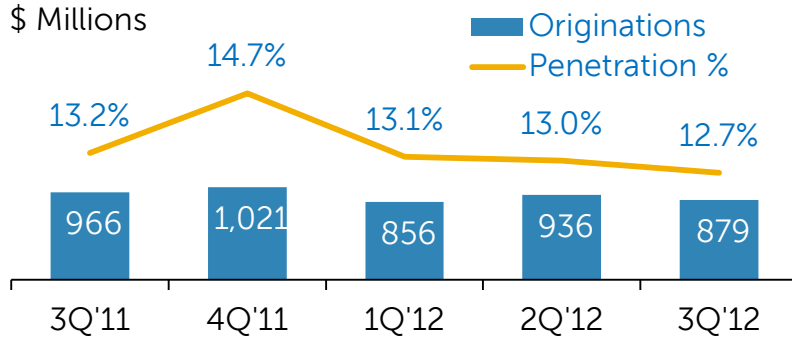
¹Trailing Twelve Months

²Cash flow from operations less capital expenditures plus on balance-sheet fundings

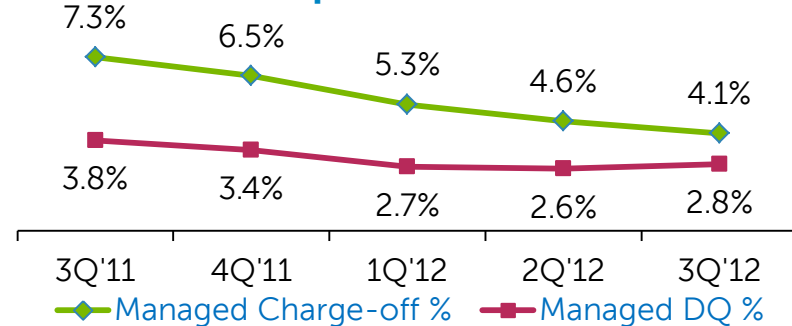


3Q FY12 Dell Financial Services

New Financing Originations



Losses & Delinquencies



- Continued strong profitability in Dell Financial Services driven by improvements in credit loss performance
- Managed charge-off percent down -320 bps Y/Y and -50 bps Q/Q
- Delinquency down -100 bps Y/Y; up +20 bps Q/Q reflecting seasonality
- Originations down Y/Y primarily driven by increased financing competition in large commercial accounts and lower business unit revenues
- Canada acquisition included in results starting in 2Q; contributing positive operating income

Definitions

¹ Managed Charge-off % equals gross principal charge-offs less recovery payments from customers for the quarter divided by the average managed assets for the quarter

² Managed Delinquency % is calculated as 60 day plus delinquent assets at quarter end divided by quarter end managed assets



3Q FY12 Line of Business Results

Product Revenue Trends

LOB	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12
Servers & Networking	1,844	2,090	1,973	2,054	2,089
Storage	543	574	481	502	460
<i>Dell-owned IP</i>	<i>315</i>	<i>348</i>	<i>341</i>	<i>393</i>	<i>388</i>
Services	1,924	1,943	1,984	2,036	2,123
S&P	2,579	2,651	2,567	2,569	2,528
Mobility	4,858	4,850	4,716	4,761	4,750
Desktop PCs	3,646	3,584	3,296	3,736	3,415
Total	15,394	15,692	15,017	15,658	15,365
Revenue Trends Q/Q					
Servers & Networking	-2%	13%	-6%	4%	2%
Storage	-13%	6%	-16%	4%	-8%
<i>Dell-owned IP</i>	<i>-7%</i>	<i>10%</i>	<i>-2%</i>	<i>15%</i>	<i>-1%</i>
Services	0%	1%	2%	3%	4%
S&P	2%	3%	-3%	0%	-2%
Mobility	3%	0%	-3%	1%	0%
Desktop PCs	-6%	-2%	-8%	13%	-9%
Total	-1%	2%	-4%	4%	-2%
Revenue Trends Y/Y					
Servers & Networking	20%	16%	11%	9%	13%
Storage	7%	-4%	-13%	-20%	-15%
<i>Dell-owned IP</i>	<i>33%</i>	<i>20%</i>	<i>11%</i>	<i>15%</i>	<i>23%</i>
Services	55%	1%	5%	6%	10%
S&P	8%	7%	3%	1%	-2%
Mobility	16%	4%	3%	1%	-2%
Desktop PCs	21%	4%	-8%	-3%	-6%
Total	19%	5%	1%	1%	0%

Dynamics

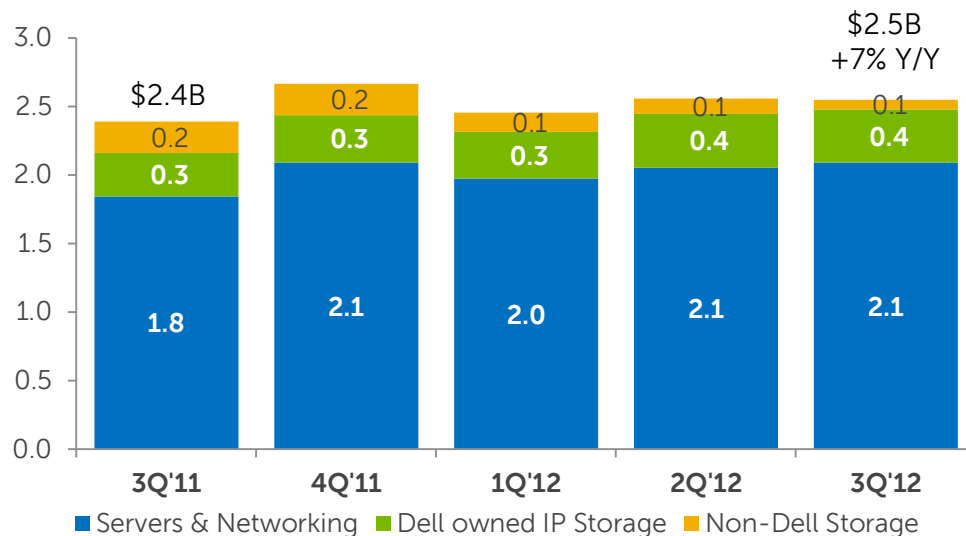
Growth refers to year-over-year

- Servers and Networking revenue increased 13% with accretive margins and rising ASP's
- Storage revenue was down -15%; Dell owned IP storage grew revenue +23% driven by EqualLogic and Compellent
- Services revenue grew +10% to \$2.1B; Services backlog is now \$15.5B, up 11%
- Desktops down -6% and notebooks down -2%; client gross margin dollars up over +20% Y/Y driven by focus on high-value solutions
- S&P revenue down -2% to \$2.5B; exiting low-value-add software opportunities



3Q FY12 Next Gen Computing Solutions & Intelligent Data Management

FY12 NGCS & IDM Revenue
\$ in Millions*



- Next Generation Computing Solutions and Intelligent Data Management revenue up +7% Y/Y
- Server virtualization momentum continues, particularly evident in SMB with server and networking growth of +18% Y/Y
- Closed Force10 acquisition & refreshed EqualLogic solutions suite in Q3 FY12
- Favorable mix shift in our storage business to Dell IP continues to drive significantly improved profitability
- Extended Fluid Data architecture to EqualLogic....60% performance improvement with smaller footprint

*Numbers displayed on chart are rounded, see slide 11 for more detail

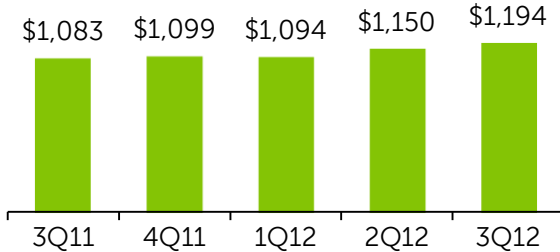
Dell Investor Relations – 3Q FY12 Performance Review

See Financial History at www.dell.com/investor



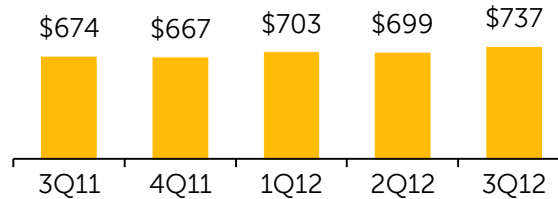
3Q FY12 Services, Security and Cloud

Transactional Revenue (\$ in Millions)



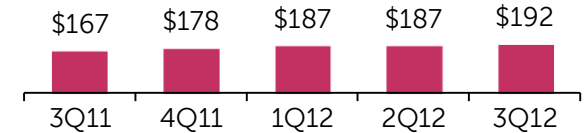
- Revenue of \$1.2B, up +10% Y/Y, saw very strong attach rates of Dell premium services
- Deferred extended warranties was \$6.9B, up 9% Y/Y
- Strong imaging revenue
- Extended ProSupport service to include non-Dell systems and devices in Europe

Outsourcing Revenue (\$ in Millions)



- Revenue of \$737M, up +9% Y/Y
- Expansion of existing customer scope and ramp of new contracts
- Good growth in acquisition of new customers
- Estimated contracted services backlog was \$8.6B, up 12% Y/Y

Projects Revenue (\$ in Millions)



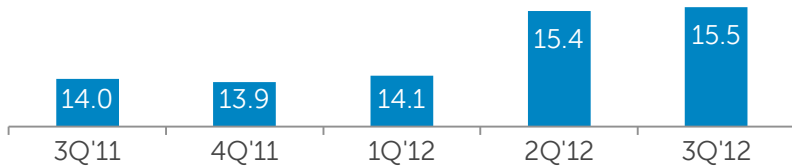
- Revenue of \$192M, up +15% Y/Y
- Growth driven by stronger applications and BPO volume

* Services categories were refined in Q1FY12

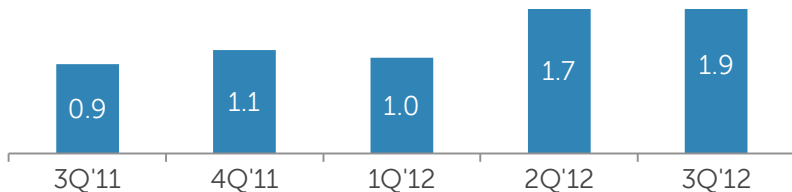


3Q FY12 Services, Security and Cloud

Services Backlog (\$ in Billions)



TTM New Contract Signings¹ (\$ in Billions)



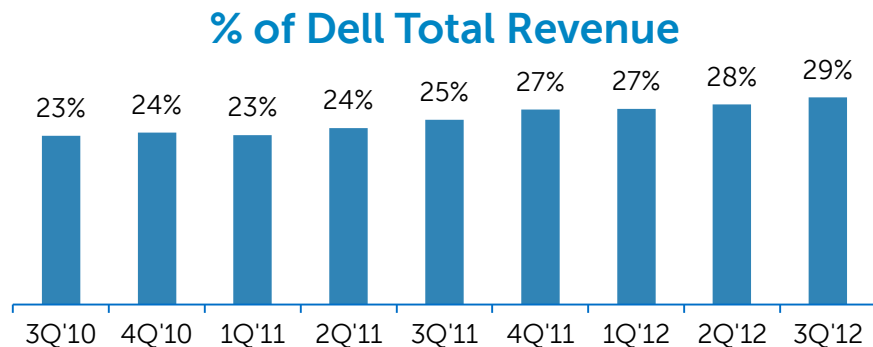
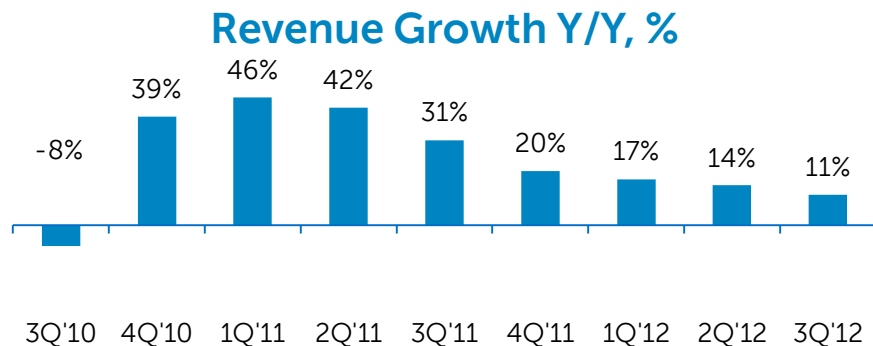
¹ 3Q'11 TTM contract signings slightly understated due to Q4'FY10 Perot integration

- Services backlog up +11% Y/Y to \$15.5B
- Trailing twelve months new contract signings up Y/Y to \$1.9B
- Announced first public cloud offering, Dell Cloud With VMware vCloud Datacenter Service
- Since April, opened 9 Solution Centers in all three major geographies; three more to open in the next 6 months
- Named #1 provider of healthcare IT services globally and #1 hardware maintenance and support for education (*Gartner*)
- Dell named #4 (not on 2010 list) in Information Technology/Communications/Media sector in 2011 Security 500 rankings (*Security Magazine*)



3Q FY12 Growth Markets & BRIC Countries

Growth Markets ¹



¹ Growth Markets: Exclude US, Canada, Western Europe and Japan

Growth Markets and BRIC Dynamics

Growth refers to year-over-year

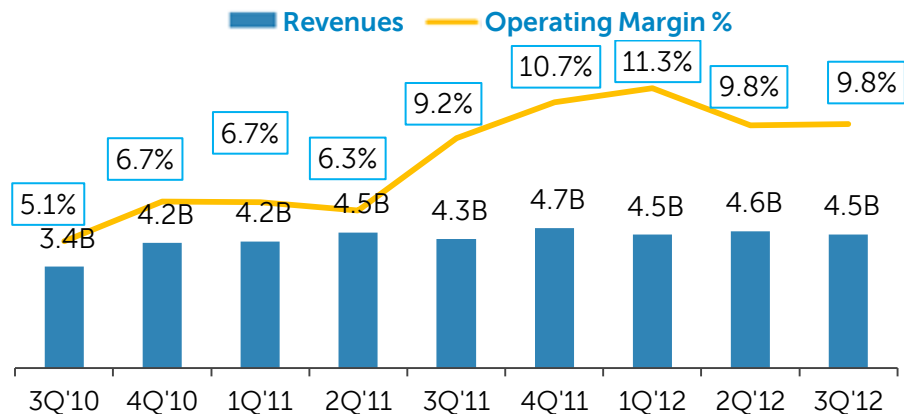
- Revenue from growth markets grew +11%, up +14% YTD, and now accounts for 29% of Dell's consolidated revenue
- BRIC countries revenue grew +14%

Regional Dynamics

- APJ and EMEA revenue grew +10% and +4%, respectively, while Americas was down -5%
- Revenue outside of the U.S. was 50% of our total mix



3Q FY12 Large Enterprise Revenue & Operating Income

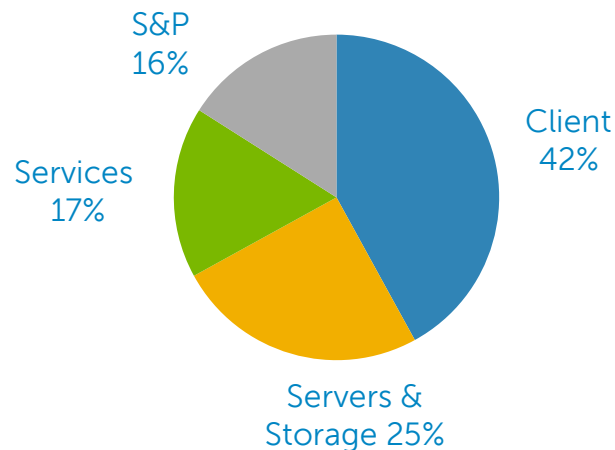


Large Enterprise P&L

\$ in Millions

	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12
Revenues	4,326	4,692	4,477	4,584	4,487
Sequential Growth, %	-5%	8%	-5%	2%	-2%
Y/Y Growth, %	27%	12%	5%	1%	4%
Operating Income	400	502	504	448	441
Operating Margin, %	9.2%	10.7%	11.3%	9.8%	9.8%
Sequential Growth, bps	290 bps	150 bps	60 bps	-150 bps	0 bps
Y/Y Growth, bps	410 bps	400 bps	460 bps	350 bps	60 bps

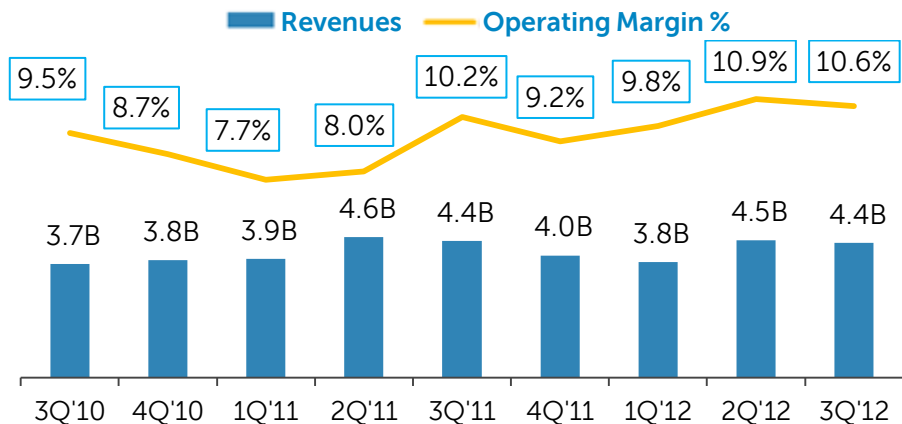
Revenue Mix



- Revenues of \$4.5B (up +4% Y/Y)
- Enterprise solutions and services growth of +11% Y/Y, services revenue up +14% Y/Y
- Operating income was \$441M, or 9.8% of revenue, up +60 bps Y/Y



3Q FY12 Public Revenue & Operating Income

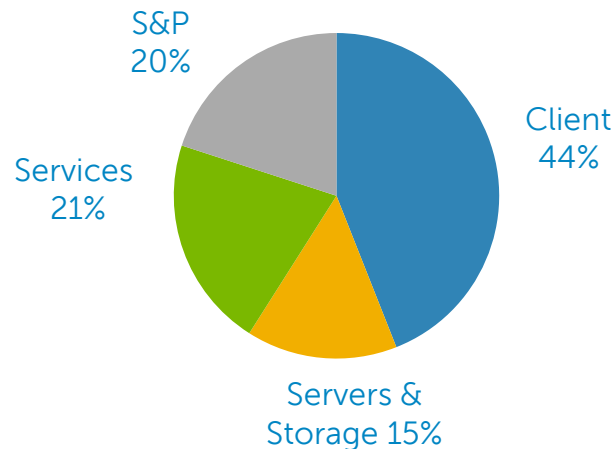


Public P&L

\$ in Millions

	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12
Revenues	4,442	3,973	3,767	4,457	4,375
Sequential Growth, %	-3%	-11%	-5%	18%	-2%
Y/Y Growth, %	20%	4%	-2%	-3%	-2%
Operating Income	451	366	370	484	463
Operating Margin, %	10.2%	9.2%	9.8%	10.9%	10.6%
Sequential Growth, bps	220 bps	-100 bps	60 bps	110 bps	-30 bps
Y/Y Growth, bps	70 bps	50 bps	210 bps	290 bps	40 bps

Revenue Mix

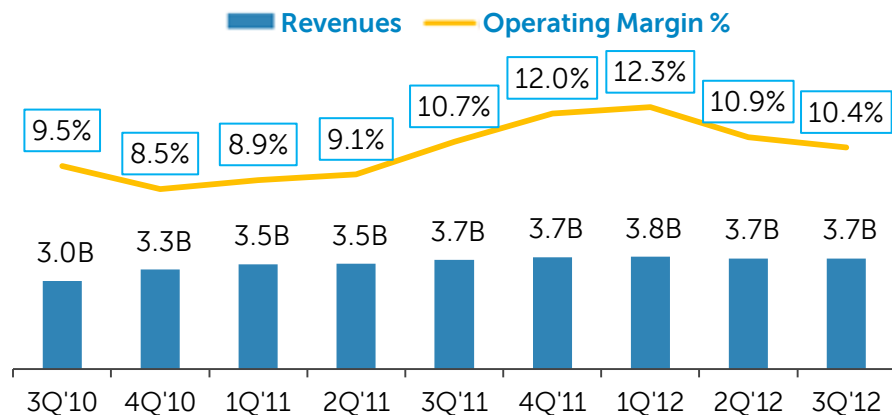


- Revenues of \$4.4B, down -2% Y/Y, primary drivers are continued weakness in US Federal and Western Europe
- Services revenue increased +7% Y/Y
- Dell IP storage revenue up +35% Y/Y
- Operating income was \$463M, or 10.6% of revenue, up +40 bps Y/Y



3Q FY12 SMB

Revenue & Operating Income

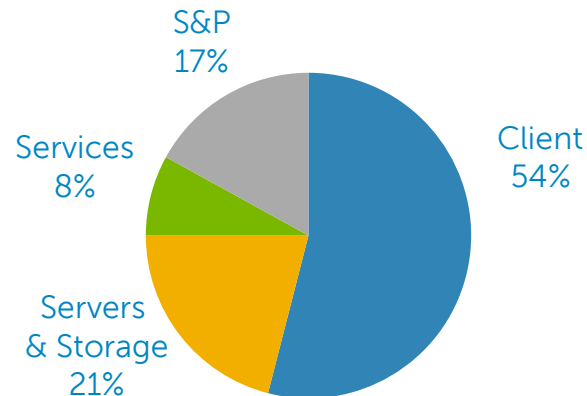


SMB P&L

\$ in Millions

	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12
Revenues	3,665	3,749	3,768	3,709	3,712
<i>Sequential Growth, %</i>	4%	2%	0%	-2%	0%
<i>YY Growth, %</i>	24%	12%	7%	5%	1%
Operating Income	391	450	463	404	386
<i>Operating Margin, %</i>	10.7%	12.0%	12.3%	10.9%	10.4%
<i>Sequential Growth, bps</i>	160 bps	130 bps	30 bps	-140 bps	-50 bps
<i>YY Growth, bps</i>	120 bps	350 bps	340 bps	180 bps	-30 bps

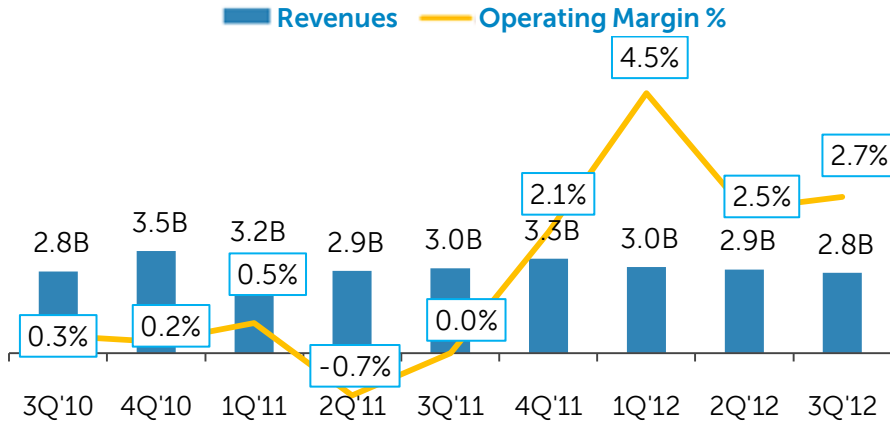
Revenue Mix



- Revenues of \$3.7B (up +1% Y/Y)
- Client growth slower than expected with muted spending in medium businesses in both U.S. and Western Europe
- Enterprise solutions and services revenue of \$1.1 billion, up +18% Y/Y
- Operating income was \$386M, or 10.4% of revenue



3Q FY12 Consumer Revenue & Operating Income

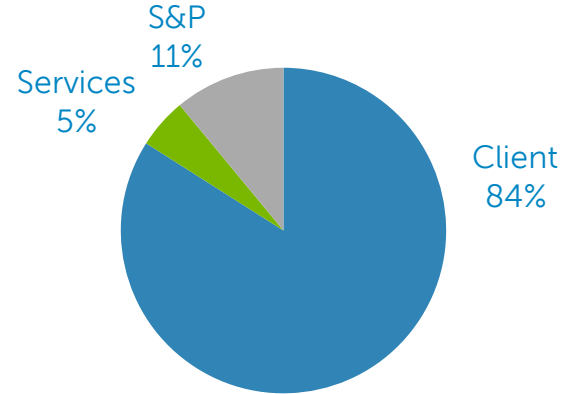


Consumer P&L

\$ in Millions

	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12
Revenues	2,961	3,278	3,005	2,908	2,791
Sequential Growth, %	3%	11%	-8%	-3%	-4%
YY Growth, %	4%	-8%	-7%	1%	-6%
Operating Income	0	69	136	73	76
Operating Margin, %	0.0%	2.1%	4.5%	2.5%	2.7%
Sequential Growth, bps	70 bps	210 bps	240 bps	-200 bps	20 bps
YY Growth, bps	-30 bps	190 bps	400 bps	320 bps	270 bps

Revenue Mix



- Revenues of \$2.8B (down -6% Y/Y)
- Expanded margins sequentially and Y/Y
- European business stabilized, Asia Pacific had very strong growth, Americas declined as we continue to exit low value segments
- XPS notebook revenue up +207% Y/Y, approaching 20% of total consumer notebook revenue
- Operating income of 3.3% year to date



Dell 3Q FY12 End User Computing Solutions

Jeff Clarke

Vice Chairman, Global Operations & End User Computing Solutions



3Q FY12 End User Computing Solutions

Strategic initiatives

1 Strengthen the core

- Reduce complexity
- Refocus efforts toward higher value areas for Dell
- Establish "repeatable" processes to sustain gains

2 Deliver solutions

- Develop comprehensive solutions
- Provide compelling devices plus the tools to secure and manage hardware, software and data
- Redirect resources to higher value opportunities

3 Expand our reach

- Add tablets, smartphones and solutions targeting Dell's core commercial/prosumer customer base
- Lead the development of new computing paradigms

Results

Supply chain improvements: >30% reduction in supply chain costs since FY09

Maintaining client OpInc >5%

Working closely with key partners to introduce new and innovative solutions



Dell 3Q FY12 Outlook

Brian Gladden
SVP and CFO



Outlook

- Q4'FY12 has a 14th week, believe it will be worth ~3% of growth
- Trending above our outlook of +17 to 23% full year Non-GAAP operating income growth
- Given the uncertain macroeconomic environment and complexity in working through the hard drive issue, we are trending to the bottom of the range of our revenue outlook of +1 to 5% full year growth
- Continue to be very diligent in managing Opex. Given recent investment scale and the weaker demand environment, you can expect that we will moderate incremental investments, and focus on driving productivity from our recently added resources as we head into FY13
- Anticipate Q4 interest and other expense to be around \$70 million
- Expect 4th quarter Non-GAAP tax rate between 17 and 19%



3Q FY12 Corporate Responsibility

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

Our Planet

- Within five year timeframe Dell server performance per watt has improved 31X
- Extended free global recycling to 78 countries
- Adopted 3Cs philosophy around sustainable packaging initiative:
 - Cube: reduce size of box
 - Content: use recyclable materials
 - Curb: use materials easy to recycle at the curb or at local recycling facilities

Our Communities & Our People

- Announced a nearly \$3 million investment to expand YouthConnect, providing state-of-the art technology to more than 20,000 young people
- Committed \$5 million over five years to expand the Dell Social Innovation competition promoting social change in growing communities
- Launched new multi-million dollar, multi-year commitment to pediatric cancer research, donating cloud capability to help identify targeted treatments



Dell 3Q FY12

Supplemental Non-GAAP Measures



Supplemental Non-GAAP Measures

	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11	Q1'12	Q2'12	Q3'12
GAAP													
Net Income	290	472	337	334	1,433	341	545	822	927	2,635	945	890	893
EPS	\$0.15	\$0.24	\$0.17	\$0.17	\$0.73	\$0.17	\$0.28	\$0.42	\$0.48	\$1.35	\$0.49	\$0.48	\$0.49
Adjustments													
Income before Income Taxes													
Amortization of Intangibles	39	40	40	86	205	88	87	89	85	349	92	95	100
Severance & Facility Action Costs	185	87	123	86	481	57	24	31	17	129	19	-	-
Acquisition Related	-	-	-	116	116	20	16	23	39	98	53	87	46
Other ¹⁾	-	-	-	-	-	140	-	(72)	-	68	-	-	-
Aggregate Tax-adjustments	(28)	(24)	(51)	(78)	(181)	(62)	(43)	(18)	(50)	(173)	(59)	(66)	(56)
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
Non-GAAP													
Net Income	486	575	449	544	2,054	584	629	875	1,018	3,106	1,050	1,006	983
EPS	\$0.25	\$0.29	\$0.23	\$0.28	\$1.05	\$0.30	\$0.32	\$0.45	\$0.53	\$1.59	\$0.55	\$0.54	\$0.54

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



Supplemental Non-GAAP Measures

	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11	Q1'12	Q2'12	Q3'12
<u>GAAP gross margin</u>	2,168	2,391	2,233	2,469	9,261	2,516	2,586	3,003	3,291	11,396	3,432	3,525	3,469
Non-GAAP adjustments:													
Amortization of intangibles	26	27	27	71	151	68	70	71	69	278	71	74	77
Severance and facility actions	65	14	102	55	236	29	14	4	6	53	5	-	-
Acquisition-related	-	-	-	1	1	1	1	-	2	4	3	26	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Non-GAAP gross margin</u>	2,259	2,432	2,362	2,596	9,649	2,614	2,671	3,078	3,368	11,731	3,511	3,625	3,546
<i>Percentage of Total Net Revenue:</i>													
GAAP gross margin	17.6%	18.7%	17.3%	16.6%	17.5%	16.9%	16.6%	19.5%	21.0%	18.5%	22.9%	22.5%	22.6%
Non-GAAP adjustment	0.7%	0.4%	1.0%	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%	0.6%	0.5%	0.7%	0.5%
Non-GAAP gross margin	18.3%	19.1%	18.3%	17.4%	18.2%	17.6%	17.2%	20.0%	21.5%	19.1%	23.4%	23.2%	23.1%



Supplemental Non-GAAP Measures

	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11	Q1'12	Q2'12	Q3'12
GAAP operating expenses	1,754	1,720	1,656	1,959	7,089	1,997	1,841	1,979	2,146	7,963	2,220	2,379	2,327
Non-GAAP adjustments:													
Amortization of intangibles	(13)	(13)	(13)	(15)	(54)	(20)	(17)	(18)	(16)	(71)	(21)	(21)	(23)
Severance and facility actions	(120)	(73)	(21)	(31)	(245)	(28)	(10)	(27)	(11)	(76)	(14)	-	-
Acquisition-related	-	-	-	(115)	(115)	(19)	(15)	(23)	(37)	(94)	(50)	(61)	(46)
Other ¹⁾	-	-	-	-	-	(140)	-	-	-	(140)	-	-	-
Non-GAAP operating expenses	1,621	1,634	1,622	1,798	6,675	1,790	1,799	1,911	2,082	7,582	2,135	2,297	2,258
<i>Percentage of Total Net Revenue:</i>													
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%
Non-GAAP adjustment	-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%
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%

1) "Other" includes legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

	Q1'10	Q2'10	Q3'10	Q4'10	FY10	Q1'11	Q2'11	Q3'11	Q4'11	FY11	Q1'12	Q2'12	Q3'12
GAAP operating income	414	671	577	510	2,172	519	745	1,024	1,145	3,433	1,212	1,146	1,142
Non-GAAP adjustments:													
Amortization of intangibles	39	40	40	86	205	88	87	89	85	349	92	95	100
Severance and facility actions	185	87	123	86	481	57	24	31	17	129	19	-	-
Acquisition-related	-	-	-	116	116	20	16	23	39	98	53	87	46
Other ¹⁾	-	-	-	-	-	140	-	-	-	140	-	-	-
Non-GAAP operating income	638	798	740	798	2,974	824	872	1,167	1,286	4,149	1,376	1,328	1,288
<i>Percentage of Total Net Revenue:</i>													
GAAP operating margin	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%
Non-GAAP adjustment	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%
Non-GAAP operating margin	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%

1) "Other" includes legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

Net TTM Free Cash Flow

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
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
Capital expenditure	(398)	(355)	(288)	(367)	(333)	(379)	(402)	(444)	(535)	(549)	(670)
Financing receivables	483	700	830	1,085	1,266	1,119	988	709	480	375	412
Net TTM Free Cash Flow	\$2,597	\$2,825	\$3,909	\$4,624	\$4,316	\$4,382	\$4,340	\$4,234	\$4,141	\$5,061	\$4,915

Net Free Cash Flow

	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Cash flow from operations	761	1,076	801	1,268	238	1,335	913	1,483	465	2,374	851
Capital expenditure	(80)	(99)	(70)	(118)	(46)	(145)	(93)	(160)	(137)	(159)	(214)
Financing receivables	27	352	177	529	208	205	46	250	(21)	100	83
Net Free Cash Flow	\$708	\$1,329	\$908	\$1,679	\$400	\$1,395	\$866	\$1,573	\$307	\$2,315	\$720

