

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

	Three Months Ended			% Growth Rates	
	October 30, 2009	July 31, 2009	October 31, 2008	Sequential	Yr. to Yr.
Net revenue					
Products.....	\$ 10,746	\$ 10,623	\$ 12,970	1%	(17%)
Services, including software related	2,150	2,141	2,192	0%	(2%)
Net revenue	<u>12,896</u>	<u>12,764</u>	<u>15,162</u>	1%	(15%)
Cost of net revenue					
Products.....	9,269	8,978	10,958	3%	(15%)
Services, including software related	1,394	1,395	1,351	(0)%	3%
Total cost of net revenue.....	<u>10,663</u>	<u>10,373</u>	<u>12,309</u>	3%	(13%)
Gross margin	2,233	2,391	2,853	(7)%	(22%)
Selling, general and administrative	1,501	1,571	1,671	(4)%	(10)%
Research, development and engineering	155	149	167	4%	(7)%
Total operating expenses.....	<u>1,656</u>	<u>1,720</u>	<u>1,838</u>	(4)%	(10)%
Operating income	577	671	1,015	(14)%	(43)%
Investment and other income (expense), net	(63)	(42)	(6)	(51)%	NM
Income before income taxes	514	629	1,009	(18)%	(49)%
Income tax provision	177	157	282	13%	(37)%
Net income	<u>\$ 337</u>	<u>\$ 472</u>	<u>\$ 727</u>	(29)%	(54)%
Earnings per common share:					
Basic	<u>\$ 0.17</u>	<u>\$ 0.24</u>	<u>\$ 0.37</u>	(29)%	(54)%
Diluted	<u>\$ 0.17</u>	<u>\$ 0.24</u>	<u>\$ 0.37</u>	(29)%	(54)%
Weighted average shares outstanding:					
Basic	1,956	1,955	1,953	0%	0%
Diluted	1,966	1,960	1,957	0%	0%
<u>Percentage of Total Net Revenue:</u>					
Gross margin.....	17.3%	18.7%	18.8%		
Selling, general and administrative.....	11.6%	12.3%	11.0%		
Research and development.....	1.2%	1.2%	1.1%		
Operating expenses.....	12.8%	13.5%	12.1%		
Operating income.....	4.5%	5.2%	6.7%		
Income before income taxes.....	4.0%	4.9%	6.7%		
Net income.....	2.6%	3.7%	4.8%		
Income tax rate	34.5%	25.0%	28.0%		
<u>Net Revenue by Product Category:</u>					
Mobility.....	\$ 4,191	\$ 3,891	\$ 4,861	8%	(14)%
Desktop PCs.....	3,020	3,319	4,091	(9)%	(26)%
Software and Peripherals	2,394	2,382	2,585	1%	(7)%
Servers and Networking	1,539	1,403	1,630	10%	(6)%
Enhanced Services	1,244	1,218	1,365	2%	(9)%
Storage.....	508	551	630	(8)%	(19)%
Consolidated net revenue.....	<u>\$ 12,896</u>	<u>\$ 12,764</u>	<u>\$ 15,162</u>	1%	(15)%
<u>Percentage of Total Net Revenue:</u>					
Mobility.....	32%	30%	32%		
Desktop PCs.....	23%	26%	27%		
Software and Peripherals	19%	19%	17%		
Servers and Networking	12%	11%	11%		
Enhanced Services	10%	10%	9%		
Storage.....	4%	4%	4%		
<u>Net Revenue by Global Segment:</u>					
Large Enterprise.....	\$ 3,403	\$ 3,285	\$ 4,395	4%	(23)%
Public.....	3,695	3,798	3,960	(3)%	(7)%
Small and Medium Business.....	2,956	2,820	3,647	5%	(19)%
Consumer	2,842	2,861	3,160	(1)%	(10)%
Consolidated net revenue.....	<u>\$ 12,896</u>	<u>\$ 12,764</u>	<u>\$ 15,162</u>	1%	(15)%
<u>Percentage of Total Net Revenue:</u>					
Large Enterprise.....	26%	26%	29%		
Public.....	29%	30%	26%		
Small and Medium Business.....	23%	22%	24%		
Consumer	22%	22%	21%		
<u>Consolidated Operating Income:</u>					
Large Enterprise.....	\$ 174	\$ 172	\$ 254		
Public.....	352	383	361		
Small and Medium Business.....	282	246	374		
Consumer	10	89	142		
Consolidated segment operating income.....	818	890	1,131		
Severance and facility actions	(123)	(87)	(17)		
Broad based long-term incentives	(78)	(92)	(73)		
Amortization of intangible assets.....	(40)	(40)	(26)		
Consolidated operating income	<u>\$ 577</u>	<u>\$ 671</u>	<u>\$ 1,015</u>		

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

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Condensed Consolidated Statement of Income and Related Financial Highlights
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(unaudited)

	Nine Months Ended		% Growth Rates
	October 30, 2009	October 31, 2008	
Net revenue			
Products.....	\$ 31,601	\$ 41,073	(23%)
Services, including software related	6,401	6,600	(3%)
Net revenue	38,002	47,673	(20%)
Cost of net revenue			
Products.....	27,033	34,966	(23%)
Services, including software related	4,177	4,062	3%
Total cost of net revenue.....	31,210	39,028	(20%)
Gross margin	6,792	8,645	(21%)
Selling, general and administrative	4,685	5,423	(14%)
Research, development and engineering	445	487	(9%)
In-process research and development.....	-	2	(100%)
Total operating expenses.....	5,130	5,912	(13%)
Operating income	1,662	2,733	(39%)
Investment and other income (expense), net	(107)	137	(178%)
Income before income taxes	1,555	2,870	(46%)
Income tax provision	456	743	(39%)
Net income	\$ 1,099	\$ 2,127	(48%)
Earnings per common share:			
Basic	\$ 0.56	\$ 1.07	(48%)
Diluted	\$ 0.56	\$ 1.06	(47%)
Weighted average shares outstanding:			
Basic	1,953	1,993	(2%)
Diluted	1,959	1,998	(2%)
<u>Percentage of Total Net Revenue:</u>			
Gross margin.....	17.9%	18.1%	
Selling, general and administrative.....	12.3%	11.4%	
Research and development.....	1.2%	1.0%	
Operating expenses.....	13.5%	12.4%	
Operating income.....	4.4%	5.7%	
Income before income taxes.....	4.1%	6.0%	
Net income.....	2.9%	4.5%	
Income tax rate.....	29.3%	25.9%	
<u>Net Revenue by Product Category:</u>			
Mobility.....	\$ 11,957	\$ 14,605	(18%)
Desktop PCs.....	9,502	13,826	(31%)
Software and Peripherals	7,022	8,116	(13%)
Servers and Networking	4,228	5,081	(17%)
Enhanced Services	3,700	4,081	(9%)
Storage.....	1,593	1,964	(19%)
Consolidated net revenue.....	\$ 38,002	\$ 47,673	(20%)
<u>Percentage of Total Net Revenue:</u>			
Mobility.....	31%	30%	
Desktop PCs.....	25%	29%	
Software and Peripherals	18%	17%	
Servers and Networking	12%	11%	
Enhanced Services	10%	9%	
Storage.....	4%	4%	
<u>Net Revenue by Global Segment:</u>			
Large Enterprise.....	\$ 10,088	\$ 14,122	(29%)
Public.....	10,664	12,051	(12%)
Small and Medium Business.....	8,743	11,849	(26%)
Consumer	8,507	9,651	(12%)
Consolidated net revenue.....	\$ 38,002	\$ 47,673	(20%)
<u>Percentage of Total Net Revenue:</u>			
Large Enterprise.....	27%	30%	
Public.....	28%	25%	
Small and Medium Business.....	23%	25%	
Consumer	22%	20%	
<u>Consolidated Operating Income</u>			
Large Enterprise.....	\$ 538	\$ 899	
Public.....	1,028	969	
Small and Medium Business.....	758	1,034	
Consumer	98	259	
Consolidated segment operating income.....	2,422	3,161	
Severance and facility actions	(395)	(148)	
Broad based long-term incentives	(246)	(201)	
In-process research and development	-	(2)	
Amortization of intangible assets.....	(119)	(77)	
Consolidated operating income	\$ 1,662	\$ 2,733	

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>October 30,</u> <u>2009</u>	<u>July 31,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
<u>Assets:</u>			
Current assets:			
Cash and cash equivalents	\$ 12,795	\$ 11,699	\$ 7,910
Short-term investments	331	299	662
Accounts receivable, net	5,279	5,403	5,532
Financing receivables, net	2,318	2,252	1,526
Inventories, net	952	839	1,109
Other	3,196	3,348	4,795
Total current assets	<u>24,871</u>	<u>23,840</u>	<u>21,534</u>
Property, plant and equipment, net	1,978	2,117	2,458
Investments	828	746	374
Long-term financing receivables, net	311	263	435
Goodwill	1,748	1,748	1,743
Purchased intangible assets, net	607	646	750
Other non-current assets	682	698	523
Total assets	<u>\$ 31,025</u>	<u>\$ 30,058</u>	<u>\$ 27,817</u>
<u>Liabilities and Equity:</u>			
Current liabilities:			
Short-term debt.....	\$ 351	\$ 49	\$ 266
Accounts payable	9,947	9,698	9,475
Accrued and other	3,687	3,765	4,108
Short-term deferred enhanced services revenue ..	2,876	2,775	2,572
Total current liabilities	<u>16,861</u>	<u>16,287</u>	<u>16,421</u>
Long-term debt	3,442	3,394	1,851
Long-term deferred enhanced services revenue	3,054	3,051	3,001
Other non-current liabilities	2,643	2,701	2,385
Total liabilities	<u>26,000</u>	<u>25,433</u>	<u>23,658</u>
Stockholders' equity	5,025	4,625	4,159
Total liabilities and equity	<u>\$ 31,025</u>	<u>\$ 30,058</u>	<u>\$ 27,817</u>
<u>Ratios:</u>			
Days of sales outstanding ⁽¹⁾	40	42	36
Days supply in inventory	8	7	8
Days in accounts payable	84	84	69
Cash conversion cycle	<u>(36)</u>	<u>(35)</u>	<u>(25)</u>
 Average total revenue/unit (approximate)	 \$ 1,290	 \$ 1,280	 \$ 1,440

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 October 30, 2009, July 31, 2009, and October 31, 2008, DSO and days of customer shipments not yet recognized were 37 and 3 days, 38 and 4 days, 33 and 3 days, respectively.

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

	Three Months Ended		Nine Months Ended	
	October 30, 2009	October 31, 2008	October 30, 2009	October 31, 2008
Cash flows from operating activities:				
Net income	\$ 337	\$ 727	\$ 1,099	\$ 2,127
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	191	194	593	573
Stock-based compensation	65	73	211	201
In-process research and development charges	-	-	-	2
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	32	(3)	58	(113)
Deferred income taxes	58	228	(33)	209
Provision for doubtful accounts - including financing receivables	80	85	290	199
Other	56	(4)	75	17
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable.....	137	201	(456)	(241)
Financing receivables.....	(177)	(47)	(556)	(28)
Inventories.....	(112)	(12)	(83)	65
Other assets	117	(175)	93	(648)
Accounts payable	233	(1,664)	1,551	(1,992)
Deferred enhanced services revenue	(4)	19	36	424
Accrued and other liabilities	(212)	292	(240)	370
Change in cash from operating activities	<u>801</u>	<u>(86)</u>	<u>2,638</u>	<u>1,165</u>
Cash flows from investing activities:				
Investments:				
Purchases	(406)	(362)	(1,182)	(1,150)
Maturities and sales.....	325	282	1,307	2,034
Capital expenditures.....	(70)	(137)	(249)	(401)
Proceeds from sale of facility and land	-	-	16	44
Acquisition of business, net of cash received.....	-	-	(3)	(165)
Change in cash from investing activities	<u>(151)</u>	<u>(217)</u>	<u>(111)</u>	<u>362</u>
Cash flows from financing activities:				
Repurchase of common stock	-	(415)	-	(2,866)
Issuance of common stock under employee plans.....	-	11	-	79
Issuance of commercial paper (maturity 90 days or less), net	143	153	43	253
Proceeds from debt.....	257	-	1,748	1,519
Repayments of debt.....	(50)	(14)	(62)	(237)
Change in cash from financing activities	<u>350</u>	<u>(265)</u>	<u>1,729</u>	<u>(1,252)</u>
Effect of exchange rate changes on cash and cash equivalents.....	96	(145)	187	(129)
Change in cash and cash equivalents.....	1,096	(713)	4,443	146
Cash and cash equivalents at beginning of period.....	11,699	8,623	8,352	7,764
Cash and cash equivalents at end of period.....	<u>\$ 12,795</u>	<u>\$ 7,910</u>	<u>\$ 12,795</u>	<u>\$ 7,910</u>