

DELL INC.

Condensed Consolidated Statement of Financial Position

(in millions)

(unaudited)

Assets:

Cash & cash equivalents	\$ 9,691	\$ 11,699	\$ 12,795	\$ 10,635	\$ 10,255
Short-term investments	434	299	331	373	627
Accounts receivable, net	4,278	5,403	5,279	5,837	5,880
Financing receivables, net	1,775	2,252	2,318	2,706	3,221
Inventories, net	842	839	952	1,051	1,182
Other	2,890	3,348	3,196	3,643	3,619
Total current assets	19,910	23,840	24,871	24,245	24,784
PP&E, net	2,181	2,117	1,978	2,181	2,049
Investments	568	746	828	781	714
Long-term financing receivable, net	445	263	311	332	528
Other non-current assets	3,085	3,092	3,037	6,113	6,166
Total assets:	26,189	30,058	31,025	33,652	34,241

Liabilities & Stockholders Equity:

Short-term borrowings	101	49	351	663	1,079
Accounts payable	7,844	9,698	9,947	11,373	11,402
Accrued and other	3,464	3,709	3,637	3,884	3,549
Short-term deferred services revenue	2,732	2,831	2,926	3,040	2,950
Total current liabilities	14,141	16,287	16,861	18,960	18,980
Long-term debt	2,396	3,394	3,442	3,417	3,582
Other non-current liabilities	2,468	2,701	2,643	2,605	2,607
Long-term deferred services revenue	2,954	3,051	3,054	3,029	3,194
Total liabilities:	21,959	25,433	26,000	28,011	28,363
Redeemable common stock and capital in excess of par	-	-	-	-	-
Stockholder's equity:	4,230	4,625	5,025	5,641	5,878
Total liabilities & equity:	26,189	30,058	31,025	33,652	34,241

Prior Annual Results (As Restated)

	FY08	FY09	FY10
\$ 7,764	\$ 8,352	\$ 10,635	
208	740	373	
5,961	4,731	5,837	
1,732	1,712	2,706	
1,180	867	1,051	
3,035	3,749	3,643	
19,880	20,151	24,245	
2,668	2,277	2,181	
1,560	454	781	
407	500	332	
3,046	3,118	6,113	
27,561	26,500	33,652	
225	113	663	
11,492	8,309	11,373	
4,323	3,736	3,884	
2,486	2,701	3,040	
18,526	14,859	18,960	
362	1,898	3,417	
2,070	2,472	2,605	
2,774	3,000	3,029	
23,732	22,229	28,011	
94	-	-	
3,735	4,271	5,641	
27,561	26,500	33,652	

DELL INC.

Condensed Consolidated Statement of Cash Flows

(in millions)
(unaudited)

Cash flows from operating activities:

Net income:					
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	201	201	191	259	247
Stock-based compensation	67	79	65	101	76
In-process research and development charges	-	-	-	-	-
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	-	26	32	1	30
Deferred income taxes	(26)	(114)	52	36	(31)
Provision for doubtful accounts - including financing receivables	105	105	80	139	122
Other	18	1	56	27	-
Changes in assets and liabilities, net of effects from acquisitions:					
Accounts receivable	380	(973)	137	(204)	(119)
Financing receivables	(27)	(352)	(177)	(529)	(208)
Inventories	24	5	(112)	(100)	(132)
Other assets	547	(571)	117	(318)	69
Accounts payable	(483)	1,801	233	1,282	22
Deferred services revenue	(25)	69	(10)	101	72
Accrued and other liabilities	(310)	327	(200)	139	(251)
Change in cash from operating activities:	761	1,076	801	1,268	238

Cash flows from investing activities:

Investments:					
Purchases	(428)	(348)	(406)	(201)	(350)
Maturities and sales	642	340	325	231	169
Capital expenditures	(80)	(99)	(70)	(118)	(46)
Proceeds from sale of facility and land	-	16	-	-	-
Acquisition of business, net of cash received	(3)	-	-	(3,610)	(133)
Change in cash from investing activities:	131	(91)	(151)	(3,698)	(360)

Cash flows from financing activities:

Repurchase of common stock	-	-	-	-	(200)
Issuance of common stock under employee plans	-	-	-	2	7
Issuance of commercial paper (maturity of 90 days or less), net	-	(100)	143	33	234
Proceeds from debt	497	994	257	310	268
Repayments of debt	(12)	-	(50)	(60)	(566)
Other	-	-	-	(2)	3
Change in cash from financing activities:	485	894	350	283	(254)

Effect of exchange rate changes on cash and cash equivalents

Change in cash and cash equivalents:

	(38)	129	96	(13)	(4)
Change in cash and cash equivalents:	1,339	2,008	1,096	(2,160)	(380)
Cash and cash equivalents at beginning of period:	8,352	9,691	11,699	12,795	10,635
Cash and cash equivalents at end of period:	9,691	11,699	12,795	10,635	10,255

Prior Annual Results (As Restated)

	FY08	FY09	FY10 ¹
	\$ 2,947	\$ 2,478	\$ 1,433
	607	769	852
	329	418	312
	83	2	-
	30	(115)	59
	(308)	86	(52)
	187	310	429
	30	32	102
	(1,086)	480	(660)
	(394)	(302)	(1,085)
	(498)	309	(183)
	(121)	(106)	(225)
	837	(3,117)	2,833
	1,032	663	135
	274	(13)	(44)
	3,949	1,894	3,906
	(2,394)	(1,584)	(1,383)
	3,679	2,333	1,538
	(831)	(440)	(367)
	-	44	16
	(2,217)	(176)	(3,613)
	(1,763)	177	(3,809)
	(4,004)	(2,867)	-
	136	79	2
	(100)	100	76
	66	1,519	2,058
	(165)	(237)	(122)
	(53)	-	(2)
	(4,120)	(1,406)	2,012
	152	(77)	174
	(1,782)	588	2,283
	9,546	7,764	8,352
	7,764	8,352	10,635

1. Prior period amounts have been reclassified to conform to the current year presentation.

DELL INC.

Selected Financial Data & Ratios

(in millions, except per share data and ratios)
(Unaudited)

Liquidity:

Current ratio	1.41	1.46	1.48	1.28	1.31	1.10	1.36	1.28
Quick ratio	1.35	1.41	1.42	1.22	1.24	1.03	1.30	1.22
Cash conversion cycle^d	(28)	(35)	(36)	(36)	(36)	(36)	(25)	(36)
Days supply in inventory	7	7	8	8	9	8	7	8
Days of sales outstanding ^a	34	42	40	38	38	36	35	38
Days in accounts payable	69	84	84	82	83	80	67	82
Cash flow (millions):								
Cash flow from operations	\$ 761	\$ 1,076	\$ 801	\$ 1,268	\$ 238	\$3,949	\$1,894	\$3,906
Net free cash flows ^b	\$ 708	\$ 1,329	\$ 908	\$ 1,679	\$ 400	\$3,512	\$1,756	\$4,624
Cash and investments	\$10,693	\$12,744	\$13,954	\$11,789	\$11,596	\$9,532	\$9,546	\$11,789
Shares repurchased (millions)	-	-	-	-	200	179	133	-

Profitability:

Return on total capital^c	15%	21%	16%	14%	13%	38%	33%	17%
Gross margin	17.6%	18.7%	17.3%	16.6%	16.9%	19.1%	17.9%	17.5%
Opex as percentage of revenue	14.2%	13.5%	12.8%	13.2%	13.4%	13.5%	12.7%	13.4%
Operating margin	3.4%	5.2%	4.5%	3.4%	3.5%	5.6%	5.2%	4.1%
Income tax rate	29.6%	25.0%	34.5%	28.7%	24.4%	23.0%	25.4%	29.2%
Net profit margin	2.3%	3.7%	2.6%	2.2%	2.3%	4.8%	4.1%	2.7%
WAS -- Diluted	1,952	1,960	1,966	1,971	1,973	2,247	1,986	1,962
EPS (diluted)	\$ 0.15	\$ 0.24	\$ 0.17	\$ 0.17	\$ 0.17	\$1.31	\$1.25	\$0.73

Growth:

Units Y/Y	-17%	-14%	-5%	16%	20%	5%	7%	-6%
Revenue Y/Y:	-23%	-22%	-15%	11%	21%	6%	0%	-13%
Global Large Enterprise	-31%	-32%	-23%	8%	25%			
Global Public	-11%	-16%	-7%	16%	22%			
Global Small and Medium Business	-30%	-29%	-19%	10%	19%			
Global Consumer	-16%	-9%	-10%	11%	16%			
% of Total Revenue by Business Unit:								
Global Large Enterprise	27%	26%	26%	28%	28%		30%	27%
Global Public	26%	30%	29%	26%	26%		25%	27%
Global Small and Medium Business	24%	22%	23%	22%	24%		24%	23%
Global Consumer	23%	22%	22%	24%	22%		21%	23%
% of Total Revenue by Product:								
Servers and Networking	10%	11%	12%	12%	12%	11%	11%	11%
Storage	4%	4%	4%	4%	4%	4%	4%	4%
Services	10%	10%	10%	13%	13%	9%	9%	11%
Software & Peripherals	18%	19%	19%	17%	17%	16%	17%	18%
Mobility	32%	30%	32%	31%	30%	28%	30%	31%
Desktop PCs	26%	26%	23%	23%	24%	32%	29%	25%
EPS Y/Y (diluted)	-61%	-23%	-54%	-6%	47%	15%	-5%	-42%

FY10 CAGR^{1,2,4}

Revenue	1-YR	2-YR	5-YR
Gross Margin	-13%	-7%	1%
Operating Expenses	-15%	-11%	1%
Operating Income	-9%	-7%	8%
Net Income	-32%	-21%	-12%
EPS (Diluted)	-42%	-30%	-14%
	-42%	-25%	-9%

- Profitability and growth metrics include the impact of \$85 million (\$0.03 per share) income tax benefit related to a revised estimate of taxes on the repatriation of earnings under the American Jobs Creation Act of 2004.
- Fiscal Year 2006 includes charges aggregating \$421 million (\$338 million other product charges and \$83 million in selling, general and administrative expenses) related to the cost of servicing or replacing certain OptiPlex™ systems that include a vendor part that failed to perform to Dell's specifications, workforce realignment, product rationalizations, excess facilities, and a write-off of goodwill recognized in the third quarter. The related tax effects of these items was \$85 million.
- Results for fiscal year ended February 2, 2007 (including the interim periods within that year) and the fiscal year 2008 quarters include stock-based compensation expense due to the implementation of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, ("SFAS 123(R)"). Dell implemented SFAS 123(R) using the modified prospective method effective February 4, 2006.
- Dell restated its financial statements relating to fiscal 2003, 2004, 2005 and 2006 (including the interim periods within those years) and the first quarter of fiscal 2007. Dell's restated financial information is in its Annual Report on Form 10-K for the fiscal year ended February 2, 2007 available via the Internet at www.sec.gov or www.dell.com/investor.

^a DSO includes the effect of product costs related to in-transit customer shipments that are classified in other current assets.

^b Free cash flows: Cash flows from operations less capital expenditures less tax benefit from employee stock plans plus on balance-sheet funding

^c Return on total capital is an annualized calculation of pre-tax earnings and interest expense over the quarter's average of long-term liabilities and stockholders' equity.

^d Results for fiscal year end are based on the 4th quarter of the same year and not for the full fiscal year.

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

DELL INC.

Condensed Consolidated Statement of Operations
(in millions)
(unaudited)

	Prior Quarter Results					Prior Annual Results (As Restated)		
	Q1-FY10	Q2-FY10	Q3-FY10	Q4-FY10	Q1-FY11	FY08 ¹	FY09	FY10
Income Statement:								
Net revenue	\$ 12,342	\$ 12,764	\$ 12,896	\$ 14,900	\$ 14,874	\$ 61,133	\$ 61,101	\$ 52,902
Sequential Growth	-8%	3%	1%	16%	0%			
Y/Y Growth	-23%	-22%	-15%	11%	21%	6%	0%	-13%
Cost of revenue	10,174	10,373	10,663	12,431	12,358	49,462	50,144	43,641
Gross margin	2,168	2,391	2,233	2,469	2,516	11,671	10,957	9,261
SG&A	1,613	1,571	1,501	1,780	1,830	7,538	7,102	6,465
R&D	141	149	155	179	167	693	665	624
Total operating expenses	1,754	1,720	1,656	1,959	1,997	8,231	7,767	7,089
Operating income	414	671	577	510	519	3,440	3,190	2,172
Investment and other income, net	(2)	(42)	(63)	(41)	(68)	387	134	(148)
Income before taxes	412	629	514	469	451	3,827	3,324	2,024
Income tax provision	122	157	177	135	110	880	846	591
Net income	290	472	337	334	341	2,947	2,478	1,433
Sequential Growth	-17%	63%	-29%	-1%	2%			
Y/Y Growth	-63%	-23%	-54%	-5%	18%	14%	-16%	-42%
EPS:								
Basic	\$ 0.15	\$ 0.24	\$ 0.17	\$ 0.17	\$ 0.17	\$ 1.33	\$ 1.25	\$ 0.73
Diluted	\$ 0.15	\$ 0.24	\$ 0.17	\$ 0.17	\$ 0.17	\$ 1.31	\$ 1.25	\$ 0.73
Weighted Average Shares Outstanding:								
Basic	1,949	1,955	1,956	1,957	1,961	2,223	1,980	1,954
Diluted	1,952	1,960	1,966	1,971	1,973	2,247	1,986	1,962
Percentage of Net Revenue:								
Gross margin	17.6%	18.7%	17.3%	16.6%	16.9%	19.1%	17.9%	17.5%
Selling, general and administrative	13.1%	12.3%	11.6%	12.0%	12.3%	12.4%	11.6%	12.2%
Research, development and engineering	1.1%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.2%
Total operating expenses	14.2%	13.5%	12.8%	13.2%	13.4%	13.5%	12.7%	13.4%
Operating income	3.4%	5.2%	4.5%	3.4%	3.5%	5.6%	5.2%	4.1%
Income before income taxes	3.3%	4.9%	4.0%	3.2%	3.0%	6.3%	5.4%	3.8%
Net income	2.3%	3.7%	2.6%	2.2%	2.3%	4.8%	4.1%	2.7%
Income tax rate	29.6%	25.0%	34.5%	28.7%	24.4%	23.0%	25.4%	29.2%
Revenues by Business Unit:	12,342	12,764	12,896	14,900	14,874	61,133	61,101	52,902
Global Large Enterprise	3,400	3,285	3,403	4,197	4,246		18,011	14,285
Global Public	3,171	3,798	3,695	3,820	3,856		15,338	14,484
Global Small and Medium Business	2,967	2,820	2,956	3,336	3,524		14,892	12,079
Global Consumer	2,804	2,861	2,842	3,547	3,248		12,860	12,054
Operating income by Business Unit:	714	890	818	905	911		3,995	3,327
Global Large Enterprise	192	172	174	281	283		1,158	819
Global Public	293	383	352	333	298		1,258	1,361
Global Small and Medium Business	230	246	282	282	313		1,273	1,040
Global Consumer	(1)	89	10	9	17		306	107
Revenues by product:	12,342	12,764	12,896	14,900	14,874	61,133	61,101	52,902
Servers and Networking	1,286	1,403	1,539	1,804	1,785		6,512	6,032
Storage	534	551	508	599	554		2,666	2,192
Services	1,238	1,218	1,244	1,922	1,891		5,352	5,622
Software & Peripherals	2,246	2,382	2,394	2,477	2,496		10,603	9,499
Mobility	3,875	3,891	4,191	4,653	4,563		18,604	16,610
Desktop PCs	3,163	3,319	3,020	3,445	3,585		17,364	12,947

¹ Results for fiscal year ended February 2, 2007 (including the interim periods within that year) and the fiscal year 2008 quarters include stock-based compensation expense due to the implementation of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, ("SFAS 123(R)"). Dell implemented SFAS 123(R) using the modified prospective method effective February 4, 2006.

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

DELL INC.

*Reconciliation of Non-GAAP Financial Measures
(in millions, except per share data and percentages)
(unaudited)*

	Prior Quarter Results					Prior Annual Results	
	Q1-FY10	Q2-FY10	Q3-FY10	Q4-FY10	Q1-FY11	FY09	FY10
GAAP gross margin	\$ 2,168	\$ 2,391	\$ 2,233	\$ 2,469	\$ 2,516	\$ 10,957	\$ 9,261
Non-GAAP adjustments:							
Amortization of intangibles	26	27	27	71	68	59	151
Severance and facility actions	65	14	102	55	29	146	236
Acquisition-related	-	-	-	1	1	-	1
Other ⁽¹⁾	-	-	-	-	-	-	-
Stock option accelerated vesting charges	-	-	-	-	-	16	-
Non-GAAP gross margin	2,259	2,432	2,362	2,596	2,614	11,178	9,649
GAAP operating expenses	1,754	1,720	1,656	1,959	1,997	7,767	7,089
Non-GAAP adjustments:							
Amortization of intangibles	(13)	(13)	(13)	(15)	(20)	(46)	(54)
Severance and facility actions	(120)	(73)	(21)	(31)	(28)	(136)	(245)
Acquisition-related	-	-	-	(115)	(19)	-	(115)
Other ⁽¹⁾	-	-	-	-	(140)	-	-
Stock option accelerated vesting charges	-	-	-	-	-	(88)	-
Non-GAAP operating expenses	1,621	1,634	1,622	1,798	1,790	7,497	6,675
GAAP operating income	414	671	577	510	519	3,190	2,172
Non-GAAP adjustments:							
Amortization of intangibles	39	40	40	86	88	105	205
Severance and facility actions	185	87	123	86	57	282	481
Acquisition-related	-	-	-	116	20	-	116
Other ⁽¹⁾	-	-	-	-	140	-	-
Stock option accelerated vesting charges	-	-	-	-	-	104	-
Non-GAAP operating income	638	798	740	798	824	3,681	2,974
GAAP net income	290	472	337	334	341	2,478	1,433
GAAP earnings per common share - diluted	\$ 0.15	\$ 0.24	\$ 0.17	\$ 0.17	\$ 0.17	\$ 1.25	\$ 0.73
Non-GAAP adjustments:							
Amortization of intangibles	39	40	40	86	88	105	205
Severance and facility actions	185	87	123	86	57	282	481
Acquisition-related	-	-	-	116	20	-	116
Other ⁽¹⁾	-	-	-	-	140	-	-
Stock option accelerated vesting charges	-	-	-	-	-	104	-
Aggregate adjustment for income taxes	(28)	(24)	(51)	(78)	(62)	(117)	(181)
Non-GAAP adjustments per common share - diluted	\$ 0.10	\$ 0.05	\$ 0.06	\$ 0.11	\$ 0.13	\$ 0.19	\$ 0.32
Non-GAAP net income	486	575	449	544	584	2,852	2,054
Non-GAAP earnings per common share - diluted	\$ 0.25	\$ 0.29	\$ 0.23	\$ 0.28	\$ 0.30	\$ 1.44	\$ 1.05
GAAP Diluted WAS	1,952	1,960	1,966	1,971	1,973	1,986	1,962
Percentage of Total Net Revenue:							
GAAP gross margin	17.6%	18.7%	17.3%	16.6%	16.9%	17.9%	17.5%
Non-GAAP adjustment	0.7%	0.4%	1.0%	0.8%	0.7%	0.4%	0.7%
Non-GAAP gross margin	18.3%	19.1%	18.3%	17.4%	17.6%	18.3%	18.2%
GAAP operating expenses	14.2%	13.5%	12.8%	13.2%	13.4%	12.7%	13.4%
Non-GAAP adjustment	-1.1%	-0.7%	-0.2%	-1.1%	-1.4%	-0.4%	-0.8%
Non-GAAP operating expenses	13.1%	12.8%	12.6%	12.1%	12.0%	12.3%	12.6%
GAAP operating income	3.4%	5.2%	4.5%	3.4%	3.5%	5.2%	4.1%
Non-GAAP adjustment	1.8%	1.1%	1.2%	2.0%	2.0%	0.8%	1.5%
Non-GAAP operating income	5.2%	6.3%	5.7%	5.4%	5.5%	6.0%	5.6%

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

⁽¹⁾ Includes a \$100 million liability for a potential settlement of the SEC investigation and a \$40 million securities litigation accrual.

DELL INC.

Historical PC Share*
IDC Worldwide Quarterly PC Tracker

	Current Rank	Current Year Dell Share					Historical Annual Share							
		Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	2009	2008	2007	2006	2005	2004	2003	2002
WW Client PCs	3	14%	14%	14%	12%	13%	13%	16%	16%	18%	19%	19%	18%	16%
USA	2	26%	24%	26%	22%	24%	24%	29%	29%	33%	36%	35%	32%	29%
EMEA	3	10%	11%	9%	9%	10%	10%	11%	12%	13%	13%	12%	11%	10%
Asia Pacific	3	8%	8%	9%	9%	10%	9%	9%	7%	7%	7%	6%	6%	5%
Japan	4	16%	17%	15%	9%	10%	12%	17%	17%	17%	15%	14%	12%	9%
Desktop PC	2	15%	15%	15%	13%	15%	14%	16%	15%	17%	18%	18%	17%	15%
Portable PC	3	13%	13%	12%	12%	12%	12%	15%	15%	18%	19%	18%	17%	16%
Consumer	3	9%	9%	9%	9%	9%	9%	9%	8%	11%	12%	13%	12%	10%
Large Enterprise ²	1	32%	31%	31%	31%	31%	31%	34%	34%	35%	34%	32%	31%	29%
Public	2	20%	21%	20%	16%	17%	19%	21%	20%	19%	20%	20%	19%	18%
SMB ¹	2	13%	12%	12%	13%	13%	13%	14%	14%	15%	16%	15%	13%	12%

*PC's include Desktops and Notebooks, data as of May 2010

¹SMB includes companies with less than 500 employees

²Large Enterprise includes companies more than 500 employees