
Dell 2Q FY11 Performance Review

Michael Dell

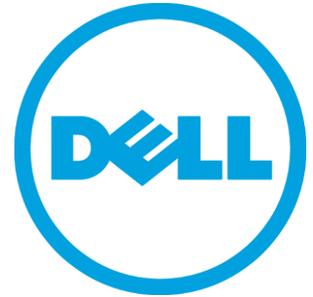
Chairman and CEO

Brian Gladden

SVP and CFO

Steve Schuckenbrock

President, Large Enterprise



August 19th, 2010

Forward-Looking Statements

Statements in this presentation that relate to future results and events (including statements about Dell's future financial and operating performance, anticipated customer demand, including seasonal and geographic trends and client refresh timing and scope, enterprise solutions strategies, acquisition strategies, and new products, as well as the financial guidance with respect to revenue and non-GAAP operating income) are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 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: weak global economic conditions and instability in financial markets; weak economic conditions and additional regulation affecting Dell's financial services activities; intense competition; Dell's cost-cutting measures; Dell's ability to effectively manage periodic product and services transitions; Dell's ability to effectively manage the growth of its distribution capabilities and add to its product and services offerings; Dell's ability to achieve favorable pricing from its vendors; Dell's reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; disruptions in component or product availability; successful implementation of Dell's acquisition strategy; Dell's ability to generate substantial non-U.S. net revenue; Dell's product, customer, and geographic sales mix, and seasonal sales trends; Dell's ability to access the capital markets; loss of government contracts; 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 hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; counterparty default; unfavorable results of legal proceedings; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; 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; information technology and manufacturing infrastructure disruptions or breaches of data security; Dell's ability to attract, retain, and motivate key personnel; 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 January 29, 2010. In particular, Dell's expectations with regard to revenue and non-GAAP operating income for the full fiscal year ending January 28, 2011 assume, among other matters, that there is no significant decline in economic conditions generally or demand growth specifically, no significant adverse currency fluctuations which are unhedged, 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 the press release furnished as an exhibit to Dell's Form 8-K filed on August 19, 2010. We encourage investors to review the historical reconciliation and the non-GAAP discussion in conjunction with our presentation of the non-GAAP financial measures.

The planned tender offer described in these materials has not yet commenced. This description is not an offer to buy or the solicitation of an offer to sell securities. At the time the planned tender offer is commenced, Dell Inc. will file a tender offer statement on Schedule TO with the Securities and Exchange Commission (the "SEC"), and 3PAR Inc. will file a solicitation/recommendation statement on Schedule 14D-9 with respect to the planned tender offer. The tender offer statement (including an offer to purchase, a related letter of transmittal and other tender offer documents) and the solicitation/recommendation statement will contain important information that should be read carefully before making any decision to tender securities in the planned tender offer. Those materials will be made available to 3PAR Inc.'s stockholders at no expense to them. In addition, all of those materials (and all other tender offer documents filed with the SEC) will be made available at no charge on the SEC's website: www.sec.gov.

Dell 2Q FY11 Earnings Review

Brian Gladden
SVP and CFO



Environment

- Improving global demand across commercial segments
 - Solid performance on revenue, operating income and cash flow generation
 - Another strong quarter of enterprise solutions growth
 - BRIC country growth remains robust at 52% year-over-year
 - Commercial revenue growth of 28% year-over-year
- Expect seasonal growth for 2H 2010 as corporate strength continues
 - Aged install base and Windows 7 adoption to drive client growth
 - New projects and compelling technology to drive server demand



2Q FY11 Non-GAAP Consolidated Results

Consolidated P&L¹

\$ in Millions – except Units and EPS

	2Q'10	1Q'11	2Q'11	Y/Y Growth	Seq Growth
Units (thousands)	9,980	10,933	11,604	16%	6%
Revenues	12,764	14,874	15,534	22%	4%
Gross Margin	2,432	2,614	2,671	10%	2%
<i>GM % of revenue</i>	19.1%	17.6%	17.2%	-190 bps	-40 bps
Operating Expenses	1,634	1,790	1,799	10%	1%
<i>Opex % of revenue</i>	12.8%	12.0%	11.6%	-120 bps	-40 bps
Operating Income	798	824	872	9%	6%
<i>OpInc % of revenue</i>	6.3%	5.5%	5.6%	-70 bps	10 bps
Income Before Taxes	756	756	823	9%	9%
Income Tax	181	172	194	7%	13%
<i>Effective Tax Rate %</i>	23.9%	22.8%	23.6%	-30 bps	+80 bps
Net Income	575	584	629	9%	8%
<i>NI % of revenue</i>	4.5%	3.9%	4.0%	-50 bps	+10 bps
Diluted EPS	\$0.29	\$0.30	\$0.32	10%	7%

¹Percentages and ratios are calculated based on underlying data

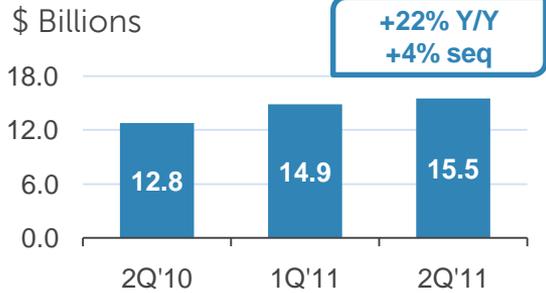
Growth refers to year-over-year

- Revenue up 22% to \$15.5B
- Gross margin 17.2%
- Opex of \$1.8B or 11.6% of revenue
- Operating income 5.6%
- Interest & Other expense of \$49M
- Tax rate 23.6%
- EPS 32 cents, up 10%

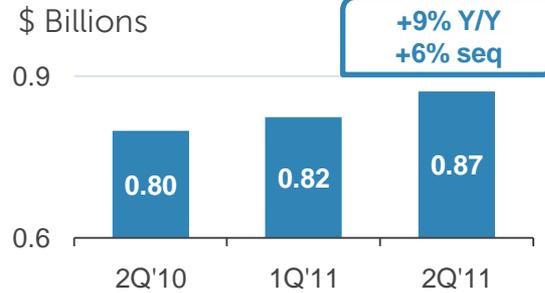


2Q FY11 Non-GAAP Key Performance Metrics

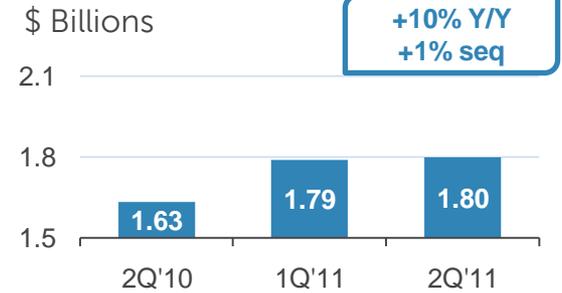
Revenue



Operating Income



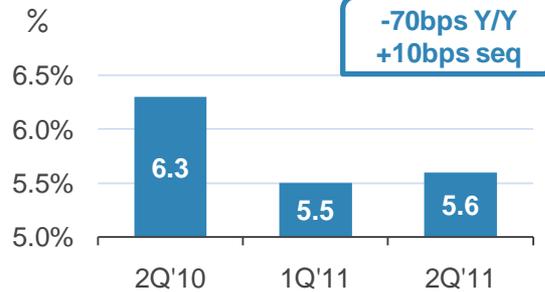
Operating Expense



Gross Margin



Operating Income %

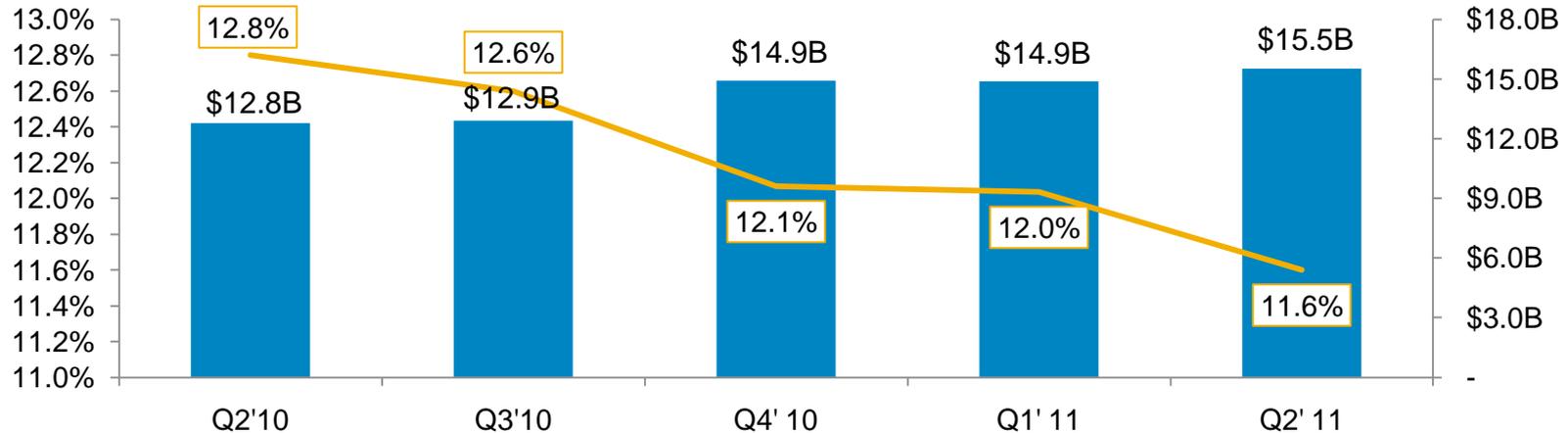


EPS



Operating Expense Management

Revenue & Non-GAAP Opex Trends

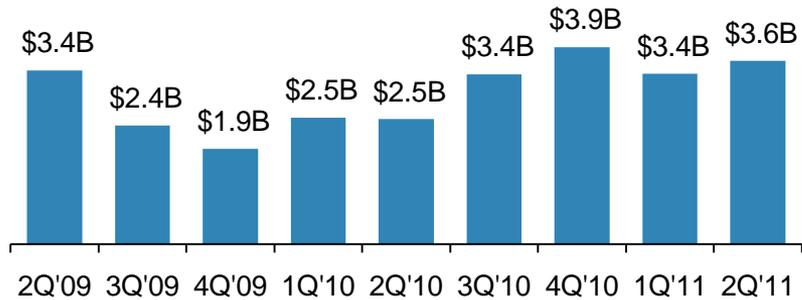


- Q2 Non-GAAP Opex as a percentage of revenue declined 120bps Y/Y
- Continue to manage costs and scale expenses as demand improves
- Making key investments in products, sales and services resources to fuel growth

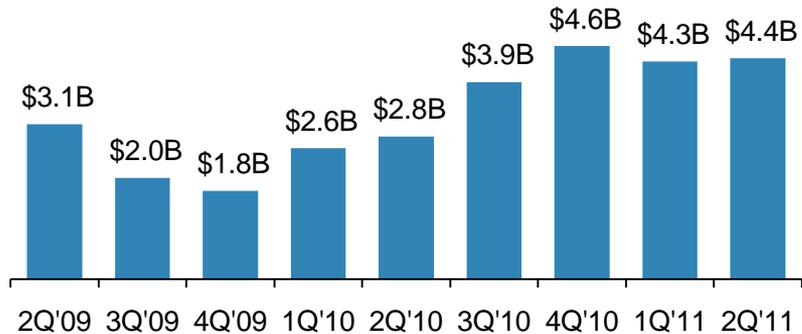


Cash Flow Performance

Cash Flow from Operations ¹



Free Cash Flow ^{1,2}



- Continued focus on working capital discipline and generating CFOps > NI
- Q2 FY11 CFOps of \$1.3B and TTM of \$3.6B; TTM CFOps up +47% Y/Y
- Q2 FY11 FCF of \$1.4B and TTM of \$4.4B
- YTD Share repurchases of \$400M
- We will continue to maintain strategic flexibility around targeted investment alternatives

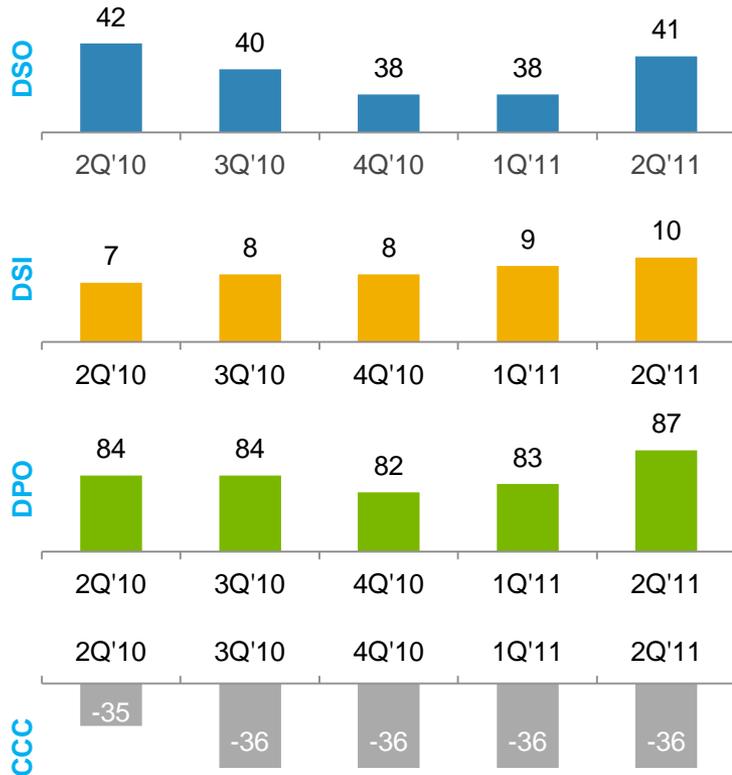
¹Trailing Twelve Months

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



Working Capital

Cash Conversion Cycle (CCC)



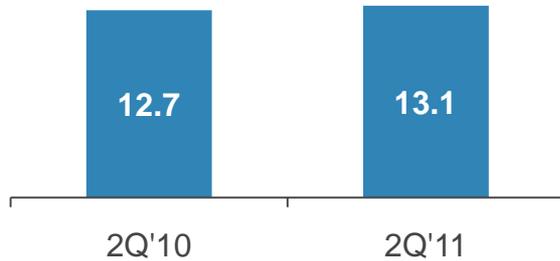
- CCC improved 1 day from the prior-year period to negative -36 days vs. -35 days in 2Q'10, flat for the quarter
- Days sales increased 3 days at 41 days for the quarter driven by Public seasonality
- Days inventory increased 1 day to 10 days due to contract manufacturing ramp and strategic buys
- Days payable growth of 4 days to 87 due to contract manufacturing ramp and linearity
- Expect stable CCC of mid -30 days throughout the year



Balance Sheet & Debt

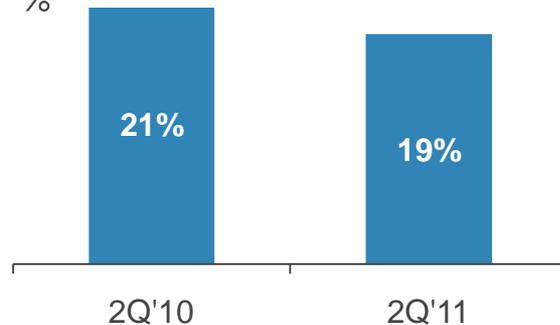
Cash & Investments

\$ Billions



Return on Total Capital ¹

%



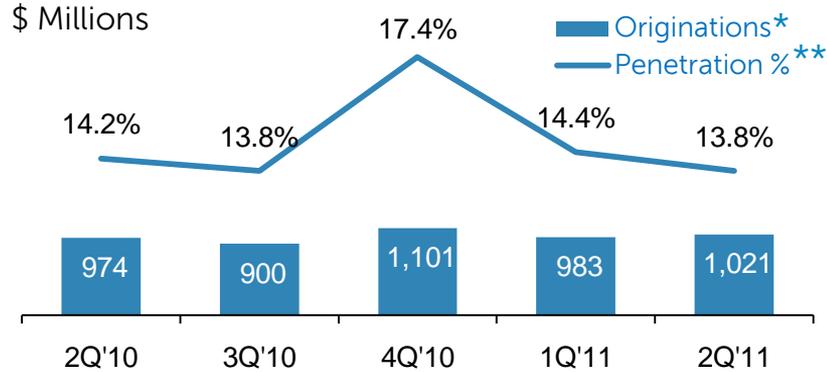
¹Return on total capital is an annualized calculation of pre-tax earnings and interest expense over the quarter's average of LT liabilities and stockholders' equity

- \$13.1B in cash and investments – solid balance sheet
 - Ongoing efforts to optimize our capital structure and US liquidity
 - Expect a modest buyback program through the remainder of the year
- Commercial Paper
 - \$900M CP outstanding
 - Capacity available to issue up to \$2B
- Debt Issuance
 - No new long-term debt issuance in Q2
 - Continue to monitor the credit markets for favorable entry points



Dell Financial Services

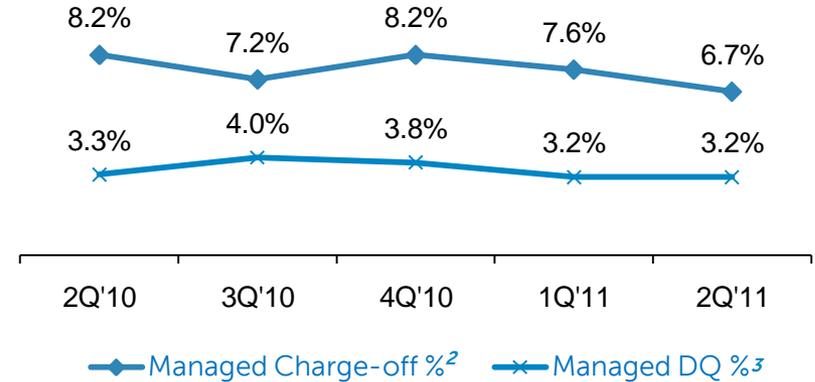
U.S. New Financing Originations



* Reflects seasonality of consumer business

** % of U.S. Dell revenue that is financed by DFS

Losses & Delinquencies ¹



- 2Q Originations up 5% year over year driven by demand in SMB and Large Enterprise
- Managed basis delinquency showing stable performance; losses down from both the prior quarter & the prior year

Definitions

- ❖ Managed basis statistics reflect all customer receivables on Dell's balance sheet including securitized receivables consolidated in 1Q in accordance with new accounting guidance on variable interest entities

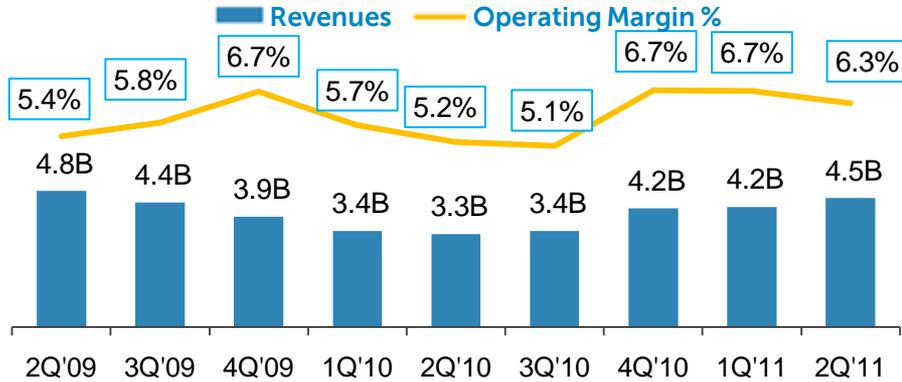
¹60+ Days delinquent

²MCO equals net principal charge-offs for the quarter divided by average managed assets for the quarter

³MDQ is calculated as 60 day assets plus delinquent assets at quarter end divided by quarter end managed assets



2Q FY11 Large Enterprise Revenue & Operating Income

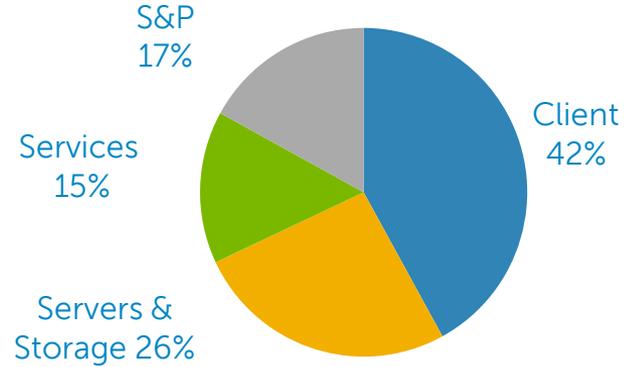


Large Enterprise P&L

\$ in Millions

	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11
Revenues	3,285	3,403	4,197	4,246	4,549
Sequential Growth, %	-3%	4%	23%	1%	7%
Y/Y Growth, %	-32%	-23%	8%	25%	38%
Operating Income	172	174	281	283	288
Operating Margin, %	5.2%	5.1%	6.7%	6.7%	6.3%
Sequential Growth, bps	-50 bps	-10 bps	160 bps	0 bps	-40 bps
Y/Y Growth, bps	-20 bps	-70 bps	0 bps	100 bps	110 bps

Revenue Mix

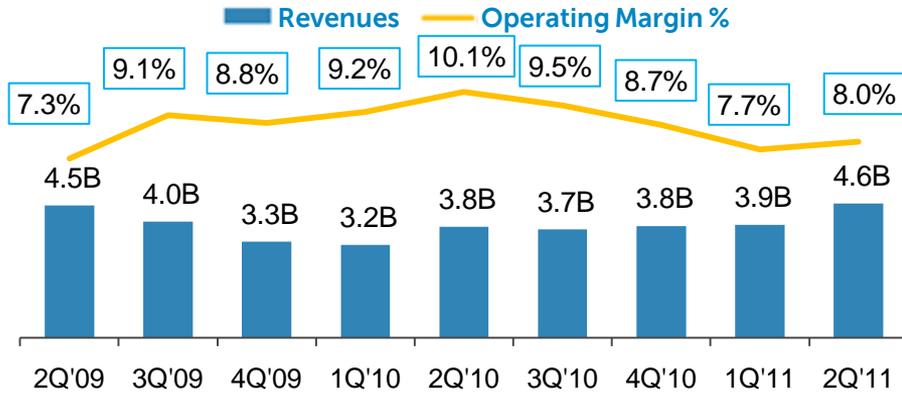


- Revenues of \$4.5B (up +38% Y/Y)
- Operating income was \$288M, up +110 bps Y/Y to 6.3%
- Total units increased +33% Y/Y, driven by double digit growth in servers & networking, mobility and desktops
- Server revenue up +54% Y/Y



2Q FY11 Public

Revenue & Operating Income

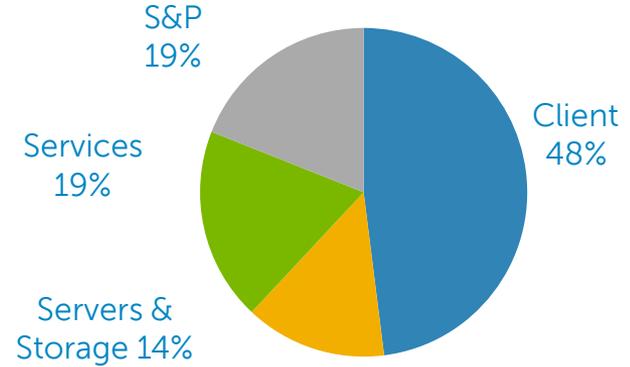


Public P&L

\$ in Millions

	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11
Revenues	3,798	3,695	3,820	3,856	4,580
Sequential Growth, %	20%	-3%	3%	1%	19%
Y/Y Growth, %	-16%	-7%	16%	22%	21%
Operating Income	383	352	333	298	369
Operating Margin, %	10.1%	9.5%	8.7%	7.7%	8.0%
Sequential Growth, bps	90 bps	-60 bps	-80 bps	-100 bps	30 bps
Y/Y Growth, bps	280 bps	40 bps	-10 bps	-150 bps	-210 bps

Revenue Mix

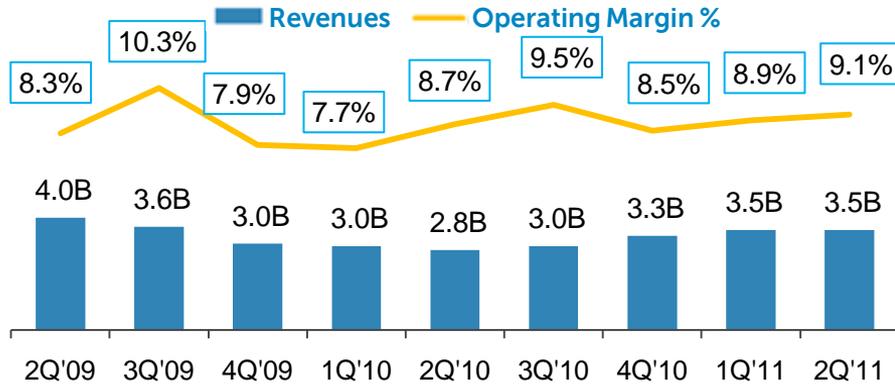


- Revenues of \$4.6B (up +21% Y/Y); including the impact of Perot
- Operating income was \$369M, decreasing -210bps Y/Y to 8.0%
- Solid US revenue (+22% Y/Y) while EMEA results mixed by country (+6% Y/Y)
- Services revenue up +116% Y/Y



2Q FY11 SMB

Revenue & Operating Income

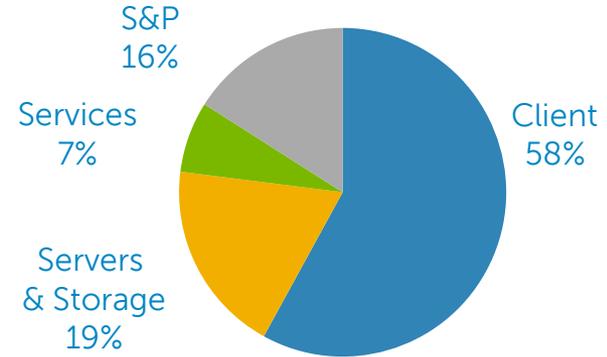


SMB P&L

\$ in Millions

	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11
Revenues	2,820	2,956	3,336	3,524	3,535
Sequential Growth, %	-5%	5%	13%	6%	0%
Y/Y Growth, %	-29%	-19%	10%	19%	25%
Operating Income	246	282	282	313	323
Operating Margin, %	8.7%	9.5%	8.5%	8.9%	9.1%
Sequential Growth, bps	100 bps	80 bps	-100 bps	40 bps	20 bps
Y/Y Growth, bps	40 bps	-80 bps	60 bps	120 bps	40 bps

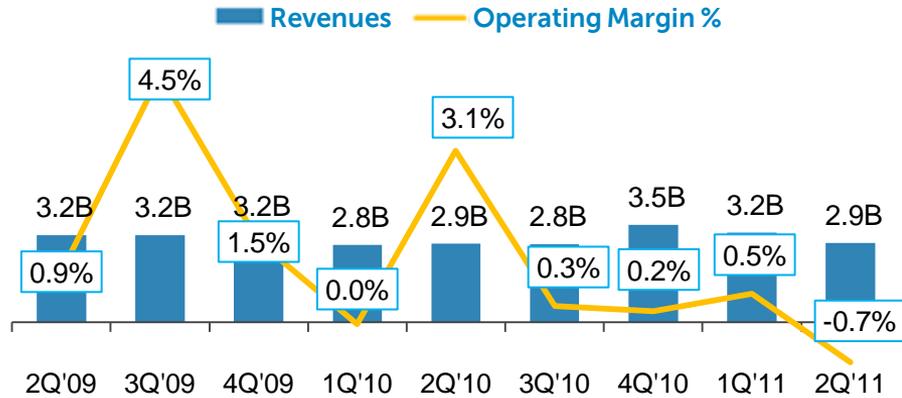
Revenue Mix



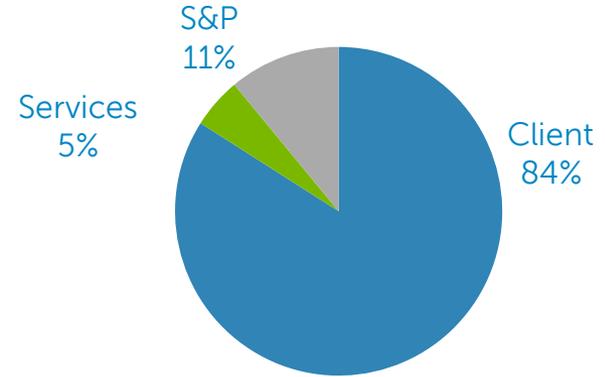
- Revenues of \$3.5B (up +25% Y/Y)
- Operating income was \$323M, and increased +40bps Y/Y to 9.1%
- Double digit Y/Y unit growth led by mobility, desktops, servers & networking
- Strong revenue growth across all regions (Americas, EMEA & APJ)



2Q FY11 Consumer Revenue & Operating Income



Revenue Mix



Consumer P&L

\$ in Millions

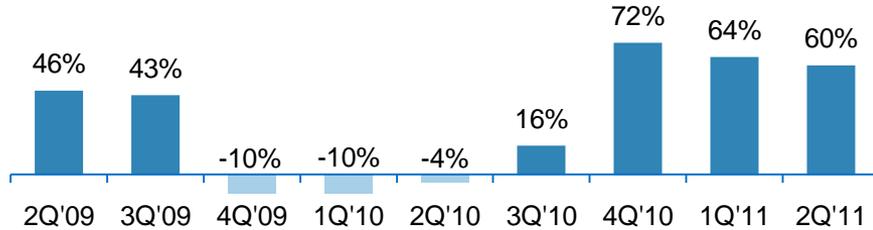
	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11
Revenues	2,861	2,842	3,547	3,248	2,870
Sequential Growth, %	2%	-1%	25%	-8%	-12%
Y/Y Growth, %	-9%	-10%	11%	16%	0%
Operating Income	89	10	9	17	(21)
Operating Margin, %	3.1%	0.3%	0.2%	0.5%	-0.7%
Sequential Growth, bps	310 bps	-280 bps	-10 bps	30 bps	-120 bps
Y/Y Growth, bps	220 bps	-420 bps	-130 bps	50 bps	-380 bps

- Revenues of \$2.9B (flat Y/Y)
- Operating income of \$(21)M, decline of -380 bps Y/Y
- Total units increased 6% Y/Y and mobility units up +11% Y/Y
- Double digit Y/Y APJ and EMEA revenue increase

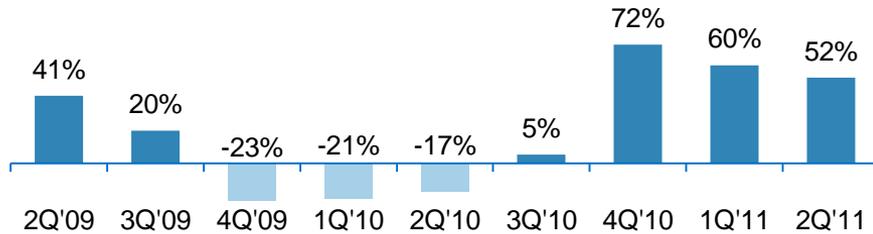


2O FY11 BRIC Countries

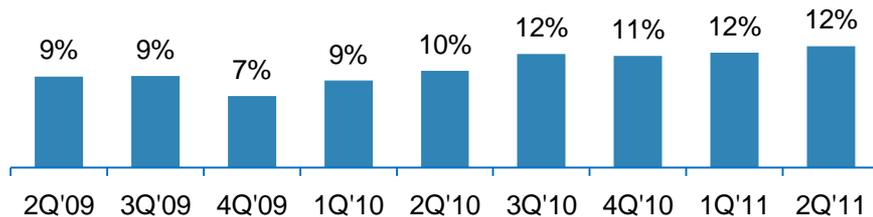
Unit Growth Y/Y, %



Revenue Growth Y/Y, %



% of Dell Total Revenue



- Our total BRIC countries revenue grew +52% from the year ago period
- BRIC +10 countries revenue grew +47% Y/Y¹
- India and China year-over-year revenue increased +77% and +52%, respectively
- Revenue outside of the U.S. was 47% of our total mix

¹ BRIC +10 countries include Brazil, Russia, India, China, Mexico, Argentina, Columbia, Turkey, Ukraine, South Africa, Indonesia, Vietnam, Thailand and the Philippines.



2Q FY11 Product Summary

Product Revenue Trends

LOB	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11
Servers & Networking	1,403	1,539	1,804	1,785	1,890
Storage	551	508	599	554	624
Services	1,218	1,244	1,922	1,891	1,915
S&P	2,382	2,394	2,477	2,496	2,535
Mobility	3,891	4,191	4,653	4,563	4,700
Desktop PCs	3,319	3,020	3,445	3,585	3,870
Total	12,764	12,896	14,900	14,874	15,534
Revenue Trends Q/Q					
Servers & Networking	9%	10%	17%	-1%	6%
Storage	3%	-8%	18%	-8%	13%
Services	-2%	2%	55%	-2%	1%
S&P	6%	1%	3%	1%	2%
Mobility	0%	8%	11%	-2%	3%
Desktop PCs	5%	-9%	14%	4%	8%
Total	3%	1%	16%	0%	4%
Revenue Trends Y/Y					
Servers & Networking	-19%	-6%	26%	39%	35%
Storage	-20%	-19%	-15%	4%	13%
Services	-11%	-9%	51%	53%	57%
S&P	-15%	-7%	0%	11%	6%
Mobility	-21%	-14%	16%	18%	21%
Desktop PCs	-33%	-26%	-3%	13%	17%
Total	-22%	-15%	11%	21%	22%

Growth refers to year-over-year

- Server revenue was up +35% on +15% unit growth
- Storage revenue was up +13%, with EqualLogic revenue up +63%
- Software and peripherals revenue was up +6%
- Mobility revenue grew +21%, units were up +21%
- Desktop revenue increased +17%, units were up +12%



2Q FY11 Corporate Responsibility

Key Results

1. Dell ranks in the top 5 on the EPA's Green Power Partnership National Top 50 companies for renewable energy usage
2. Dell advances four spots on Greenpeace's latest Guide to Greener electronics and retains its member status in responsible investment index, the FTSE4Good Index
3. The Green Store launches on Dell.com, featuring technology products that minimize environmental impact
4. InfoWorld names Dell a green IT star in its annual InfoWorld Green 15 Awards

Accomplishments

- ▶ We power our global headquarters & several other facilities with 100% green electricity. We also recently completed construction of a 516-panel solar PV array at our HQ designed to generate 130,000 kWh/year
- ▶ We actively work to help shape responsible sourcing legislation & advocate for regulation of harmful chemicals (PVC/BFR) in electronic applications
- ▶ Dell makes it easy for businesses to save energy, avoid waste & minimize environmental impact by highlighting environmentally conscious tech products
- ▶ Dell's data center consulting services saves \$50M in energy costs by doubling server utilization rates and reducing energy use by 30%



Dell 2Q FY11 Enterprise Solutions

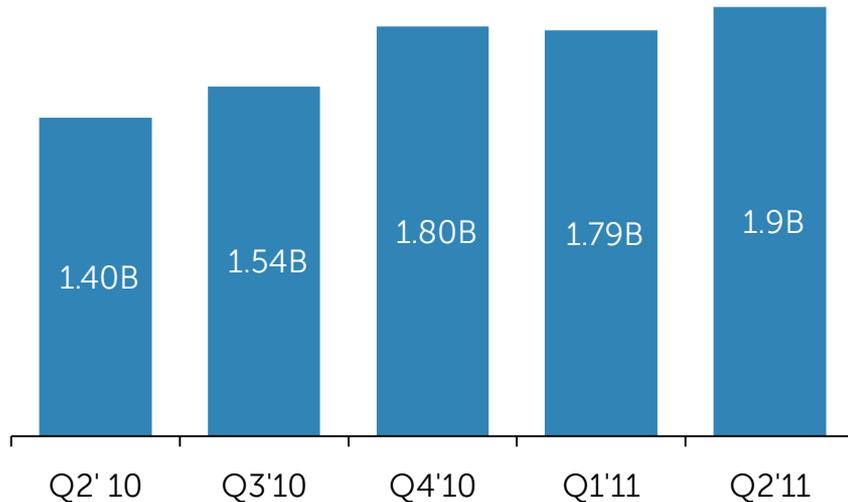
Steve Schuckenbrock
President, Large Enterprise



2Q FY11 Servers and Networking

Continued momentum in the enterprise refresh cycle

Revenue up +35% Y/Y to \$1.9B



- Total Servers & Networking revenue increased +6% Q/Q, +35% Y/Y to \$1.9B
 - WW Server share up 2.3 pts Y/Y *
- Blade growth of 35% Y/Y and Data Center Solutions revenue increased triple digits, now serving 21 out of top 25 most heavily trafficked web sites
- Double digit Y/Y revenue and margin growth rates in both our Power Edge and Power Connect lines of business

* Preliminary CY10Q2 IDC results



2Q FY11 Storage Solutions

Well Positioned in Fast Growth Segments

	SAN "Block"	NAS "Unified & File"
High-End	 <p>3PAR² Serving Information T-Class (FC)</p> <p>EMC Symmetrix (FC)</p> 	<p>EMC Symmetrix with NS Gateway (FC)</p> 
Mid-Range	 <p>3PAR² Serving Information F-Class (FC)</p> <p>Dell EMC CX4 (FC or iSCSI)</p>  <p>EqualLogic PS Series (iSCSI)</p> 	<p>EqualLogic EXANET (iSCSI)</p>  <p>Dell EMC NS (FC or iSCSI)</p> 
Entry	<p>PowerVault MD (iSCSI)</p>  <p>Dell AX4-5 (FC or iSCSI)</p> 	<p>PowerVault NX NAS</p>  <p>Dell NX4 (FC or iSCSI)</p> 
<p>Intelligent Data Management (IDM) (e.g. Ocarina)</p>		

- 13% Y/Y growth in overall storage business to \$624M
- EqualLogic growth of 63% Y/Y with double-digit growth rate in all commercial segments
- Significant Y/Y growth in margin profile of storage business
- Grew at 1.3x of industry external disc growth¹, with innovative products at every storage tier
- Augmented portfolio over past two quarters with acquisitions of Ocarina and Exanet

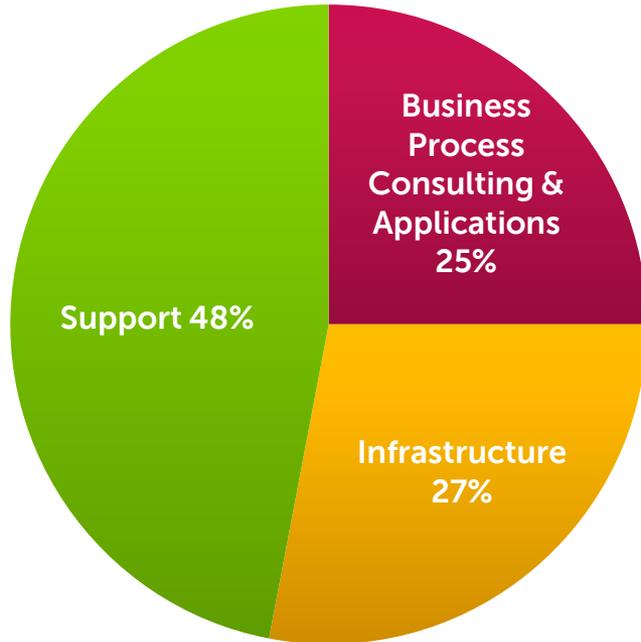
¹ External disc for Dell includes EqualLogic, Powervault arrays and Dell/EMC CLARiiON
² The transaction has not closed and is subject to customary closing conditions



2Q FY11 Services

Services Business up 57% to \$1.9B

Services Revenue by Category



- Continue to make solid progress on integration of Dell Services business
- Expanding and maturing sales pipeline positions us for solid new contract wins, with synergy sales opportunities progressing well
- Recurring revenue balance is \$13.9B with approximately 70% of revenue coming from recurring sources
- #1 IT outsourcing vendor, measured by customer satisfaction ¹

¹ Blackbook magazine

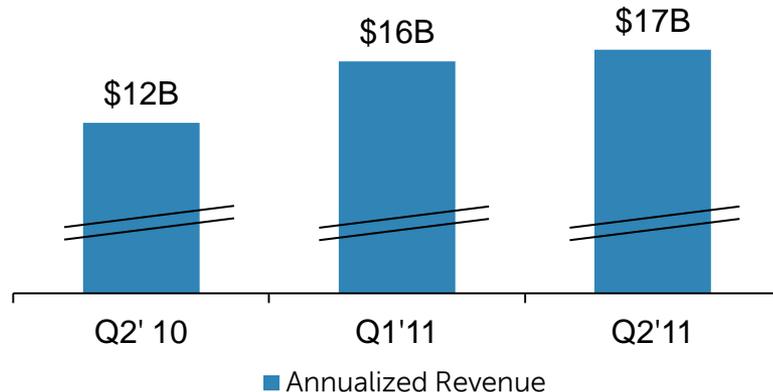


2Q FY11 Efficient Enterprise Solutions and Services

Continuing to execute our commercial solutions growth strategy



Solutions Revenue*



- Creating optimal solutions for our customers to grow our enterprise solutions revenue
- Making sustained organic and inorganic investments while building an IP portfolio
- Exanet complements current storage offerings with its portfolio of patents and other IP
- Ocarina delivers online storage optimization solutions, compression & de-duplication
- KACE offers leading systems management capabilities tailored to mid-sized businesses
- Scalent provides key technology used in the Dell Advanced Infrastructure Manager

* Annualized Revenue of Commercial Servers, Storage and Services



See Financial History at www.dell.com/investor

Stronger Together

Acquisitions & alliances present attractive growth opportunities

Storage

3Par¹

- Utility storage for the cloud
- Delivers utility computing via the cloud while leading in utility storage development

Ocarina

- Intelligent Data management
- Online storage optimization solutions that include compression & content aware de-duplication technologies

Exanet

- Unified storage for block & file systems
- A portfolio of patents & IP complements our current storage lineup with high-performance scalable NAS technology

Intelligent Data Management

Systems Management

KACE

- Systems management & deployment solutions
- Tailored for midsized businesses & public entities (government, education & healthcare) institutions

Scalent

- Software-based virtual infrastructure management
- Technology used in Dell's Advanced Infrastructure Manager, a key component of Dell's Virtual Integrated System

¹ The transaction has not closed and is subject to customary closing conditions



Dell 2Q FY11 Outlook

Brian Gladden
SVP and CFO



Outlook

- Corporate refresh cycle is continuing -- commercial client revenue growth of 14% and 25% over the past two quarters
- For Q3, we expect typical seasonal improvements from our Federal government and commercial businesses
- We expect a revenue pick-up in the low single digits into Q3
- Component pricing is improving and we expect to see a return to modest cost reductions in Q3 and Q4.
- Expect currency volatility, though hedge programs provide significant stability
- Expect OPEX to trend upward, but will manage operating income while making strategic investments



Dell 2Q FY11 Operating Agenda and Strategy

Michael Dell
Chairman and CEO



Enterprise Focus

Strong Momentum in Enterprise Solutions and Services

- Strong commercial demand environment continues
- Significant Windows 7 migration ahead of the industry
- EqualLogic eclipsed over \$1B in revenue since acquisition
- Gaining momentum in servers with significant blade growth and early success with PowerEdge C line
- Committed to strategic enterprise investments and continued additions to the portfolio to meet customer needs



Dell 2Q FY11

Supplemental Non-GAAP Measures



Supplemental Non-GAAP Measures

	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
GAAP										
Net Income	784	616	727	351	290	472	337	334	341	545
EPS	\$0.38	\$0.31	\$0.37	\$0.18	\$0.15	\$0.24	\$0.17	\$0.17	\$0.17	\$0.28
Adjustments										
Income before Income Taxes										
Amortization of Intangibles	26	27	26	26	39	40	40	86	88	87
Severance & Facility Action Costs	106	25	17	134	185	87	123	86	57	24
Acquisition Related	-	-	-	-	-	-	-	116	20	16
Other ¹⁾	-	-	-	104	-	-	-	-	140	-
Aggregate Tax-adjustments	(27)	(15)	(14)	(61)	(28)	(24)	(51)	(78)	(62)	(43)
EPS - Diluted	\$0.05	\$0.02	\$0.01	\$0.11	\$0.10	\$0.05	\$0.06	\$0.11	\$0.13	\$0.04
Non-GAAP										
Net Income	889	653	756	554	486	575	449	544	584	629
EPS	\$0.43	\$0.33	\$0.38	\$0.29	\$0.25	\$0.29	\$0.23	\$0.28	\$0.30	\$0.32

1) Stock Option Accelerated Vesting Charges of \$104M, a \$40M Legal Settlement and a \$100M SEC Settlement



Supplemental Non-GAAP Measures

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
GAAP gross margin	2,994	2,965	2,827	2,853	2,312	2,168	2,391	2,233	2,469	2,516	2,586
Non-GAAP adjustments:											
Amortization of intangibles	2	14	15	15	15	26	27	27	71	68	70
Severance and facility actions	7	24	11	8	103	65	14	102	55	29	14
Acquisition-related	-	-	-	-	-	-	-	-	1	1	1
Other	-	-	-	-	16	-	-	-	-	-	-
Non-GAAP gross margin	3,003	3,003	2,853	2,876	2,446	2,259	2,432	2,362	2,596	2,614	2,671
<i>Percentage of Total Net Revenue:</i>											
GAAP gross margin	18.8%	18.4%	17.2%	18.8%	17.2%	17.6%	18.7%	17.3%	16.6%	16.9%	16.6%
Non-GAAP adjustment	0.0%	0.3%	0.2%	0.2%	1.0%	0.7%	0.4%	1.0%	0.8%	0.7%	0.6%
Non-GAAP gross margin	18.8%	18.7%	17.4%	19.0%	18.2%	18.3%	19.1%	18.3%	17.4%	17.6%	17.2%

"Other" includes stock option accelerated vesting charges, in-process research and development along with a legal settlement



Supplemental Non-GAAP Measures

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
<u>GAAP operating expenses</u>	2,218	2,066	2,008	1,838	1,855	1,754	1,720	1,656	1,959	1,997	1,841
Non-GAAP adjustments:											
Amortization of intangibles	(9)	(12)	(12)	(11)	(11)	(13)	(13)	(13)	(15)	(20)	(17)
Severance and facility actions	(46)	(82)	(14)	(9)	(31)	(120)	(73)	(21)	(31)	(28)	(10)
Acquisition-related	-	-	-	-	-	-	-	-	(115)	(19)	(15)
Other	(83)	-	-	-	(88)	-	-	-	-	(140)	-
<u>Non-GAAP operating expenses</u>	2,080	1,972	1,982	1,818	1,725	1,621	1,634	1,622	1,798	1,790	1,799
<i><u>Percentage of Total Net Revenue:</u></i>											
GAAP operating expenses	13.9%	12.9%	12.2%	12.1%	13.8%	14.2%	13.5%	12.8%	13.2%	13.4%	11.8%
Non-GAAP adjustment	-0.9%	-0.6%	-0.1%	-0.1%	-1.0%	-1.1%	-0.7%	-0.2%	-1.1%	-1.4%	-0.2%
Non-GAAP operating expenses	13.0%	12.3%	12.1%	12.0%	12.8%	13.1%	12.8%	12.6%	12.1%	12.0%	11.6%

"Other" includes stock option accelerated vesting charges, in-process research and development along with a legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
<u>GAAP operating income</u>	776	899	819	1,015	457	414	671	577	510	519	745
Non-GAAP adjustments:											
Amortization of intangibles	11	26	27	26	26	39	40	40	86	88	87
Severance and facility actions	53	106	25	17	134	185	87	123	86	57	24
Acquisition-related	-	-	-	-	-	-	-	-	116	20	16
Other	83	-	-	-	104	-	-	-	-	140	-
<u>Non-GAAP operating income</u>	923	1,031	871	1,058	721	638	798	740	798	824	872
<i><u>Percentage of Total Net Revenue:</u></i>											
GAAP operating margin	4.9%	5.5%	5.0%	6.7%	3.4%	3.4%	5.2%	4.5%	3.4%	3.5%	4.8%
Non-GAAP adjustment	0.9%	0.9%	0.3%	0.3%	2.0%	1.8%	1.1%	1.2%	2.0%	2.0%	0.8%
Non-GAAP operating margin	5.8%	6.4%	5.3%	7.0%	5.4%	5.2%	6.3%	5.7%	5.4%	5.5%	5.6%

"Other" includes stock option accelerated vesting charges, in-process research and development along with a legal settlement and a SEC settlement



Supplemental Non-GAAP Measures

<u>Net TTM Free Cash Flow</u>	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
Cash flow from operations	3,446	2,362	1,894	2,512	2,480	3,367	3,906	3,383	3,642
Capital expenditure	(631)	(596)	(440)	(398)	(355)	(288)	(367)	(333)	(379)
On balance sheet financing receivables	257	238	302	483	700	830	1,085	1,266	1,119
Net TTM Free Cash Flow	\$ 3,072	\$ 2,004	\$ 1,756	\$ 2,597	\$ 2,825	\$ 3,909	\$ 4,624	\$ 4,316	\$ 4,382

