
Dell 1Q FY13 Performance Review

Michael Dell

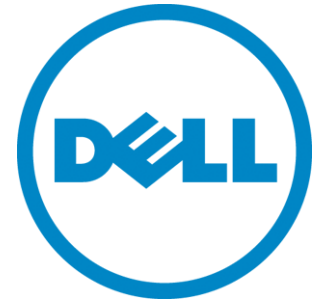
Chairman and CEO

Brian Gladden

SVP, Chief Financial Officer

Steve Felice

President, Chief Commercial Officer



May 22, 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 mix shift, macroeconomic uncertainty, organic and inorganic investments and success relating to strategic transformation, as well as the financial guidance with respect to 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 reliance on third-party suppliers for product components, including reliance on several single-sourced or limited-sourced suppliers; Dell's ability to achieve favorable pricing from its vendors; weak global economic conditions and instability in financial markets; Dell's ability to manage effectively the change involved in implementing strategic initiatives; successful implementation of Dell's acquisition strategy; Dell's cost-efficiency measures; Dell's ability to effectively manage periodic product and services transitions; Dell's ability to deliver consistent quality products and services; Dell's ability to generate substantial non-U.S. net revenue; Dell's product, customer, and geographic sales mix, and seasonal sales trends; the performance of Dell's sales channel partners; access to the capital markets by Dell or its customers; weak economic conditions and additional regulation affecting our financial services activities; counterparty default; 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; loss of government contracts; Dell's ability to obtain licenses to intellectual property developed by others on commercially reasonable and competitive terms; infrastructure disruptions; cyber attacks or other data security breaches; Dell's ability to hedge effectively its exposure to fluctuations in foreign currency exchange rates and interest rates; expiration of tax holidays or favorable tax rate structures, or unfavorable outcomes in tax audits and other compliance matters; impairment of portfolio investments; unfavorable results of legal proceedings; 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 February 3, 2012. In particular, Dell's expectations with regard to second quarter revenue amounts 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, and continued geographic customer demand trends. 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 fiscal year ended February 3, 2012. 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 1Q FY13

1Q Earnings Review

Brian Gladden

SVP, Chief Financial Officer



1Q FY13 Consolidated GAAP Results

Consolidated GAAP P&L¹

\$ in Millions - except Units and EPS

	1Q'12	4Q'12	1Q'13	Y/Y Growth	Seq Growth
Units (thousands)	10,918	12,050	10,644	-3%	-12%
Revenues	15,017	16,031	14,422	-4%	-10%
Gross Margin	3,432	3,385	3,067	-11%	-9%
<i>GM % of revenue</i>	22.9%	21.1%	21.3%	-160 bps	20 bps
Operating Expenses	2,220	2,454	2,243	1%	-9%
<i>Opex % of revenue</i>	14.8%	15.3%	15.6%	80 bps	30 bps
Operating Income	1,212	931	824	-32%	-11%
<i>OpInc % of revenue</i>	8.1%	5.8%	5.7%	-240 bps	-10 bps
Income Before Taxes	1,170	907	792	-32%	-13%
Income Tax	225	143	157	-30%	9%
<i>Effective Tax Rate %</i>	19.2%	15.8%	19.8%	60 bps	400 bps
Net Income	945	764	635	-33%	-17%
<i>NI % of revenue</i>	6.3%	4.8%	4.4%	-190 bps	-40 bps
Diluted EPS	\$0.49	\$0.43	\$0.36	-27%	-16%

¹Percentages and ratios are calculated based on underlying data



1Q FY13 Non-GAAP Highlights

Growth refers to year-over-year

- Progress in transforming the company into an end-to-end solution provider
 - Enterprise Solutions & Services accounted for 31% of revenue and 50% of gross margin
 - Dell-owned IP storage grew +24%
 - Announced 5 acquisitions and closed 3 year-to-date, driving higher value mix and predictability
- Delivered revenue of \$14.4B, down -4%
- Gross margin was 22.0%, up +30bps sequentially and down -140bps Y/Y
- Operating expenses declined -\$183M or -8% sequentially; operating expense percent increased +40bps sequentially to 15.0%
- Operating income was \$1.01B, or 7.0% of revenue
- Earnings per share declined -22% to \$0.43
- Cash from operations was -\$138M; \$4.9B trailing twelve months



1Q FY13 Consolidated Non-GAAP Results

Revenue Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

	1Q'12	4Q'12	1Q'13	Y/Y Growth	Seq Growth
Units (thousands)	10,918	12,050	10,644	-3%	-12%
Revenues	15,017	16,031	14,422	-4%	-10%
Gross Margin	3,511	3,483	3,167	-10%	-9%
<i>GM % of revenue</i>	23.4%	21.7%	22.0%	-140 bps	30 bps
Operating Expenses	2,135	2,340	2,157	1%	-8%
<i>Opex % of revenue</i>	14.2%	14.6%	15.0%	80 bps	40 bps
Operating Income	1,376	1,143	1,010	-27%	-12%
<i>OpInc % of revenue</i>	9.2%	7.1%	7.0%	-220 bps	-10 bps
Income Before Taxes	1,334	1,119	978	-27%	-13%
Income Tax	284	206	217	-24%	5%
<i>Effective Tax Rate %</i>	21.3%	18.4%	22.2%	90 bps	380 bps
Net Income	1,050	913	761	-28%	-17%
<i>NI % of revenue</i>	7.0%	5.7%	5.3%	-170 bps	-40 bps
Diluted EPS	\$0.55	\$0.51	\$0.43	-22%	-16%

Growth refers to year-over-year

- Delivered revenue of \$14.4B, down -10% sequentially and down -4% Y/Y
- Enterprise Solutions and Services up +2%; up +5% when you exclude non-Dell Storage
- Revenue dynamics:
 - Good growth in SMB, China and Services
 - Weaker demand in Public, EMEA and Consumer
 - Opportunity to improve Dell execution

¹Percentages and ratios are calculated based on underlying data



1Q FY13 Consolidated Non-GAAP Results

Gross Margin Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

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Diluted EPS	\$0.55	\$0.51	\$0.43	-22%	-16%

Growth refers to sequential

- Gross margin was 22.0%, up +30bps sequentially and down -140bps Y/Y
- Margin increase driven by:
 - Improvement in ES&S margin – particularly Services
 - Mix shift to enterprise solutions and services and to Commercial from Consumer
- Challenging pricing environment in client products

¹Percentages and ratios are calculated based on underlying data



1Q FY13 Consolidated Non-GAAP Results

Operating Expense Detail

Consolidated P&L¹

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Growth refers to sequential

- Operating expenses were \$2.16B, down \$183M sequentially (down -8%)
- Operating expense decline driven by:
 - 1 less week in 1Q FY13 vs. 4Q FY12
 - Reduction in G&A expense and sales compensation
- R&D investment up +23% Y/Y; over \$900M annual run rate
- Operating expense % was 15.0%, up +40bps, driven by revenue decline
- Operating income of \$1.0B, down -10bps to 7.0% as a percent of revenue



1Q FY13 Consolidated Non-GAAP Results

Interest & Other Income, Taxes, and Diluted weighted average shares Detail

Consolidated P&L¹

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Growth refers to year-over-year

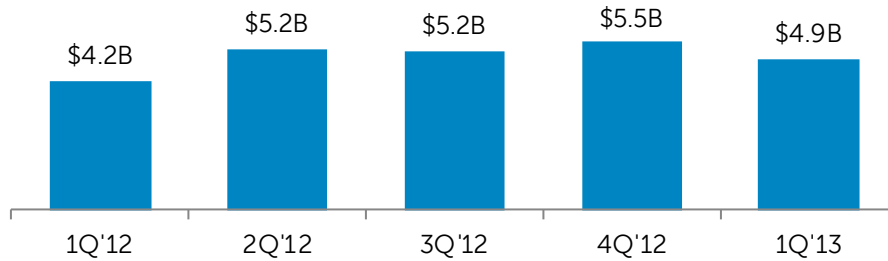
- Interest & other income of -\$32M, driven by increase in investment income
- Tax rate of 22.2%, maintaining full year rate outlook of 19-21%
- Repurchased \$300M or 17M shares of stock in 1Q at an average price of \$17.43
- Diluted weighted average shares down -149M Y/Y, down -8%
- EPS down -22% to \$0.43

¹Percentages and ratios are calculated based on underlying data



1Q FY13 Cash Flow / Capital Allocation

Cash Flow from Operations¹



Free Cash Flow^{1,2}



¹Trailing Twelve Months

²Cash flow from operations less capital expenditures and excluding financing receivables

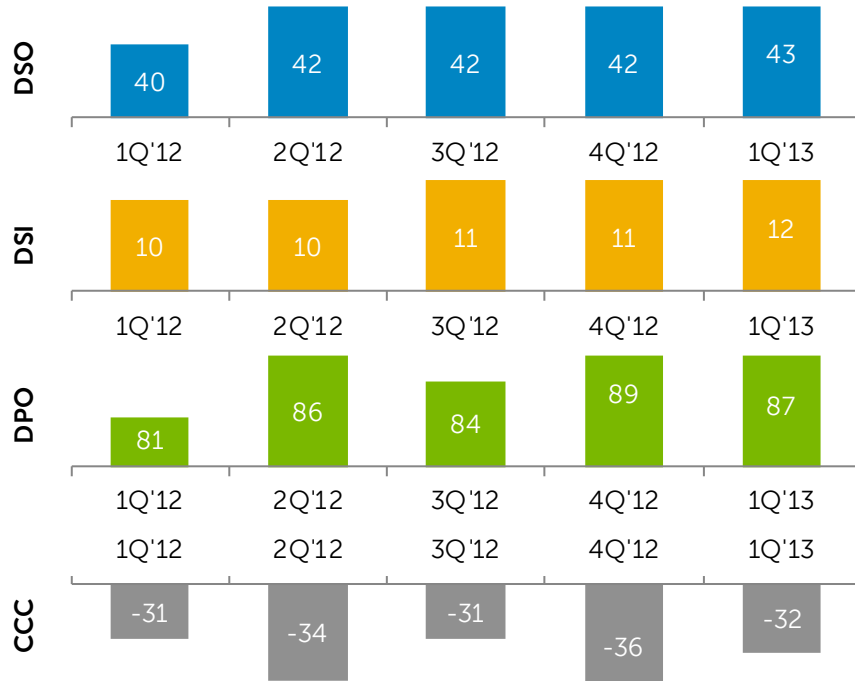
Growth refers to year-over-year

- Cash flow from operations of -\$138M; \$4.9B trailing twelve months
- Decline in cash flow from operations driven by typical seasonality and accounts payable impact from revenue decline coupled with the 14th week in 4Q
- Capital expenditures of \$142M; \$680M trailing twelve months
- Free cash flow of -\$351M; \$4.6B trailing twelve months
- Ended 1Q with \$17.2B cash and investments
- Acquired AppAssure and Clarity Solutions
 - Closed acquisition of SonicWALL in early Q2
 - Expect to close acquisition of Wyse Technology and Make Technologies in Q2



1Q FY13 Working Capital

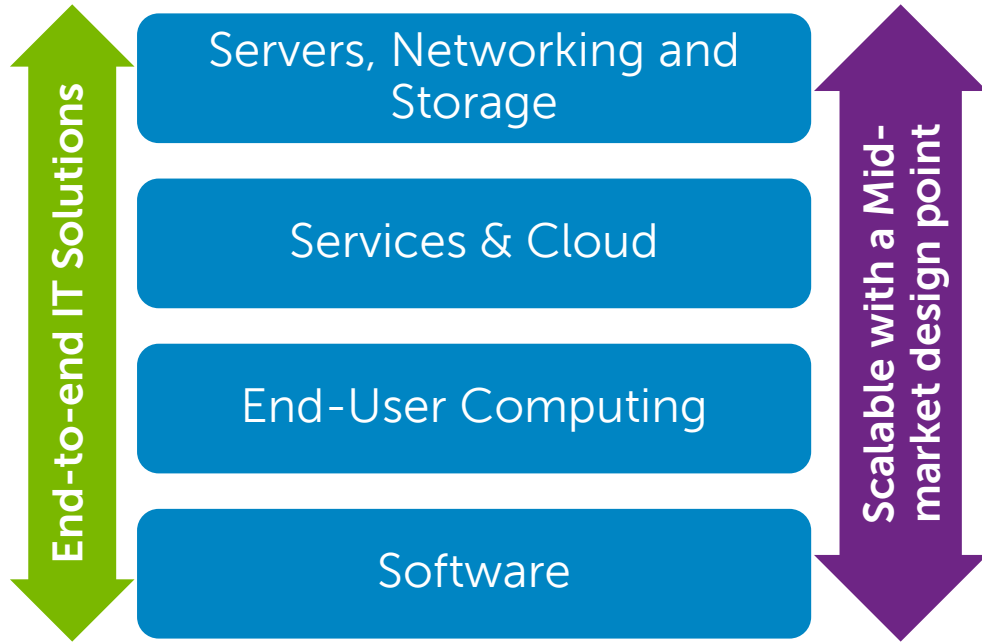
Cash Conversion Cycle (CCC)



- Days sales outstanding up +1 day sequentially to 43 days, driven by payment mix
- Days sales of inventory up +1 day sequentially to 12 days, driven by decrease in COGS
- Days payables outstanding down -2 days sequentially to 87 days, driven by 1 less week in 1Q FY13 vs. 4Q FY12
- Cash conversion cycle up +4 days sequentially to -32 days
- Expect cash conversion cycle to remain in mid -30 day range



Committed to our Strategic Priorities



Growth refers to year-over-year

- Enterprise solutions and services revenue up +2% to \$4.5B; up +5% when you exclude non-Dell Storage
- Servers and Networking revenue up +2% with accretive margins
- Dell-owned IP storage revenue up +24% to \$423M; Total storage revenue down -8%
- Services revenue up +4% to \$2.1B; Services backlog up +9% to \$15.4B
- Acquisition of SonicWALL and AppAssure enhance Dell's security solution portfolio
- Pending acquisition Wyse Technology will position Dell as an industry leader in client virtualization



1Q FY13 Line of Business Results

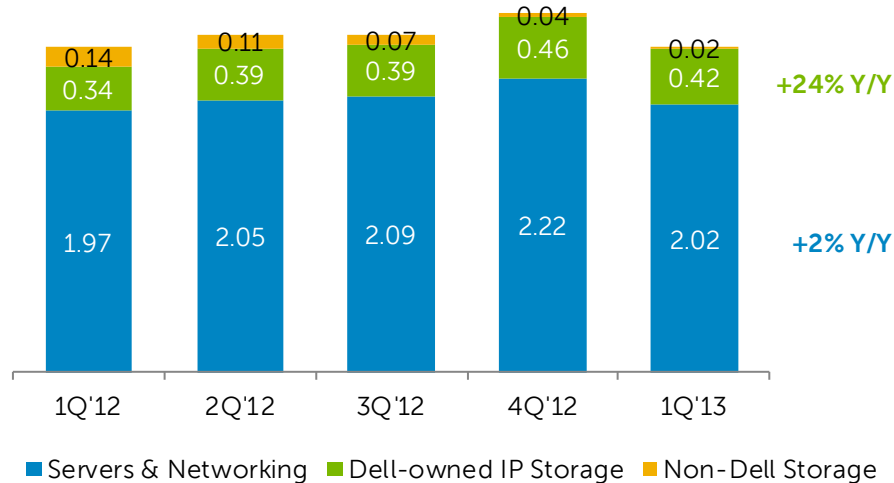
LOB Revenue Trends

	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	
Revenue	Servers & Networking	1,973	2,054	2,089	2,220	2,017
	Storage	481	502	460	500	444
	<i>Dell-owned IP</i>	<i>341</i>	<i>393</i>	<i>388</i>	<i>463</i>	<i>423</i>
	Services	1,984	2,036	2,123	2,179	2,071
	S&P	2,567	2,569	2,528	2,558	2,386
	Mobility	4,716	4,761	4,750	4,877	4,236
	Desktop PCs	3,296	3,736	3,415	3,697	3,268
	Total	15,017	15,658	15,365	16,031	14,422
Q/Q Growth	Servers & Networking	-6%	4%	2%	6%	-9%
	Storage	-16%	4%	-8%	9%	-11%
	<i>Dell-owned IP</i>	<i>-2%</i>	<i>15%</i>	<i>-1%</i>	<i>19%</i>	<i>-9%</i>
	Services	2%	3%	4%	3%	-5%
	S&P	-3%	0%	-2%	1%	-7%
	Mobility	-3%	1%	0%	3%	-13%
	Desktop PCs	-8%	13%	-9%	8%	-12%
	Total	-4%	4%	-2%	4%	-10%
Y/Y Growth	Servers & Networking	11%	9%	13%	6%	2%
	Storage	-13%	-20%	-15%	-13%	-8%
	<i>Dell-owned IP</i>	<i>11%</i>	<i>15%</i>	<i>23%</i>	<i>33%</i>	<i>24%</i>
	Services	5%	6%	10%	12%	4%
	S&P	3%	1%	-2%	-4%	-7%
	Mobility	3%	1%	-2%	1%	-10%
	Desktop PCs	-8%	-3%	-6%	3%	-1%
	Total	1%	1%	0%	2%	-4%



1Q FY13 Servers, Networking & Storage

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



Growth refers to year-over-year

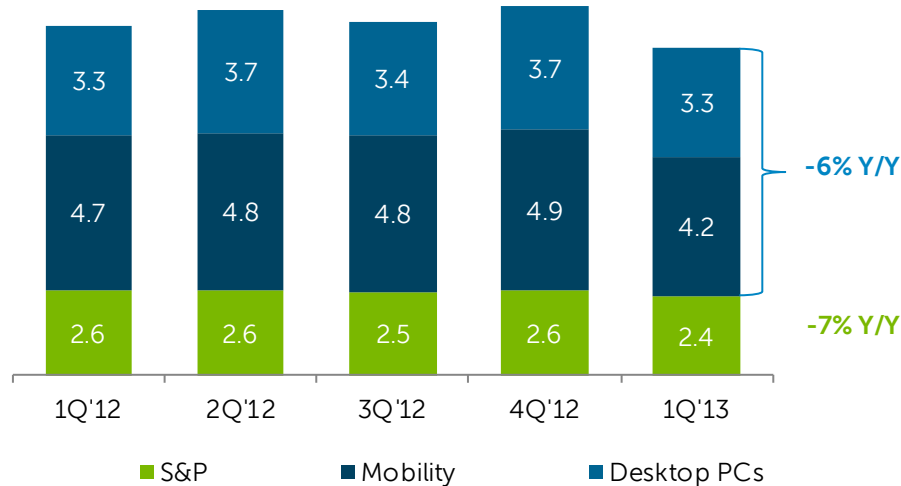
- Server and networking revenue up +2%; strong demand for next generation servers
- Virtualization momentum continues, particularly evident in SMB with server and networking growth of +16% Y/Y
- Networking revenue up +115%, driven by acquisition of Force 10 (+69% sequentially) and PowerConnect growth of +46%
- Dell-owned IP storage revenue up +24%, driven by Compellent and EqualLogic
- Dell-owned IP storage now accounts for over 95% of total storage revenue; non-Dell storage down \$119M to \$21M

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



1Q FY13 End User Computing and Software & Peripherals

End User Computing and S&P (\$ in Billions)



Growth refers to year-over-year

- Mobility revenue down -10%, driven by:
 - Challenging competitive environment, particularly in lower value systems and in emerging markets
 - Consumer shift to smartphones/tablets
- Strategy continues to shift mix to higher value systems
- XPS notebook revenue up +33% at higher margin than remaining notebook business
- Desktop PC revenue down -1%
- S&P revenue down -7%, driven by continued pruning of non-strategic elements of the portfolio

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



1Q FY13 Services Reporting Structure

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

Reclassification Details

- In 1Q FY13, Dell transitioned to a new reporting structure for our Services business
- Previously, Services was organized based on how we engaged with our customers (transactional, outsourcing, or project basis)
- Going forward, Dell Services will be organized based on the type of work we do for our customers
- This change reinforces our customer-centric focus and commitment to developing and delivering innovative solutions



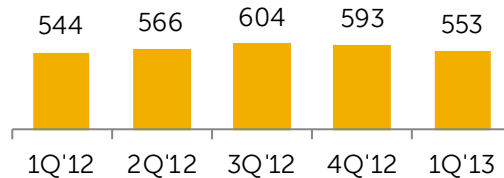
1Q FY13 Services, Security and Cloud

Support & Deployment (Revenue \$ in Millions)



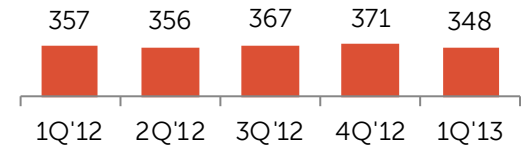
- Revenue up +8% Y/Y to \$1.2B, driven by growth with commercial customers
- Strong demand for imaging services (Custom Factory Integration)
- Deferred extended warranties up +7% Y/Y to \$7.0B

Infrastructure, Cloud & Security (Revenue \$ in Millions)



- Revenue up +2% Y/Y to \$553M, driven by 31% growth in security business
- Estimated contracted services backlog was \$8.3B, up +11% Y/Y

Applications & BPO (Revenue \$ in Millions)



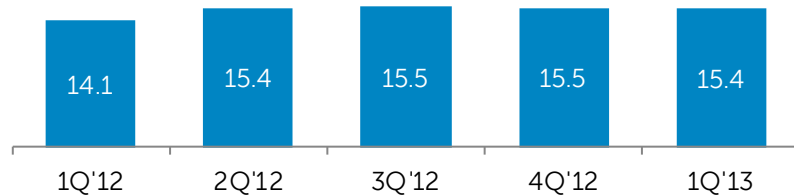
- Revenue down -3% Y/Y to \$348M, driven by project ends and a slower pace of new sales
- Investing in the business to develop capabilities and reignite the sales pipeline



1Q FY13 Services, Security and Cloud

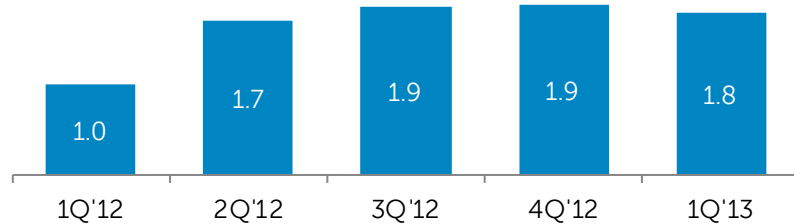
Services Backlog

(\$ in Billions)



TTM New Contract Signings

(\$ in Billions)



Growth refers to year-over-year

- Services backlog up +9% to \$15.4B
- Trailing twelve months new contract signings up +79% to \$1.8B
- Improved profitability
 - Improved cost structure
 - Increased attach rates
- In the last 4 quarters, opened 11 Solution Centers in all three major geographies; expect to open 1 more in next 3 months
- Dell SecureWorks recognized as “Leader” in Gartner’s Magic Quadrant for Managed Security Services Providers, North America, 2011



Segment Recast

- In 1Q FY13, Dell recast certain segments of operations to conform with how we internally manage performance
- The recast impacted all of Dell's segments, but primarily consisted of the transfer of small office business customers from the Small & Medium Business segment to the Consumer segment
- Small office business customers (1-9 employees), have purchasing habits much more aligned with Consumer customers versus Small & Medium Business customers
- As a result, Dell will be able to more effectively and efficiently address the needs of these customers
- We have recast our operating results for FY11 and FY12 to provide visibility and comparability. Please reference the supplemental information provided with the financial statements for additional details on the segment recast
- None of these changes impact Dell's previously reported consolidated net revenue, gross margin, operating income, net income, or earnings per share



Dell 1Q FY13 Business Results

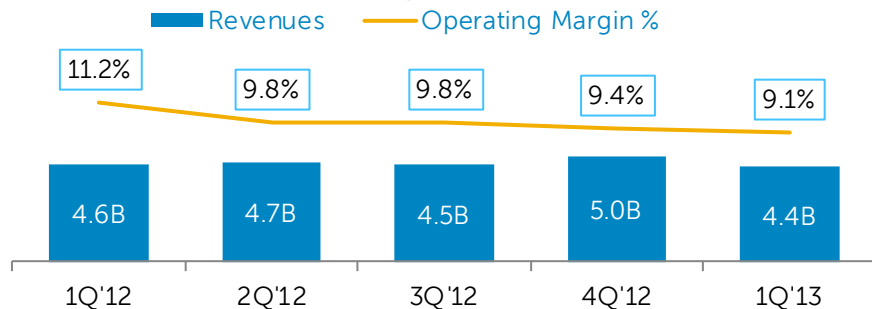
Steve Felice

President, Chief Commercial Officer



1Q FY13 Large Enterprise

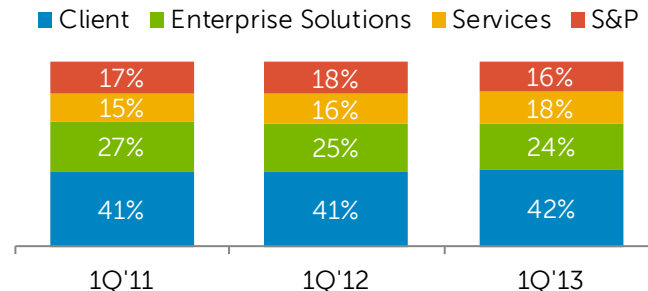
Revenue & Operating Income



Large Enterprise P&L

\$ in Millions	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Revenues	4,587	4,677	4,540	4,982	4,436
Sequential Growth, %	-4%	2%	-3%	10%	-11%
Y/Y Growth, %	6%	1%	3%	5%	-3%
Operating Income	516	460	446	467	402
Operating Margin, %	11.2%	9.8%	9.8%	9.4%	9.1%
Sequential Growth, bps	50 bps	-140 bps	0 bps	-40 bps	-30 bps
Y/Y Growth, bps	450 bps	350 bps	70 bps	-130 bps	-210 bps

Revenue Mix

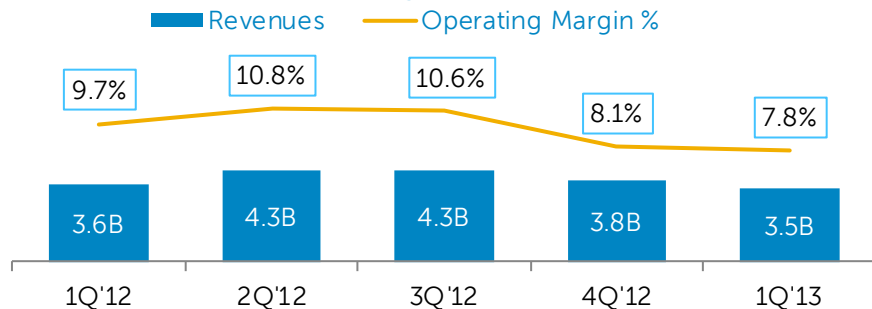


- Revenue down -3% Y/Y to \$4.4B, driven by weakness in developed markets (down -6%)
- Seeing good pipeline, but some customers are delaying their IT spending
- Services was up +9% Y/Y; all other lines of business were down
- Operating income down sequentially as opex reductions didn't fully mitigate revenue decline



1Q FY13 Public

Revenue & Operating Income

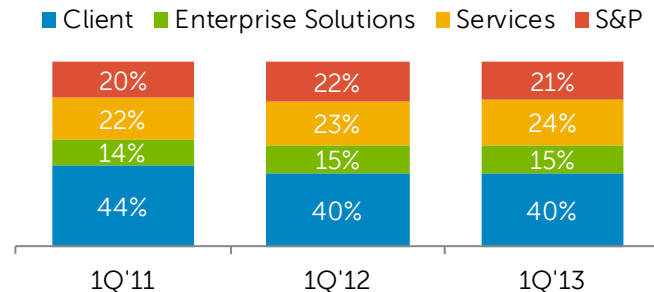


Public P&L

\$ in Millions

	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Revenues	3,621	4,329	4,287	3,833	3,466
Sequential Growth, %	-6%	20%	-1%	-11%	-10%
Y/Y Growth, %	-2%	-3%	-1%	-1%	-4%
Operating Income	352	466	454	312	271
Operating Margin, %	9.7%	10.8%	10.6%	8.1%	7.8%
Sequential Growth, bps	60 bps	110 bps	-20 bps	-250 bps	-30 bps
Y/Y Growth, bps	210 bps	270 bps	20 bps	-100 bps	-190 bps

Revenue Mix

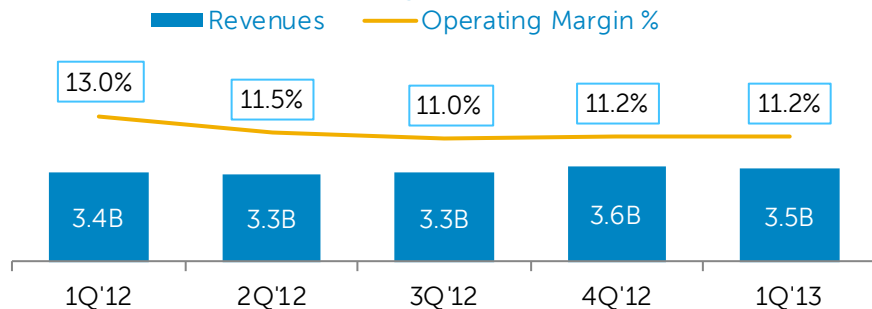


- Revenue down -4% Y/Y to \$3.5B, driven by continued spending pressures
- Seeing improvement in US Federal spending; K12 and Healthcare lower than expected
- Operating income of \$271M down -30bps sequentially to 7.8% as a percent of revenue



1Q FY13 Small & Medium Business

Revenue & Operating Income

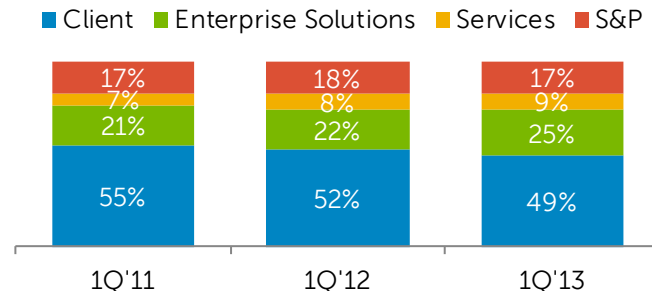


SMB P&L

\$ in Millions

	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Revenues	3,355	3,306	3,326	3,560	3,477
Sequential Growth, %	3%	-1%	1%	7%	-2%
Y/Y Growth, %	8%	7%	5%	10%	4%
Operating Income	435	380	367	399	389
Operating Margin, %	13.0%	11.5%	11.0%	11.2%	11.2%
Sequential Growth, bps	10 bps	-150 bps	-50 bps	20 bps	0 bps
Y/Y Growth, bps	330 bps	180 bps	-50 bps	-170 bps	-180 bps

Revenue Mix

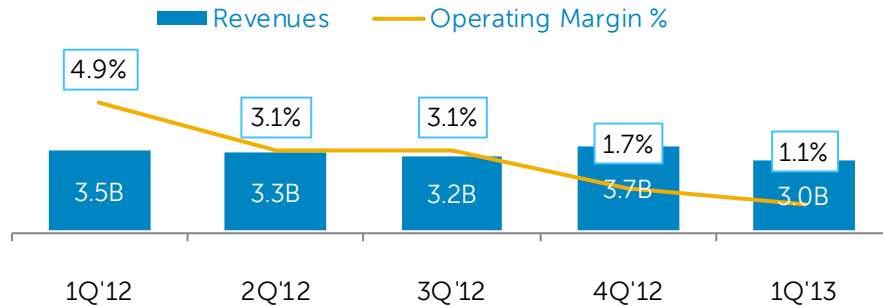


- Revenue up +4% Y/Y to \$3.5B, with growth across all 3 regions led by APJ (+10% Y/Y)
- Enterprise solutions and services grew +17% Y/Y, led by Services growth of +23% Y/Y
- Operating income of \$389M flat sequentially to 11.2% as a percent of revenue



1Q FY13 Consumer

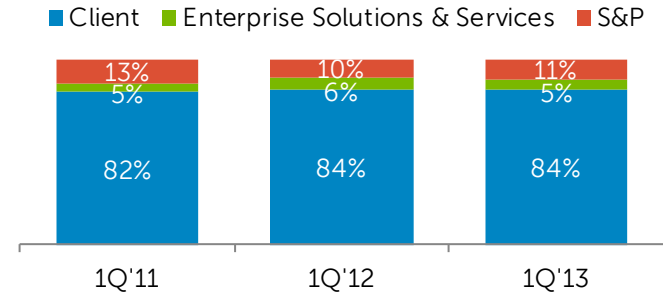
Revenue & Operating Income



Consumer P&L

\$ in Millions	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Revenues	3,454	3,346	3,212	3,656	3,043
Sequential Growth, %	-10%	-3%	-4%	14%	-17%
Y/Y Growth, %	-7%	-1%	-8%	-4%	-12%
Operating Income	170	103	99	61	32
Operating Margin, %	4.9%	3.1%	3.1%	1.7%	1.1%
Sequential Growth, bps	210 bps	-180 bps	0 bps	-140 bps	-60 bps
Y/Y Growth, bps	390 bps	280 bps	230 bps	-110 bps	-380 bps

Revenue Mix

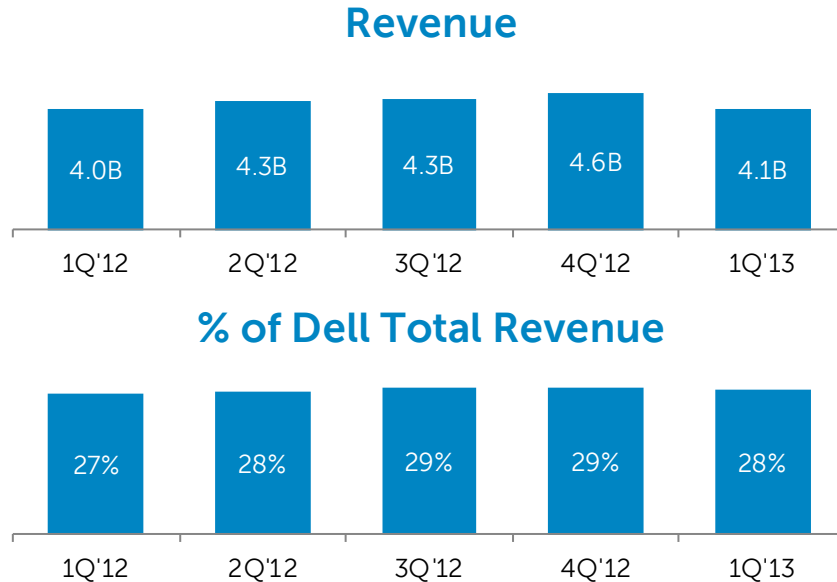


- Revenue down -12% Y/Y to \$3.0B as we limited our participation in profit challenged, entry level systems
- Consumers are prioritizing constrained budgets to purchase smartphones / tablets
- Operating income of \$32M down -60bps sequentially to 1.1% as a percent of revenue



1Q FY13 Growth Markets and Regional Dynamics

Growth Markets¹



Growth refers to year-over-year

Growth Markets and BRIC Dynamics

- Growth market revenue flat Y/Y, account for 28% of total revenue
- Navigated more cautiously in 1Q; optimized for profit given economic uncertainty
- BRIC countries revenue up +4%; (Brazil up +1%, Russia up +95%, India down -14%, China up +9%)

Regional Dynamics

- APJ and EMEA revenue flat and down -1%, respectively, while Americas was down -7%
- Revenue outside of the U.S. was 52% of our total mix

¹ Growth Markets exclude US, Canada, Western Europe and Japan



Dell 1Q FY13 FY13 Quarterly and Full-year Outlook

Brian Gladden

SVP, Chief Financial Officer



Outlook

Full Year FY13

- We continue to make progress in our Enterprise Solutions and Services businesses
- Based on the uncertain environment and our 1st quarter results we expect to update our full year guidance on the 2nd quarter earnings call in August

Q2 FY13

- Expect revenue to be in line with historical sequential growth of +2-4%, driven by Public business seasonality



1Q FY13 Corporate Responsibility

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

Our Planet

- Held a public electronic recycling drive in observance of Earth Day
- Participated on the "GoGreen Austin" panel highlighting the importance of integrating sustainable business practices to help customers and drive employee retention
- Launched the Planet Employee Resource Group (ERG) to connect team members interested in discussing the importance of environmental sustainability

Our Communities & Our People

- Opened the Red Cross Digital Operations Center, the first social media operations center dedicated to humanitarian relief efforts
- Participated in a keynote at the International Corporate Citizen Conference highlighting how Dell is revolutionizing the approach to corporate responsibility
- Opened the youth learning grant program in the US
- Named 26th on DiversityInc.'s list of "Top 50 Companies for Diversity & Inclusion"
- Named 37th on Corporate Responsibility Magazine's "Top 100 Best Corporate Citizens"
- Selected as a "Top 50 Organizations for Multicultural Business Opportunities"



Dell 1Q FY13

Supplemental Non-GAAP Measures



Supplemental Non-GAAP Measures

(\$ millions, except per share data)

	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13
GAAP Net Income	341	545	822	927	2,635	945	890	893	764	3,492	635
GAAP EPS	0.17	0.28	0.42	0.48	1.35	0.49	0.48	0.49	0.43	1.88	0.36
<u>Non-GAAP adjustments:</u>											
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76
Other ¹	140	0	(72)	0	68	0	0	0	0	0	0
Aggregate Tax-adjustments	(62)	(43)	(18)	(50)	(173)	(59)	(66)	(56)	(63)	(244)	(60)
Total adjustments to Net Income	243	84	53	91	471	105	116	90	149	460	126
Total adjustments to EPS - diluted	0.13	0.04	0.03	0.05	0.24	0.06	0.06	0.05	0.08	0.25	0.07
Non-GAAP Net Income	584	629	875	1,018	3,106	1,050	1,006	983	913	3,952	761
Non-GAAP EPS	0.30	0.32	0.45	0.53	1.59	0.55	0.54	0.54	0.51	2.13	0.43
<u>Percentage of Total Net Revenue:</u>											
GAAP Net Income	2.3%	3.5%	5.3%	5.9%	4.3%	6.3%	5.7%	5.8%	4.8%	5.6%	4.4%
Non-GAAP adjustments	1.6%	0.5%	0.4%	0.6%	0.8%	0.7%	0.7%	0.6%	0.9%	0.8%	0.9%
Non-GAAP Net Income	3.9%	4.0%	5.7%	6.5%	5.1%	7.0%	6.4%	6.4%	5.7%	6.4%	5.3%

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



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13
GAAP Gross Margin	2,516	2,586	3,003	3,291	11,396	3,432	3,525	3,469	3,385	13,811	3,067
<u>Non-GAAP adjustments:</u>											
Amortization of intangibles	68	70	71	69	278	71	74	77	83	305	88
Severance & facility actions and Acquisition-related	30	15	4	8	57	8	26	0	15	49	12
Total adjustments to Gross Margin	98	85	75	77	335	79	100	77	98	354	100
Non-GAAP Gross Margin	2,614	2,671	3,078	3,368	11,731	3,511	3,625	3,546	3,483	14,165	3,167
<u>Percentage of Total Net Revenue:</u>											
<i>GAAP Gross Margin</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>21.3%</i>
<i>Non-GAAP adjustments</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>0.7%</i>
<i>Non-GAAP Gross Margin</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>	<i>22.0%</i>



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13
GAAP operating expenses	1,997	1,841	1,979	2,146	7,963	2,220	2,379	2,327	2,454	9,380	2,243
<u>Non-GAAP adjustments:</u>											
Amortization of intangibles	(20)	(17)	(18)	(16)	(71)	(21)	(21)	(23)	(21)	(86)	(22)
Severance & facility actions and Acquisition-related	(47)	(25)	(50)	(48)	(170)	(64)	(61)	(46)	(93)	(264)	(64)
Other ¹	(140)	0	0	0	(140)	0	0	0	0	0	0
Total adjustments to opex	(207)	(42)	(68)	(64)	(381)	(85)	(82)	(69)	(114)	(350)	(86)
Non-GAAP operating expenses	1,790	1,799	1,911	2,082	7,582	2,135	2,297	2,258	2,340	9,030	2,157
<u>Percentage of Total Net Revenue:</u>											
GAAP operating expenses	13.4%	11.8%	12.8%	13.7%	12.9%	14.8%	15.2%	15.2%	15.3%	15.2%	15.6%
Non-GAAP adjustments	-1.4%	-0.2%	-0.4%	-0.4%	-0.6%	-0.6%	-0.5%	-0.5%	-0.7%	-0.7%	-0.6%
Non-GAAP operating expenses	12.0%	11.6%	12.4%	13.3%	12.3%	14.2%	14.7%	14.7%	14.6%	14.5%	15.0%

¹ \$40M Legal Settlement and a \$100M SEC Settlement



Supplemental Non-GAAP Measures

(\$ millions)	1Q'11	2Q'11	3Q'11	4Q'11	FY11	1Q'12	2Q'12	3Q'12	4Q'12	FY12	1Q'13
GAAP operating income	519	745	1,024	1,145	3,433	1,212	1,146	1,142	931	4,431	824
<u>Non-GAAP adjustments:</u>											
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76
Other ¹	140	0	0	0	140	0	0	0	0	0	0
Total adjustments to opinc	305	127	143	141	716	164	182	146	212	704	186
Non-GAAP operating income	824	872	1,167	1,286	4,149	1,376	1,328	1,288	1,143	5,135	1,010
<u>Percentage of Total Net Revenue:</u>											
GAAP operating income	3.5%	4.8%	6.7%	7.3%	5.6%	8.1%	7.3%	7.4%	5.8%	7.1%	5.7%
Non-GAAP adjustments	2.0%	0.8%	0.9%	0.9%	1.1%	1.1%	1.2%	1.0%	1.3%	1.2%	1.3%
Non-GAAP operating income	5.5%	5.6%	7.6%	8.2%	6.7%	9.2%	8.5%	8.4%	7.1%	8.3%	7.0%

¹ \$40M Legal Settlement and a \$100M SEC Settlement



Supplemental Non-GAAP Measures

(\$ millions)

	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13
Net TTM Free Cash Flow									
Cash flow from operations	3,383	3,642	3,754	3,969	4,196	5,235	5,173	5,527	4,924
Capital expenditures	(333)	(379)	(402)	(444)	(535)	(549)	(670)	(675)	(680)
Financing receivables	1,266	1,119	988	709	480	375	412	372	322
Net TTM Free Cash Flow	4,316	4,382	4,340	4,234	4,141	5,061	4,915	5,224	4,566
Net Free Cash Flow									
Cash flow from operations	238	1,335	913	1,483	465	2,374	851	1,837	(138)
Capital expenditures	(46)	(145)	(93)	(160)	(137)	(159)	(214)	(165)	(142)
Financing receivables	208	205	46	250	(21)	100	83	210	(71)
Net Free Cash Flow	400	1,395	866	1,573	307	2,315	720	1,882	(351)

