

DELL INC.

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

Income Statement:

Net revenue

Sequential Growth

Y/Y Growth

Cost of revenue

Gross margin

SG&A

R&D

Total operating expenses

Operating income

Investment and other income, net

Income before taxes

Income tax provision

Net income

Sequential Growth

Y/Y Growth

EPS:

Basic

Diluted

Cash dividends declared per common share

Weighted Average Shares Outstanding:

Basic

Diluted

Percentage of Net Revenue:

Gross margin

Selling, general and administrative

Research, development and engineering

Total operating expenses

Operating income

Income before income taxes

Net income

Income tax rate

Revenues by Business Unit: ^a

Global Large Enterprise

Global Public

Global Small and Medium Business

Global Consumer

Operating income by Business Unit:

Global Large Enterprise

Global Public

Global Small and Medium Business

Global Consumer

Revenues by product:

Servers and Networking

Storage

Services

Software & Peripherals

Mobility

Desktop PCs

	Prior Quarter Results				
	Q3-FY12	Q4-FY12	Q1-FY13	Q2-FY13	Q3-FY13
Net revenue	\$ 15,365	\$ 16,031	\$ 14,422	\$ 14,483	\$ 13,721
Sequential Growth	-2%	4%	-10%	0%	-5%
Y/Y Growth	0%	2%	-4%	-8%	-11%
Cost of revenue	11,896	12,646	11,355	11,345	10,849
Gross margin	3,469	3,385	3,067	3,138	2,872
SG&A	2,107	2,218	2,009	1,976	2,013
R&D	220	236	234	261	270
Total operating expenses	2,327	2,454	2,243	2,237	2,283
Operating income	1,142	931	824	901	589
Investment and other income, net	(70)	(24)	(32)	(63)	(38)
Income before taxes	1,072	907	792	838	551
Income tax provision	179	143	157	106	76
Net income	893	764	635	732	475
Sequential Growth	0%	-14%	-17%	15%	-35%
Y/Y Growth	9%	-18%	-33%	-18%	-47%

	Prior Annual Results		
	FY10	FY11	FY12
Net revenue	\$ 52,902	\$ 61,494	\$ 62,071
Sequential Growth	-13%	16%	1%
Y/Y Growth	-13%	16%	1%
Cost of revenue	43,641	50,098	48,260
Gross margin	9,261	11,396	13,811
SG&A	6,465	7,302	8,524
R&D	624	661	856
Total operating expenses	7,089	7,963	9,380
Operating income	2,172	3,433	4,431
Investment and other income, net	(148)	(83)	(191)
Income before taxes	2,024	3,350	4,240
Income tax provision	591	715	748
Net income	1,433	2,635	3,492
Sequential Growth	-42%	84%	33%
Y/Y Growth	-42%	84%	33%

Basic	\$ 0.49	\$ 0.43	\$ 0.36	\$ 0.42	\$ 0.27
Diluted	\$ 0.49	\$ 0.43	\$ 0.36	\$ 0.42	\$ 0.27
Cash dividends declared per common share	\$ -	\$ -	\$ -	\$ -	\$ 0.08

Basic	\$ 0.73	\$ 1.36	\$ 1.90
Diluted	\$ 0.73	\$ 1.35	\$ 1.88
Cash dividends declared per common share	\$ -	\$ -	\$ -

Basic	1,813	1,778	1,759	1,747	1,735
Diluted	1,828	1,796	1,774	1,753	1,742

Basic	1,954	1,944	1,838
Diluted	1,962	1,955	1,853

Gross margin	22.6%	21.1%	21.3%	21.6%	20.9%
Selling, general and administrative	13.8%	13.8%	13.9%	13.6%	14.7%
Research, development and engineering	1.4%	1.5%	1.7%	1.8%	1.9%
Total operating expenses	15.2%	15.3%	15.6%	15.4%	16.6%
Operating income	7.4%	5.8%	5.7%	6.2%	4.3%
Income before income taxes	7.0%	5.7%	5.5%	5.8%	4.0%
Net income	5.8%	4.8%	4.4%	5.1%	3.5%
Income tax rate	16.7%	15.8%	19.8%	12.7%	13.8%

Gross margin	17.5%	18.5%	22.3%
Selling, general and administrative	12.2%	11.9%	13.7%
Research, development and engineering	1.2%	1.0%	1.5%
Total operating expenses	13.4%	12.9%	15.2%
Operating income	4.1%	5.6%	7.1%
Income before income taxes	3.8%	5.4%	6.8%
Net income	2.7%	4.3%	5.6%
Income tax rate	29.2%	21.3%	17.6%

Global Large Enterprise	15,365	16,031	14,422	14,483	13,721
Global Public	4,540	4,982	4,436	4,536	4,156
Global Small and Medium Business	4,287	3,833	3,466	4,065	3,824
Global Consumer	3,326	3,560	3,477	3,258	3,282
	3,212	3,656	3,043	2,624	2,459

Global Large Enterprise	52,902	61,494	62,071
Global Public	18,111	18,786	18,786
Global Small and Medium Business	16,377	16,070	16,070
Global Consumer	12,608	13,547	13,547
	14,398	13,668	13,668

Global Large Enterprise	1,366	1,239	1,094	1,208	961
Global Public	446	467	402	433	325
Global Small and Medium Business	454	312	271	379	352
Global Consumer	367	399	389	382	349
	99	61	32	14	(65)

Global Large Enterprise	3,327	4,499	5,487
Global Public	1,490	1,889	1,889
Global Small and Medium Business	1,446	1,584	1,584
Global Consumer	1,383	1,581	1,581
	180	433	433

Servers and Networking	15,365	16,031	14,422	14,483	13,721
Storage	2,089	2,220	2,017	2,332	2,322
Services	460	500	444	435	386
Software & Peripherals	2,123	2,179	2,071	2,106	2,107
Mobility	2,528	2,558	2,386	2,338	2,258
Desktop PCs	4,750	4,877	4,236	3,870	3,523
	3,415	3,697	3,268	3,402	3,125

Servers and Networking	52,902	61,494	62,071
Storage	6,032	7,609	8,336
Services	2,192	2,295	1,943
Software & Peripherals	5,622	7,673	8,322
Mobility	9,499	10,261	10,222
Desktop PCs	16,610	18,971	19,104
	12,947	14,685	14,144

^a Segment Results for Fiscal 2012 have been recast to conform to segment realignments that were completed during the first quarter of Fiscal 2013. See Supplemental Segment Information at the end of these financial tables for more information.

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

DELL INC.

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

	Prior Quarter Results					Prior Annual Results		
	Q3-FY12	Q4-FY12	Q1-FY13	Q2-FY13	Q3-FY13	FY10	FY11	FY12
GAAP gross margin	\$ 3,469	\$ 3,385	\$ 3,067	\$ 3,138	\$ 2,872	\$ 9,261	\$ 11,396	\$ 13,811
Non-GAAP adjustments:								
Amortization of intangibles	77	83	88	109	120	151	278	305
Severance and facility actions and acquisition-related	-	15	12	23	21	237	57	49
Non-GAAP gross margin	3,546	3,483	3,167	3,270	3,013	9,649	11,731	14,165
GAAP operating expenses	2,327	2,454	2,243	2,237	2,283	7,089	7,963	9,380
Non-GAAP adjustments:								
Amortization of intangibles	(23)	(21)	(22)	(41)	(45)	(54)	(71)	(86)
Severance and facility actions and acquisition-related	(46)	(93)	(64)	(49)	(111)	(360)	(170)	(264)
Other ⁽¹⁾	-	-	-	-	-	-	(140)	-
Non-GAAP operating expenses	2,258	2,340	2,157	2,147	2,127	6,675	7,582	9,030
GAAP operating income	1,142	931	824	901	589	2,172	3,433	4,431
Non-GAAP adjustments:								
Amortization of intangibles	100	104	110	150	165	205	349	391
Severance and facility actions and acquisition-related	46	108	76	72	132	597	227	313
Other ⁽¹⁾	-	-	-	-	-	-	140	-
Non-GAAP operating income	1,288	1,143	1,010	1,123	886	2,974	4,149	5,135
GAAP net income	893	764	635	732	475	1,433	2,635	3,492
GAAP earnings per common share - diluted	\$ 0.49	\$ 0.43	\$ 0.36	\$ 0.42	\$ 0.27	\$ 0.73	\$ 1.35	\$ 1.88
Non-GAAP adjustments:								
Amortization of intangibles	100	104	110	150	165	205	349	391
Severance and facility actions and acquisition-related	46	108	76	72	132	597	227	313
Other ⁽¹⁾	-	-	-	-	-	-	68	-
Aggregate adjustment for income taxes	(56)	(63)	(60)	(79)	(93)	(181)	(173)	(244)
Non-GAAP adjustments per common share - diluted	\$ 0.05	\$ 0.08	\$ 0.07	\$ 0.08	\$ 0.12	\$ 0.32	\$ 0.24	\$ 0.25
Non-GAAP net income	983	913	761	875	679	2,054	3,106	3,952
Non-GAAP earnings per common share - diluted	\$ 0.54	\$ 0.51	\$ 0.43	\$ 0.50	\$ 0.39	\$ 1.05	\$ 1.59	\$ 2.13
GAAP Diluted WAS	1,828	1,796	1,774	1,753	1,742	1,962	1,955	1,853

Percentage of Total Net Revenue:

	Q3-FY12	Q4-FY12	Q1-FY13	Q2-FY13	Q3-FY13	FY10	FY11	FY12
GAAP gross margin	22.6%	21.1%	21.3%	21.6%	20.9%	17.5%	18.5%	22.3%
Non-GAAP adjustment	0.5%	0.6%	0.7%	1.0%	1.1%	0.7%	0.6%	0.5%
Non-GAAP gross margin	23.1%	21.7%	22.0%	22.6%	22.0%	18.2%	19.1%	22.8%
GAAP operating expenses	15.2%	15.3%	15.6%	15.4%	16.6%	13.4%	12.9%	15.2%
Non-GAAP adjustment	-0.5%	-0.7%	-0.6%	-0.6%	-1.1%	-0.8%	-0.6%	-0.7%
Non-GAAP operating expenses	14.7%	14.6%	15.0%	14.8%	15.5%	12.6%	12.3%	14.5%
GAAP operating income	7.4%	5.8%	5.7%	6.2%	4.3%	4.1%	5.6%	7.1%
Non-GAAP adjustment	1.0%	1.3%	1.3%	1.6%	2.2%	1.5%	1.1%	1.2%
Non-GAAP operating income	8.4%	7.1%	7.0%	7.8%	6.5%	5.6%	6.7%	8.3%
GAAP net income	5.8%	4.8%	4.4%	5.1%	3.5%	2.7%	4.3%	5.6%
Non-GAAP adjustment	0.6%	0.9%	0.9%	0.9%	1.4%	1.2%	0.8%	0.8%
Non-GAAP net income	6.4%	5.7%	5.3%	6.0%	4.9%	3.9%	5.1%	6.4%

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

⁽¹⁾ Other for Q1 FY11 includes amounts for the \$100 million settlement of the SEC investigation and a \$40 million settlement for a securities litigation