
Dell 4Q FY13 Performance Review

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February 19, 2013

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 macroeconomic challenges, competitive pricing pressures, effects of our server business, and government demand) 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. Factors or risks that could cause our actual results to differ materially from the results we anticipate also include: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (2) the inability to complete the proposed merger due to the failure to obtain stockholder approval for the proposed merger or the failure to satisfy other conditions to completion of the proposed merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; (3) the failure to obtain the necessary financing arrangements set forth in the debt and equity commitment letters delivered pursuant to the merger agreement; (4) risks related to disruption of management's attention from the Company's ongoing business operations due to the transaction; and (5) the effect of the announcement of the proposed merger on the Company's relationships with its customers, operating results and business generally. 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.



Additional Information

Additional Information and Where to Find It

In connection with the proposed merger transaction, the Company will file with the SEC and furnish to the Company's stockholders a proxy statement and other relevant documents. These materials do not constitute a solicitation of any vote or approval. Stockholders are urged to read the proxy statement when it becomes available and any other documents to be filed with the SEC in connection with the proposed merger or incorporated by reference in the proxy statement because they will contain important information about the proposed merger.

Investors will be able to obtain a free copy of documents filed with the SEC at the SEC's website at <http://www.sec.gov>. In addition, investors may obtain a free copy of the Company's filings with the SEC from the Company's website at <http://content.dell.com/us/en/corp/investor-financial-reporting.aspx> or by directing a request to: Dell Inc. One Dell Way, Round Rock, Texas 78682, Attn: Investor Relations, (512) 728-7800, investor_relations@dell.com.

The directors, executive officers and certain other members of management and employees of the Company may be deemed "participants" in the solicitation of proxies from stockholders of the Company in favor of the proposed merger. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the stockholders of the Company in connection with the proposed merger will be set forth in the proxy statement and the other relevant documents to be filed with the SEC. You can find information about the Company's executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended February 3, 2012 and in its definitive proxy statement filed with the SEC on Schedule 14A on May 24, 2012.



Dell 4Q FY13 FY13 and 4Q Earnings Review

Brian Gladden

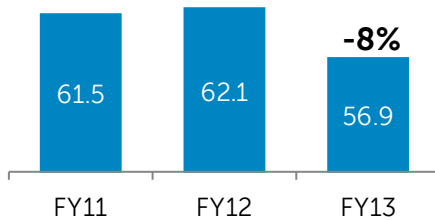
SVP, Chief Financial Officer



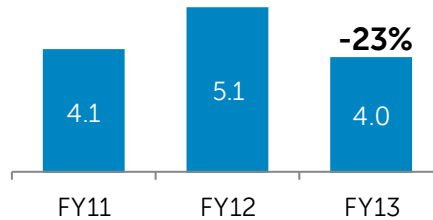
FY13 Non-GAAP Performance Review

Revenues

\$ Billions

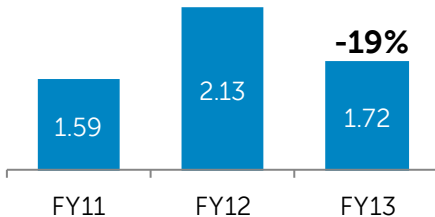


Operating Income

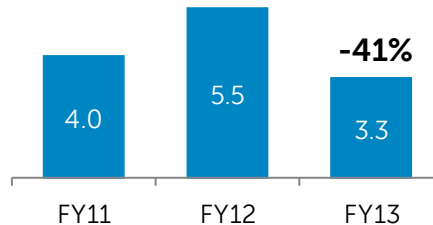


Non-GAAP EPS

\$ per share



CFOps



FY13 Highlights

Growth refers to year-over-year

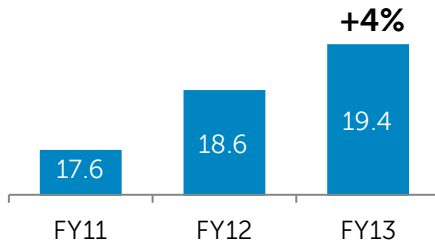
- Revenue of \$56.9B, down -8%
- Gross margin of \$12.7B, down -50bps to 22.3%
- Operating income of \$4.0B, down -23%
- Net Income of \$3.0B, down -24%
- EPS of \$1.72, down -19%
- CFOps of \$3.3B, down -41%



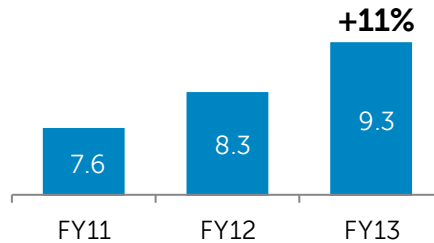
FY13 Line of Business Highlights

ES&S

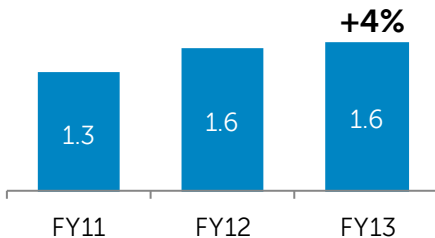
Revenue \$ Billions



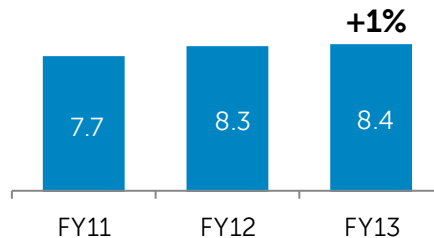
Servers & Networking



Dell-IP Storage



Services



FY13 LOB Highlights

Growth refers to year-over-year

- Enterprise Solutions and Services (ES&S) revenue up +4% to \$19.4B
 - Acquired AppAssure, Clarity Solutions, Gale Technologies, Make Technologies, Quest Software, SonicWALL, Credant Technologies, and Wyse Technology
- Servers & Networking revenue up +11% to \$9.3B
 - Networking revenue up +65%
- Dell-IP storage revenue up +4% to \$1.6B
- Services revenue up +1% to \$8.4B
 - Support & Deployment revenue up +5%



4Q FY13 Consolidated GAAP Results

Consolidated GAAP P&L¹

\$ in Millions - except Units and EPS

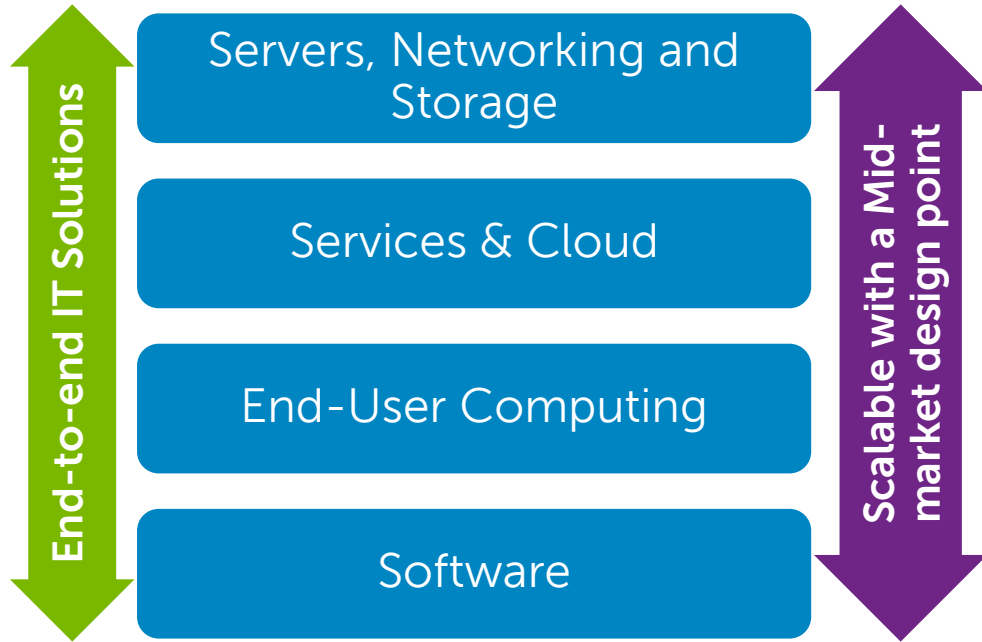
	4Q'12	3Q'13	4Q'13	Y/Y Growth	Seq Growth
Units (thousands)	12,050	9,743	10,297	-15%	6%
Revenues	16,031	13,721	14,314	-11%	4%
Gross Margin	3,385	2,872	3,109	-8%	8%
<i>GM % of revenue</i>	21.1%	20.9%	21.7%	60 bps	80 bps
Operating Expenses	2,454	2,283	2,411	-2%	6%
<i>Opex % of revenue</i>	15.3%	16.6%	16.8%	150 bps	20 bps
Operating Income	931	589	698	-25%	19%
<i>Opinc % of revenue</i>	5.8%	4.3%	4.9%	-90 bps	60 bps
Income Before Taxes	907	551	660	-27%	20%
Income Tax	143	76	130	-9%	70%
<i>Effective Tax Rate %</i>	15.8%	13.8%	19.7%	390 bps	590 bps
Net Income	764	475	530	-31%	12%
<i>NI % of revenue</i>	4.8%	3.5%	3.7%	-110 bps	20 bps
Diluted EPS	\$0.43	\$0.27	\$0.30	-30%	11%

¹Percentages and ratios are calculated based on underlying data



4Q FY13 Highlights

Continued growth in Enterprise Solutions, Services & Software



Growth refers to year-over-year

- Enterprise solutions and services revenue up +6% to \$5.2B
 - Now represents 36% of revenue and well over half of gross margin dollars
- Server & Networking revenue up +18%
 - Networking revenue up +42%
- Quest delivered Q4 revenue above \$180-\$200M target; Saw good sequential growth in security software business and continued to add customer-centric software solutions to address critical customer needs
- WYSE Q4 orders were up +25%, including tied enterprise solutions



4Q FY13 Non-GAAP Summary

- Continue to execute on long-term strategy
 - Strong balance sheet and cash position have enabled approximately \$5B of investments in FY13 in new capabilities and intellectual property in key assets such as Quest, SonicWALL, Wyse, and AppAssure
- Delivered revenue of \$14.3B, down -11% Y/Y and up +4% sequentially
- Gross margin was 22.8%, up +80bps sequentially
 - Includes ~\$250M (+180bps) benefit primarily related to vendor settlements
- Operating expenses increased +\$177M sequentially; opex percent increased +60bps sequentially to 16.1%
- Operating income was \$954M or 6.7% of revenue, up +20bps sequentially and down -40bps Y/Y
- Earnings per share of \$0.40, down -22% Y/Y
- Cash flow from operations was \$1.4B; \$3.3B for FY13



4Q FY13 Consolidated Non-GAAP Results

Revenue Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

	4Q'12	3Q'13	4Q'13	Y/Y Growth	Seq Growth
Units (thousands)	12,050	9,743	10,297	-15%	6%
Revenues	16,031	13,721	14,314	-11%	4%
Gross Margin	3,483	3,013	3,258	-6%	8%
<i>GM % of revenue</i>	<i>21.7%</i>	<i>22.0%</i>	<i>22.8%</i>	<i>110 bps</i>	<i>80 bps</i>
Operating Expenses	2,340	2,127	2,304	-2%	8%
<i>Opex % of revenue</i>	<i>14.6%</i>	<i>15.5%</i>	<i>16.1%</i>	<i>150 bps</i>	<i>60 bps</i>
Operating Income	1,143	886	954	-17%	8%
<i>Opinc % of revenue</i>	<i>7.1%</i>	<i>6.5%</i>	<i>6.7%</i>	<i>-40 bps</i>	<i>20 bps</i>
Income Before Taxes	1,119	848	916	-18%	8%
Income Tax	206	169	214	4%	27%
<i>Effective Tax Rate %</i>	<i>18.4%</i>	<i>19.9%</i>	<i>23.4%</i>	<i>500 bps</i>	<i>350 bps</i>
Net Income	913	679	702	-23%	3%
<i>NI % of revenue</i>	<i>5.7%</i>	<i>4.9%</i>	<i>4.9%</i>	<i>-80 bps</i>	<i>0 bps</i>
Diluted EPS	\$0.51	\$0.39	\$0.40	-22%	3%

¹Percentages and ratios are calculated based on underlying data

- Delivered revenue of \$14.3B, down -11% Y/Y and up +4% sequentially
 - Results were at the high end of the +2-5% sequential outlook
- Enterprise Solutions and Services up +6% Y/Y
 - Now represents 36% of revenue and well over half of gross margin dollars



4Q FY13 Consolidated Non-GAAP Results

Gross Margin Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

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Diluted EPS	\$0.51	\$0.39	\$0.40	-22%	3%

¹Percentages and ratios are calculated based on underlying data

- Gross margin was 22.8%, up +80bps sequentially
 - Includes ~\$250M (+180bps) benefit primarily related to vendor settlements
- Gross Margin dynamics:
 - Experienced competitive pricing environment in our desktop and mobility businesses
 - Utilized a portion of the settlement to fund investments in some customer accounts that we feel will drive solid cash flow and profitability over the long-term
 - Saw some areas of elasticity; we held or gained share in certain areas of business



4Q FY13 Consolidated Non-GAAP Results

Operating Expense and Operating Income Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

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Units (thousands)	12,050	9,743	10,297	-15%	6%
Revenues	16,031	13,721	14,314	-11%	4%
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Diluted EPS	\$0.51	\$0.39	\$0.40	-22%	3%

¹Percentages and ratios are calculated based on underlying data

- Operating expenses were \$2.3B, up +\$177M sequentially
 - SG&A increased +40bps sequentially to 14.0%, driven by strategic investments in sales capabilities and expenses related to the merger transaction
 - R&D was up sequentially to 2.1%, driven by recent acquisitions in software, predominantly the Quest business
- Operating expense percent was 16.1%, up +60bps sequentially
- Operating income was \$954M, or 6.7% of revenue, up +20bps sequentially and down -40bps Y/Y



4Q FY13 Consolidated Non-GAAP Results

Interest & Other Income, Taxes, and Diluted Weighted Average Shares Detail

Consolidated P&L¹

\$ in Millions - except Units and EPS

	4Q'12	3Q'13	4Q'13	Y/Y Growth	Seq Growth
Units (thousands)	12,050	9,743	10,297	-15%	6%
Revenues	16,031	13,721	14,314	-11%	4%
Gross Margin	3,483	3,013	3,258	-6%	8%
<i>GM % of revenue</i>	21.7%	22.0%	22.8%	110 bps	80 bps
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Income Before Taxes	1,119	848	916	-18%	8%
Income Tax	206	169	214	4%	27%
<i>Effective Tax Rate %</i>	18.4%	19.9%	23.4%	500 bps	350 bps
Net Income	913	679	702	-23%	3%
<i>NI % of revenue</i>	5.7%	4.9%	4.9%	-80 bps	0 bps
Diluted EPS	\$0.51	\$0.39	\$0.40	-22%	3%

- Interest & other income of -\$38M, driven by interest expense offset somewhat by investment income
- Tax rate of 23.4%, driven by increase in earnings in higher tax jurisdictions
- Repurchased \$724M of stock in FY13
- Diluted weighted average shares down -48M Y/Y, down -3% Y/Y
- EPS down -22% Y/Y to \$0.40

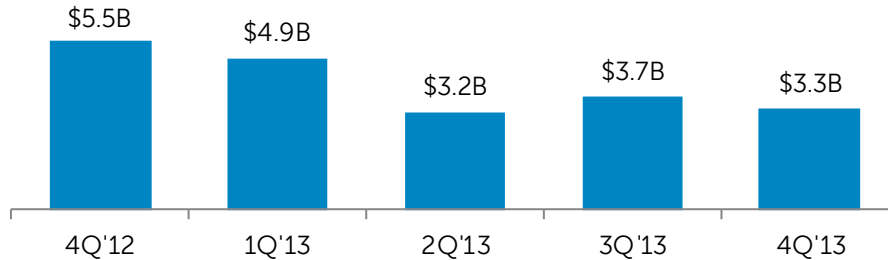
¹Percentages and ratios are calculated based on underlying data

Note: \$24M of the \$724M in stock repurchase is related to shares contractually purchased in FY12

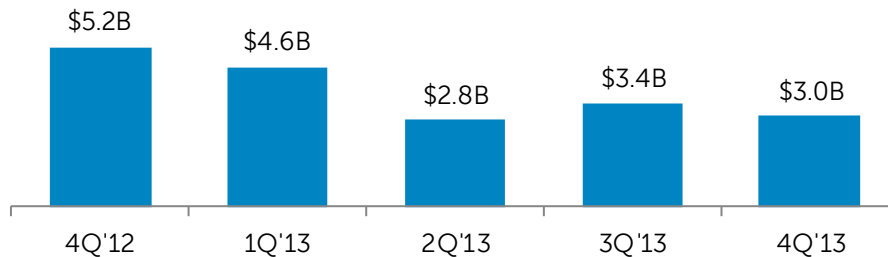


4Q FY13 Cash Flow / Capital Allocation

Cash Flow from Operations¹



Free Cash Flow^{1,2}



¹Trailing Twelve Months

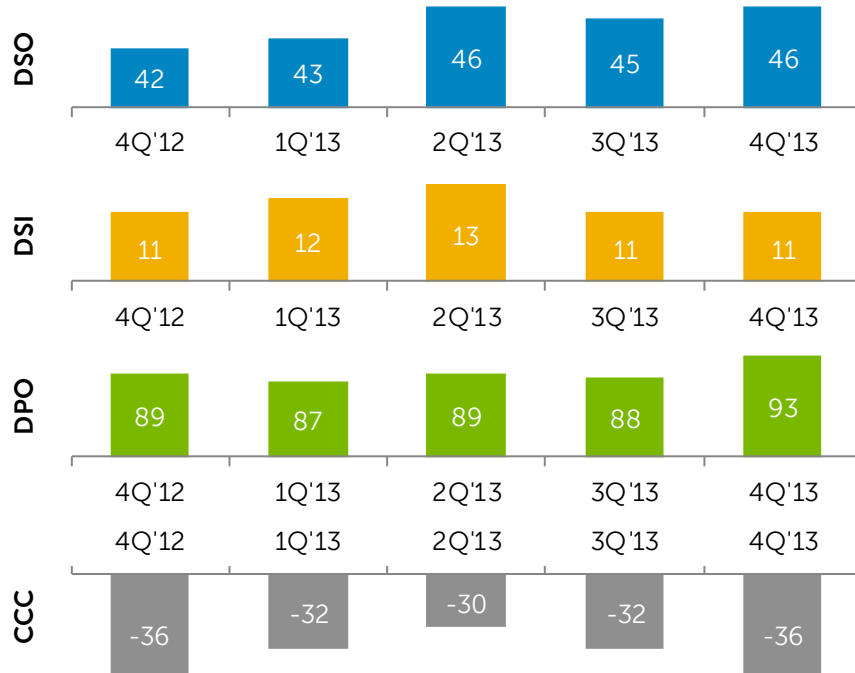
²Cash flow from operations less capital expenditures and excluding financing receivables

- Cash flow from operations of \$1.4B; \$3.3B for FY13
- Sequential increase in cash flow from operations partially driven by sequential growth in business and improved payables cycle
- Free cash flow of \$1.5B; \$3.0B for FY13
- Ended 4Q with \$15.3B cash and investments
- Returned 34% of free cash flows to shareholders in the form of a dividend and stock repurchase in FY13
- Invested approximately \$5B this year to acquire new capabilities and intellectual property



4Q FY13 Working Capital

Cash Conversion Cycle (CCC)



- Days sales outstanding up +1 day sequentially to 46 days, remains above historic norm due to mix shift to ES&S where customer terms are typically longer
- Days sales of inventory flat sequentially at 11 days
- Days payables outstanding up +5 days sequentially to 93 days, driven by linearity and tighter management of payables
- Cash conversion cycle improved -4 days sequentially to -36 days, driven by improvement in days payables outstanding



4Q FY13 Line of Business Results

LOB Revenue Trends

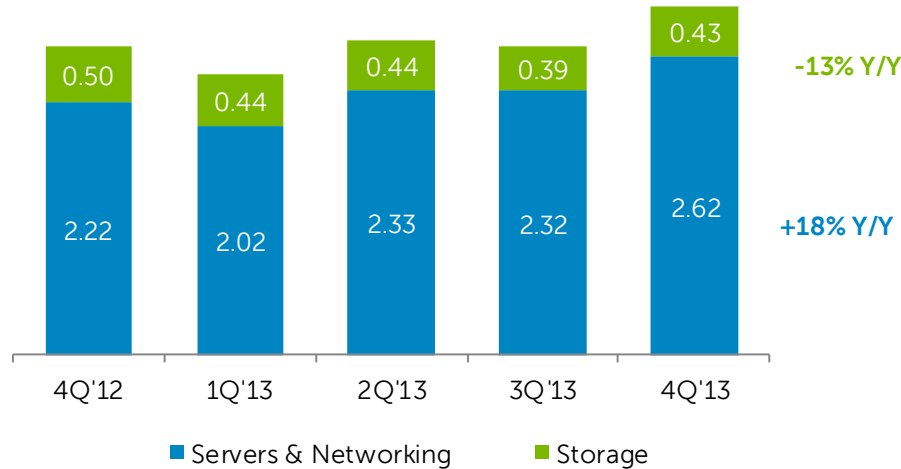
	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13	
Revenue	Servers & Networking	2,220	2,017	2,332	2,322	2,623
	Storage	500	444	435	386	434
	Services	2,179	2,071	2,106	2,107	2,112
	S&P	2,558	2,386	2,338	2,258	2,275
	Mobility	4,877	4,236	3,870	3,523	3,674
	Desktop PCs	3,697	3,268	3,402	3,125	3,196
Total	16,031	14,422	14,483	13,721	14,314	
Q/Q Growth	Servers & Networking	6%	-9%	16%	0%	13%
	Storage	9%	-11%	-2%	-11%	12%
	Services	3%	-5%	2%	0%	0%
	S&P	1%	-7%	-2%	-3%	1%
	Mobility	3%	-13%	-9%	-9%	4%
	Desktop PCs	8%	-12%	4%	-8%	2%
Total	4%	-10%	0%	-5%	4%	
Y/Y Growth	Servers & Networking	6%	2%	14%	11%	18%
	Storage	-13%	-8%	-13%	-16%	-13%
	Services	12%	4%	3%	-1%	-3%
	S&P	-4%	-7%	-9%	-11%	-11%
	Mobility	1%	-10%	-19%	-26%	-25%
	Desktop PCs	3%	-1%	-9%	-8%	-14%
Total	2%	-4%	-8%	-11%	-11%	

Servers and Networking includes Software acquisition revenue (Quest, SonicWALL, AppAssure, and Scalent)



4Q FY13 Servers, Networking & Storage

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



Numbers displayed on chart are rounded, see Line of Business Results for more detail
Servers and Networking includes Software acquisition revenue (Quest, SonicWALL, AppAssure, and Scalent)

Growth refers to year-over-year

- Server revenue up +5%, driven by strong growth in hyper-scale data center solutions business as we see a strong migration to 12G servers
 - 12G servers represent almost 80% of PowerEdge server revenue at ASPs and margins at a premium to previous generation servers
- Networking revenue up +42%, driven by over 100% growth in Force10 business
- Dell-owned IP storage revenue down -8%
 - Improved momentum with business up +12% sequentially, driven by +20% sequential increase in Compellent and EqualLogic combined
- Quest delivered Q4 revenue above \$180-\$200M target; Saw good sequential growth in security software business



4Q FY13 Services, Security and Cloud

Support & Deployment

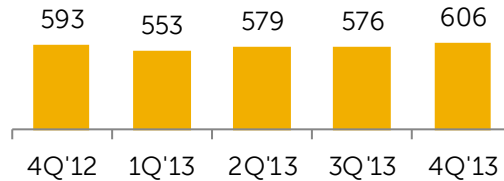
(Revenue \$ in Millions)



- Revenue flat Y/Y to \$1.2B
- Higher mix of enterprise-tied services offset by pressure from unit declines

Infrastructure, Cloud & Security Services

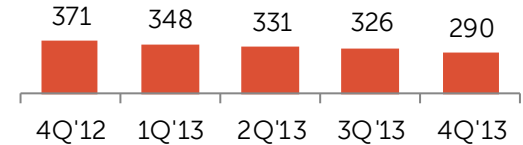
(Revenue \$ in Millions)



- Revenue up +2% Y/Y to \$606M, driven by select contract expirations
- Security Services revenue was up +17% Y/Y

Applications & BPO

(Revenue \$ in Millions)

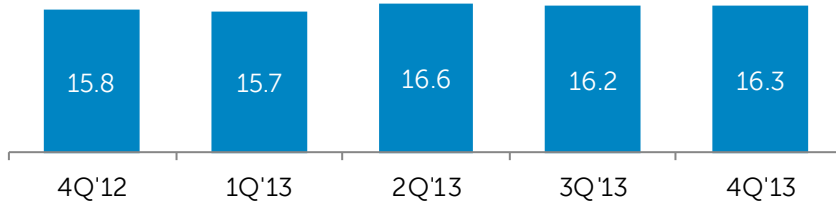


- Revenue down -22% Y/Y to \$290M, driven by select contract expirations
- Developing capabilities to position ourselves for profitable growth

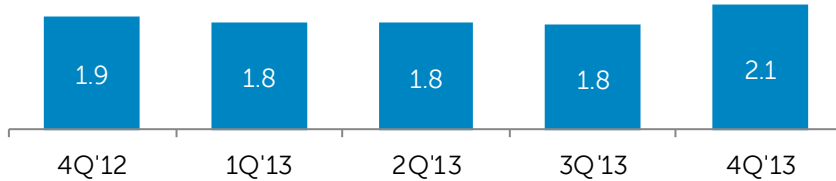


4Q FY13 Services, Security and Cloud

Services Backlog & Deferred Services Revenue (\$ in Billions)



TTM New Contract Signings (\$ in Billions)



Prior period services backlog results have been recast to include other deferred services revenue as well as deferred extended warranties

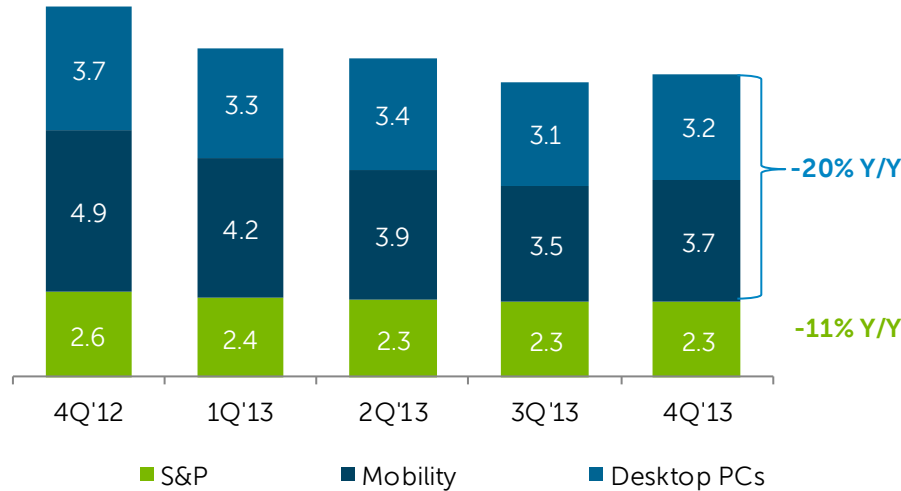
Growth refers to year-over-year

- Services backlog and deferred services revenue up +3% to \$16.3B
 - Deferred services revenue up +3% to \$7.6B
 - Estimated services backlog up +3% to \$8.7B
- In FY13 new contract signings up +9% to \$2.1B



4Q FY13 End User Computing and Software & Peripherals

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



Growth refers to year-over-year

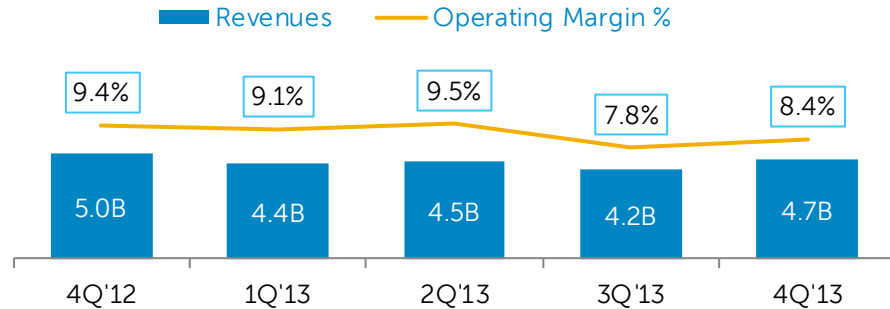
- Desktop revenue down -14%, gaining share sequentially; Mobility revenue down -25%, losing share and continuing to be challenged
 - Made decision to improve our relative price position and we believe this will benefit us going forward
 - Expect market competitiveness and margin pressures to continue; reinforces importance of executing on greater than \$1B cost-out initiatives specific to this business
- S&P revenue down -11%, driven by continued decline in desktop and mobility products and a contraction in imaging
- WYSE Q4 orders were up +25%, including tied enterprise solutions

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



4Q FY13 Large Enterprise

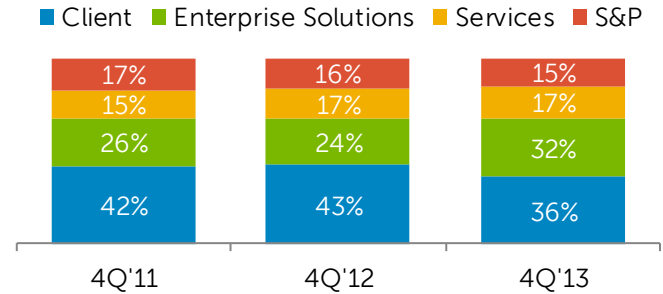
Revenue & Operating Income



Large Enterprise P&L

\$ in Millions	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13
Revenues	4,982	4,436	4,536	4,156	4,653
Sequential Growth, %	10%	-11%	2%	-8%	12%
Y/Y Growth, %	5%	-3%	-3%	-8%	-7%
Operating Income	467	402	433	325	393
Operating Margin, %	9.4%	9.1%	9.5%	7.8%	8.4%
Sequential Growth, bps	-40 bps	-30 bps	40 bps	-170 bps	60 bps
Y/Y Growth, bps	-130 bps	-210 bps	-30 bps	-200 bps	-100 bps

Revenue Mix

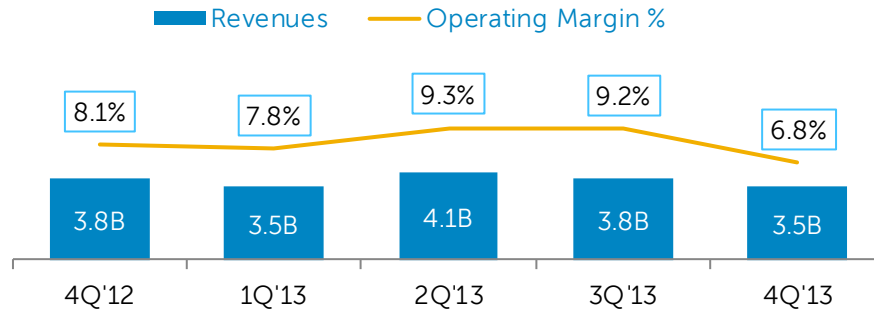


- Revenue down -7% Y/Y to \$4.7B
- Enterprise Solutions and Services grew +10% Y/Y, led by Servers & Networking growth of +25% Y/Y
- Operating income of \$393M up +60bps sequentially to 8.4% as a percent of revenue



4Q FY13 Public

Revenue & Operating Income

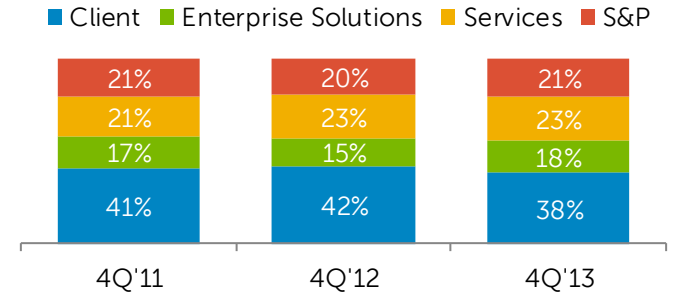


Public P&L

\$ in Millions

	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13
Revenues	3,833	3,466	4,065	3,824	3,473
Sequential Growth, %	-11%	-10%	17%	-6%	-9%
Y/Y Growth, %	-1%	-4%	-6%	-11%	-9%
Operating Income	312	271	379	352	236
Operating Margin, %	8.1%	7.8%	9.3%	9.2%	6.8%
Sequential Growth, bps	-250 bps	-30 bps	150 bps	-10 bps	-240 bps
Y/Y Growth, bps	-100 bps	-190 bps	-150 bps	-140 bps	-130 bps

Revenue Mix

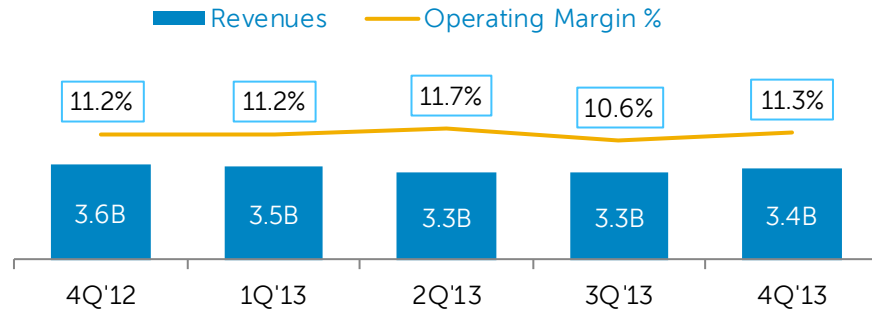


- Revenue down -9% Y/Y to \$3.5B, with challenging spending in the US Federal business as the budgetary uncertainty has impacted IT spend and delayed contract awards
- Servers & Networking revenue up +11% Y/Y
- Operating income of \$236M down -240bps sequentially to 6.8% as a percent of revenue



4Q FY13 Small & Medium Business

Revenue & Operating Income

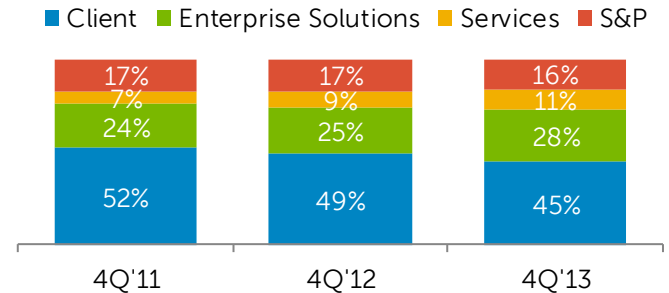


SMB P&L

\$ in Millions

	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13
Revenues	3,560	3,477	3,258	3,282	3,396
Sequential Growth, %	7%	-2%	-6%	1%	3%
Y/Y Growth, %	10%	4%	-1%	-1%	-5%
Operating Income	399	389	382	349	385
Operating Margin, %	11.2%	11.2%	11.7%	10.6%	11.3%
Sequential Growth, bps	20 bps	0 bps	50 bps	-110 bps	70 bps
Y/Y Growth, bps	-170 bps	-180 bps	20 bps	-40 bps	10 bps

Revenue Mix

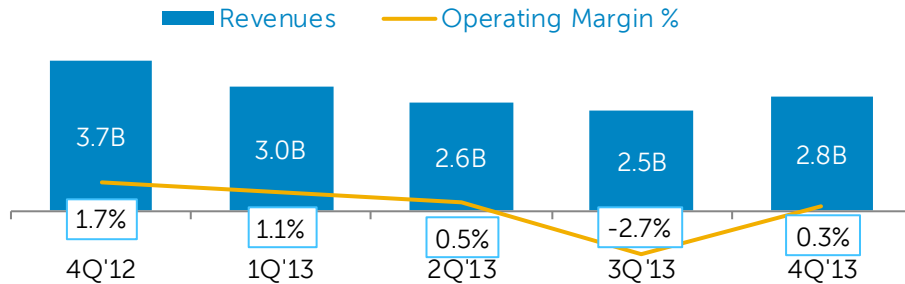


- Revenue down -5% Y/Y to \$3.4B
- Enterprise Solutions and Services grew +9% Y/Y, led by Services growth of +17% Y/Y and Servers and Networking growth of +13% Y/Y
- ES&S revenue mix of 39% improved 7 consecutive quarters with expanding ES&S margins
- Operating income of \$385M up +70bps sequentially to 11.3% as a percent of revenue



4Q FY13 Consumer

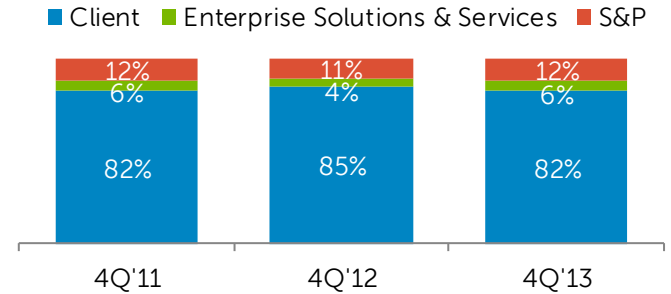
Revenue & Operating Income



Consumer P&L

\$ in Millions	4Q'12	1Q'13	2Q'13	3Q'13	4Q'13
Revenues	3,656	3,043	2,624	2,459	2,792
Sequential Growth, %	14%	-17%	-14%	-6%	14%
Y/Y Growth, %	-4%	-12%	-22%	-23%	-24%
Operating Income	61	32	14	-65	8
Operating Margin, %	1.7%	1.1%	0.5%	-2.7%	0.3%
Sequential Growth, bps	-140 bps	-60 bps	-60 bps	-320 bps	300 bps
Y/Y Growth, bps	-110 bps	-380 bps	-260 bps	-580 bps	-140 bps

Revenue Mix



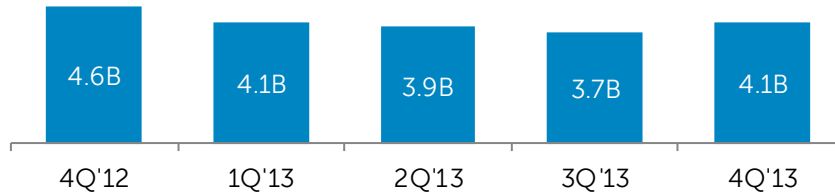
- Revenue down -24% Y/Y to \$2.8B
- Growth continues to occur in tablets and the low value and entry level desktop & notebook space
- Seeing good adoption of touch and supply of touch panels improved throughout quarter
- Operating income of \$8M up +300bps sequentially to 0.3% as a percent of revenue



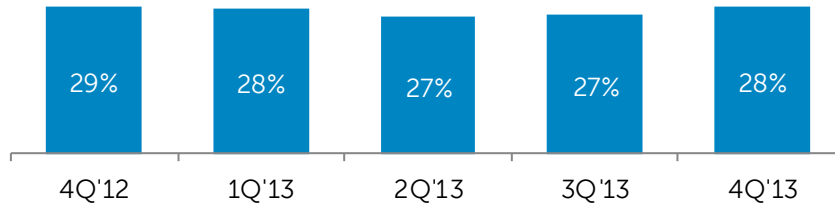
4Q FY13 Growth Markets and Regional Dynamics

Growth Markets¹

Revenue



% of Dell Total Revenue



Growth refers to year-over-year

Growth Markets and BRIC Dynamics

- Growth market revenue down -11%, accounted for 28% of total revenue
- BRIC countries revenue down -10%; (Brazil down -20%, Russia up +3%, India down -24%, China down -3%)

Regional Dynamics

- APJ revenue down -9%, Americas revenue down -10%, and EMEA revenue down -14%

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



Outlook

FY14

- Given pending merger agreement we will not be providing an outlook for FY14 or our first quarter



FY14 Reporting Structure Changes

Beginning in 1QFY14, Dell will change how we report our earnings

OLD STRUCTURE Customer Business Units

Large Enterprise

Public

Small & Medium Business

Consumer

NEW STRUCTURE Product & Solution Business Units

Enterprise Solutions Group

Software

Services

End User Computing



4Q FY13 Corporate Responsibility

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

Our Planet

- Engineering & supply chain development work underway to expand mushroom packaging offering
- Innovation packaging pipeline continues with new sustainable material announcements expected later this year
- Dell launches 13 products in EPEAT imaging registry
- Developed the first sustainability scorecard for Global Service Parts
- Engaged with 30 customers with a focus on the creation of Dell's 2020 Sustainability goals
- Expanded the Dell Reconnect recycling partnership with Goodwill to Hawaii. The program has recycled more than 253 million pounds of equipment since its launch in 2004, nearly 2500 collection sites & reaches more than 64M homes

Our Communities & Our People

- 707K volunteer hours with 56% of our employees volunteering in FY13– beating our goals of 500K hours and 50% participation
- Increased projects entries for the Dell Social Innovation Challenge 44% to 2600 with students from 117 countries participating and hosted the first-ever spotlight challenge focused on education
- Expanded the Children's Cancer Care program to Mexico and Brazil
- Hosted first volunteer event at Dell World where customers filled 3000 back-packs for underserved children for use over the holiday
- Received a perfect score on the Human Rights Campaign's Corporate Equality Index



Dell 4Q 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	2Q'13	3Q'13	4Q'13	FY13
GAAP Net Income	341	545	822	927	2,635	945	890	893	764	3,492	635	732	475	530	2,372
GAAP EPS	0.17	0.28	0.42	0.48	1.35	0.49	0.48	0.49	0.43	1.88	0.36	0.42	0.27	0.30	1.35
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110	150	165	188	613
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76	72	132	68	348
Other ¹	140	0	(72)	0	68	0	0	0	0	0	0	0	0	0	0
Aggregate Tax-adjustments	(62)	(43)	(18)	(50)	(173)	(59)	(66)	(56)	(63)	(244)	(60)	(79)	(93)	(84)	(316)
Total adjustments to Net Income	243	84	53	91	471	105	116	90	149	460	126	143	204	172	645
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	0.08	0.12	0.10	0.37
Non-GAAP Net Income	584	629	875	1,018	3,106	1,050	1,006	983	913	3,952	761	875	679	702	3,017
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	0.50	0.39	0.40	1.72
<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%	5.1%	3.5%	3.7%	4.2%
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%	0.9%	1.4%	1.2%	1.1%
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%	6.0%	4.9%	4.9%	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	2Q'13	3Q'13	4Q'13	FY13
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	3,138	2,872	3,109	12,186
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	68	70	71	69	278	71	74	77	83	305	88	109	120	138	455
Severance & facility actions and Acquisition-related	30	15	4	8	57	8	26	0	15	49	12	23	21	11	67
Total adjustments to Gross Margin	98	85	75	77	335	79	100	77	98	354	100	132	141	149	522
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	3,270	3,013	3,258	12,708
<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>21.6%</i>	<i>20.9%</i>	<i>21.7%</i>	<i>21.4%</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>1.0%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>0.9%</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>	<i>22.6%</i>	<i>22.0%</i>	<i>22.8%</i>	<i>22.3%</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	2Q'13	3Q'13	4Q'13	FY13
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	2,237	2,283	2,411	9,174
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	(20)	(17)	(18)	(16)	(71)	(21)	(21)	(23)	(21)	(86)	(22)	(41)	(45)	(50)	(158)
Severance & facility actions and Acquisition-related	(47)	(25)	(50)	(48)	(170)	(64)	(61)	(46)	(93)	(264)	(64)	(49)	(111)	(57)	(281)
Other ¹	(140)	0	0	0	(140)	0	0	0	0	0	0	0	0	0	0
Total adjustments to opex	(207)	(42)	(68)	(64)	(381)	(85)	(82)	(69)	(114)	(350)	(86)	(90)	(156)	(107)	(439)
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	2,147	2,127	2,304	8,735
<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%	15.4%	16.6%	16.8%	16.1%
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%	-0.6%	-1.1%	-0.7%	-0.8%
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%	14.8%	15.5%	16.1%	15.3%

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	2Q'13	3Q'13	4Q'13	FY13
GAAP operating income	519	745	1,024	1,145	3,433	1,212	1,146	1,142	931	4,431	824	901	589	698	3,012
<u>Non-GAAP adjustments:</u>															
Amortization of intangibles	88	87	89	85	349	92	95	100	104	391	110	150	165	188	613
Severance & facility actions and Acquisition-related	77	40	54	56	227	72	87	46	108	313	76	72	132	68	348
Other ¹	140	0	0	0	140	0	0	0	0	0	0	0	0	0	0
Total adjustments to opinc	305	127	143	141	716	164	182	146	212	704	186	222	297	256	961
Non-GAAP operating income	824	872	1,167	1,286	4,149	1,376	1,328	1,288	1,143	5,135	1,010	1,123	886	954	3,973
<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%	6.2%	4.3%	4.9%	5.3%
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%	1.6%	2.2%	1.8%	1.7%
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%	7.8%	6.5%	6.7%	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	2Q'13	3Q'13	4Q'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	3,187	3,679	3,283
Capital expenditures	(333)	(379)	(402)	(444)	(535)	(549)	(670)	(675)	(680)	(641)	(548)	(513)
Financing receivables	1,266	1,119	988	709	480	375	412	372	322	282	261	193
Net TTM Free Cash Flow	4,316	4,382	4,340	4,234	4,141	5,061	4,915	5,224	4,566	2,828	3,392	2,963
Net Free Cash Flow												
Cash flow from operations	238	1,335	913	1,483	465	2,374	851	1,837	(138)	637	1,343	1,441
Capital expenditures	(46)	(145)	(93)	(160)	(137)	(159)	(214)	(165)	(142)	(120)	(121)	(130)
Financing receivables	208	205	46	250	(21)	100	83	210	(71)	60	62	142
Net Free Cash Flow	400	1,395	866	1,573	307	2,315	720	1,882	(351)	577	1,284	1,453

