DELL INC.

Condensed Consolidated Statement of Income and Related Financial Highlights
(in millions, except per share data and percentages)
(unaudited)

	Three Months Ended		% Growth Rates
	May 3, 2013	May 4, 2012	Yr. to Yr.
Net revenue			
Products	$ 10,902	$ 11,423	(5%)
Services, including software related	3,172	2,999	6%
Total net revenue	14,074	14,422	(2%)
Cost of net revenue			
Products	9,244	9,330	(1%)
Services, including software related	2,083	2,025	3%
Total cost of net revenue	11,327	11,355	0%
Gross margin	2,747	3,067	(10%)
Operating expenses			
Selling, general and administrative	2,208	2,009	10%
Research, development, and engineering	313	234	34%
Total operating expenses	2,521	2,243	12%
Operating income	226	824	(73%)
Interest and other, net	(68)	(32)	(114%)
Income before income taxes	158	792	(80%)
Income tax provision	28	157	(82%)
Net income	$ 130	$ 635	(79%)
Earnings per share:			
Basic	$ 0.07	$ 0.36	(81%)
Diluted	$ 0.07	$ 0.36	(81%)
Cash dividends declared per common share	$ 0.08	$ -	
Weighted average shares outstanding:			
Basic	1,748	1,759	(1%)
Diluted	1,761	1,774	(1%)
Percentage of Total Net Revenue:			
Gross margin	19.5%	21.3%	
Selling, general and administrative	15.7%	13.9%	
Research, development, and engineering	2.2%	1.7%	
Operating expenses	17.9%	15.6%	
Operating income	1.6%	5.7%	
Income before income taxes	1.1%	5.5%	
Net income	0.9%	4.4%	
Income tax rate	17.6%	19.8%	
Average total revenue/unit (approximate)	$ 1,460	$ 1,360	

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

DELL INC.
Segment Information
(in millions, except percentages)
(unaudited)

	Three Months Ended		% Growth Rates
	May 3, 2013[a]	May 4, 2012	Yr. to Yr.
End User Computing ("EUC"):			
Net Revenue:			
Desktops and Thin Client	$ 3,273	$ 3,335	(2%)
Mobility	3,618	4,328	(16%)
Third-Party software and peripherals	2,029	2,169	(6%)
Total EUC Revenue	8,920	9,832	(9%)
External EUC revenue	8,714	9,632	
Internal EUC revenue	206	200	
Operating income:			
EUC operating income	224	639	(65%)
% of segment revenue	*2.5%*	*6.5%*	
% of total segment operating income	*35%*	*61%*	
Enterprise Solutions Group ("ESG"):			
Net Revenue:			
Servers, peripherals, and networking	2,669	2,343	14%
Storage	424	473	(10%)
Total ESG revenue	3,093	2,816	10%
External ESG revenue	2,959	2,681	
Internal ESG revenue	134	135	
Operating income:			
ESG operating income	136	79	71%
% of segment revenue	*4.4%*	*2.8%*	
% of total segment operating income	*21%*	*8%*	
Dell Software Group:			
Net Revenue:			
Total Dell Software Group revenue	295	38	NM
Operating income:			
Dell Software Group operating income	(85)	(6)	NM
% of segment revenue	*-28.7%*	*-16.0%*	
% of total segment operating income	*-13%*	*-1%*	
Dell Services:			
Net Revenue:			
Support and deployment	1,202	1,176	2%
Infrastructure, cloud, and security services	612	550	11%
Applications and business process services	295	347	(15%)
Total Dell Services revenue	2,109	2,073	2%
External Dell Services revenue	2,106	2,071	
Internal Dell Services revenue	3	2	
Operating income:			
Dell Services operating income	$ 370	$ 338	10%
% of segment revenue	*17.6%*	*16.3%*	
% of total segment operating income	*57%*	*32%*	
Reconciliation to consolidated net revenue:			
Total segment revenue	$ 14,417	$ 14,759	
Less internal revenue	(343)	(337)	
Total consolidated net revenue	$ 14,074	$ 14,422	
Reconciliation to consolidated operating income:			
Total segment operating income	$ 645	$ 1,050	
Unallocated corporate expenses[b]	(55)	(40)	
Amortization of intangible assets	(196)	(110)	
Severance and facility actions and acquisition-related costs	(80)	(76)	
Other [c]	(88)	-	
Total consolidated operating income	$ 226	$ 824	

[a] Includes the results of Dell's Fiscal 2013 acquisitions.

[b] Unallocated corporate expenses include broad based long-term incentives, certain short-term incentive compensation expenses, and other corporate items that are not allocated to Dell's reporting segments.

[c] Other includes expenses associated with Dell's proposed merger and retention cash bonus awards granted to certain key employees in the first quarter of Fiscal 2014.

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

DELL INC.

Condensed Consolidated Statement of Financial Position

(in millions, unaudited)

	May 3, 2013	February 1, 2013
Assets:		
Current assets:		
Cash and cash equivalents	$ 10,419	$ 12,569
Short-term investments	486	208
Accounts receivable, net	6,440	6,629
Short-term financing receivables, net	2,991	3,213
Inventories, net	1,387	1,382
Other current assets	3,936	3,967
Total current assets	25,659	27,968
Property, plant and equipment, net	2,136	2,126
Long-term investments	2,303	2,565
Long-term financing receivables, net	1,383	1,349
Goodwill	9,289	9,304
Purchased intangible assets, net	3,176	3,374
Other non-current assets	845	854
Total assets	44,791	47,540
Liabilities and Stockholders' Equity:		
Current liabilities:		
Short-term debt	3,133	3,843
Accounts payable	10,990	11,579
Accrued and other	3,402	3,644
Short-term deferred revenue	4,265	4,373
Total current liabilities	21,790	23,439
Long-term debt	4,115	5,242
Long-term deferred revenue	3,963	3,971
Other non-current liabilities	4,163	4,187
Total liabilities	34,031	36,839
Total Dell stockholders' equity	10,739	10,680
Noncontrolling interest	21	21
Total stockholder's equity	10,760	10,701
Total liabilities and equity	$ 44,791	$ 47,540

DELL INC.

Condensed Consolidated Statements of Cash Flows and Related Financial Highlights
(in millions, except ratios)
(unaudited)

	Three Months Ended	
	May 3, 2013	**May 4, 2012**
Cash flows from operating activities:		
Net income	$ 130	$ 635
Adjustments to reconcile net income to net cash provided by operating activities:	(169)	(773)
Change in cash from operating activities	(39)	(138)
Cash flows from investing activities:		
Investments:		
Purchases	(329)	(673)
Maturities and sales	317	640
Capital expenditures	(158)	(142)
Proceeds from the sale of facility, land, and other assets	4	-
Collections on purchased financing receivables	29	55
Acquisition of business, net of cash received	-	(245)
Change in cash from investing activities	(137)	(365)
Cash flows from financing activities:		
Repurchase of common stock	-	(324)
Cash dividends paid	(142)	-
Issuance of common stock under employee plans	24	38
Issuance (repayment) of commercial paper (maturity 90 days or less), net	-	13
Proceeds from debt	547	596
Repayments of debt	(2,384)	(863)
Other	(2)	8
Change in cash from financing activities	(1,957)	(532)
Effect of exchange rate changes on cash and cash equivalents	(17)	(3)
Change in cash and cash equivalents	(2,150)	(1,038)
Cash and cash equivalents at beginning of period	12,569	13,852
Cash and cash equivalents at end of period	$ 10,419	$ 12,814
Ratios:		
Days of sales outstanding [(a)]	45	43
Days supply in inventory	11	12
Days in accounts payable	(87)	(87)
Cash conversion cycle	(31)	(32)

[(a)] Days of sales outstanding ("DSO") is based on the ending net trade receivables and most recent quarterly revenue for each period. DSO includes the effect of product costs related to customer shipments not yet recognized as revenue that are classified as other current assets. At May 3, 2013, and May 4, 2012, DSO and days of customer shipments not yet recognized were 41 and 4 days, and 39 and 4 days, respectively.

Note: Ratios are calculated based on underlying data in thousands.

USE OF NON-GAAP FINANCIAL MEASURES

Dell uses non-GAAP financial measures to supplement the financial information presented on a GAAP basis. Dell believes that excluding certain items from Dell’s GAAP results allows management to better understand Dell’s consolidated financial performance from period to period and in relationship to the operating results of our segments, as management does not believe that the excluded items are reflective of Dell’s underlying operating performance. Dell also believes that excluding certain items from Dell’s GAAP results allows management to better project Dell’s future consolidated financial performance because forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, Dell believes these non-GAAP financial measures will provide investors with useful information to help them evaluate Dell’s operating results by facilitating an enhanced understanding of Dell’s operating performance, and enabling them to make more meaningful period to period comparisons.

The non-GAAP financial measures presented in this report include non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, and non-GAAP earnings per share. These non-GAAP financial measures, as defined by Dell, represent the comparable GAAP measures adjusted to exclude severance and facility action costs and acquisition-related charges, amortization of purchased intangible assets related to acquisitions, costs incurred in Fiscal 2014 related to Dell’s proposed merger, and special retention cash bonus awards granted to certain key employees in the first quarter of Fiscal 2014 that will be payable in March 2014. Non-GAAP net income and non-GAAP earnings per share also includes the aggregate adjustment for income taxes related to the exclusion of the above items. For more information on each of these items and Dell’s reasons for excluding them, see the detail below. In future fiscal periods, Dell may exclude such items and may incur income and expenses similar to these excluded items. Accordingly, the exclusion of these items and other similar items in our non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent, or unusual.

There are limitations to the use of the non-GAAP financial measures presented in this report. Dell’s non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in Dell’s industry, may calculate the non-GAAP financial measures differently than Dell, limiting the usefulness of those measures for comparative purposes. In addition, items such as amortization of purchased intangible assets represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in the non-GAAP financial measures and such measures, therefore, do not reflect the full economic effect of such loss. Further, items such as severance and facility actions, acquisition-related costs, and other charges that are excluded from the non-GAAP financial measures can have a material impact on earnings. Dell’s management compensates for the foregoing limitations by relying primarily on GAAP results and using non-GAAP financial measures supplementally or for projections when comparable GAAP financial measures are not available. The non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for gross margin, operating expenses, operating income, net income, and earnings per share prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis. See below for reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented.

The following is a summary of the costs and other items excluded from the most comparable GAAP financial measures to calculate non-GAAP financial measures:

• *Severance and Facility Actions and Acquisition-related Costs* - Severance and facility action costs are primarily related to facilities charges, including accelerated depreciation and severance and benefits for employees terminated pursuant to cost synergies related to strategic acquisitions and actions taken as part of a comprehensive review of costs. Acquisition-related charges are expensed as incurred and consist primarily of retention payments, integration costs, and other costs. Retention payments include stock-based compensation and cash incentives awarded to employees, which are recognized over the vesting period. Integration costs primarily include IT costs related to the integration of IT systems and processes, costs related to the integration of employees, consulting expenses, and for acquisitions made prior to Fiscal 2013, costs related to full-time employees who were working on the integration. Severance and facility actions and acquisition-related charges are inconsistent in amount and are significantly impacted by the timing and nature of these events. Therefore, although Dell may incur these types of expenses in the future, it believes that eliminating these charges for purposes of calculating the non-GAAP financial measures presented below facilitates a more meaningful evaluation of Dell’s current operating performance and comparisons to Dell’s past operating performance.

• *Amortization of Intangible Assets* - Amortization of purchased intangible assets consists primarily of amortization of customer relationships, acquired technology, non-compete covenants, and trade names purchased in connection with business acquisitions. Dell incurs charges related to the amortization of these intangibles, and those charges are included in Dell’s Condensed Consolidated Financial Statements. Amortization charges for purchased intangible assets are significantly impacted by the timing and magnitude of Dell’s acquisitions. Accordingly, these charges may vary in amount from period to period. Dell excludes these charges for purposes of calculating the non-GAAP financial measures presented below to facilitate a more meaningful evaluation of Dell’s current operating performance and comparisons to Dell’s past operating performance.

• *Other Items* - Dell also adjusts GAAP financial results for expenses associated with Dell's proposed merger. These expenses consist of professional fees incurred by Dell in connection with Dell's proposed merger as well as the reimbursement of transaction-related expenses incurred by certain participants approved by a special committee of the Board of Directors. In addition, Dell adjusts GAAP financial results for special retention cash bonus awards granted to certain key employees in the first quarter of Fiscal 2014 that will be payable in March 2014. Dell is excluding these expenses for the purpose of calculating the non-GAAP financial measures presented below because Dell believes these items are outside our ordinary course of business and do not contribute to a meaningful evaluation of Dell's current operating performance or comparisons to Dell's past operating performance.

• The aggregate adjustment for income taxes is the estimated combined income tax effect for the adjustments mentioned above. The tax effects are determined based on the tax jurisdictions where the above items were incurred.

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

	Three Months Ended		% Growth Rates
	May 3, 2013	**May 4, 2012**	**Yr. to Yr.**
GAAP gross margin	$ 2,747	$ 3,067	(10%)
Non-GAAP adjustments:			
Amortization of intangibles	140	88	
Severance and facility actions and acquisition-related	10	12	
Other [a]	2	-	
Non-GAAP gross margin	$ 2,899	$ 3,167	(8%)
GAAP operating expenses	$ 2,521	$ 2,243	12%
Non-GAAP adjustments:			
Amortization of intangibles	(56)	(22)	
Severance and facility actions and acquisition-related	(70)	(64)	
Other [a]	(86)	-	
Non-GAAP operating expenses	$ 2,309	$ 2,157	7%
GAAP operating income	$ 226	$ 824	(73%)
Non-GAAP adjustments:			
Amortization of intangibles	196	110	
Severance and facility actions and acquisition-related	80	76	
Other [a]	88	-	
Non-GAAP operating income	$ 590	$ 1,010	(42%)
GAAP net income	$ 130	$ 635	(79%)
Non-GAAP adjustments:			
Amortization of intangibles	196	110	
Severance and facility actions and acquisition-related	80	76	
Other [a]	88	-	
Aggregate adjustment for income taxes	(122)	(60)	
Non-GAAP net income	$ 372	$ 761	(51%)
GAAP earnings per share - diluted	$ 0.07	$ 0.36	(81%)
Non-GAAP adjustments per share - diluted	0.14	0.07	
Non-GAAP earnings per share - diluted	$ 0.21	$ 0.43	(51%)
Diluted WAS	1,761	1,774	
Percentage of Total Net Revenue:			
GAAP gross margin	19.5%	21.3%	
Non-GAAP adjustment	1.1%	0.7%	
Non-GAAP gross margin	20.6%	22.0%	
GAAP operating expenses	17.9%	15.6%	
Non-GAAP adjustment	(1.5%)	(0.6%)	
Non-GAAP operating expenses	16.4%	15.0%	
GAAP operating income	1.6%	5.7%	
Non-GAAP adjustment	2.6%	1.3%	
Non-GAAP operating income	4.2%	7.0%	
GAAP net income	0.9%	4.4%	
Non-GAAP adjustment	1.7%	0.9%	
Non-GAAP net income	2.6%	5.3%	

[a] Other includes expenses associated with Dell's proposed merger and retention cash bonus awards granted to certain key employees in the first quarter of Fiscal 2014.

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