

DELL TECHNOLOGIES INC.
Condensed Consolidated Statements of Income (Loss) and Related Financial Highlights
(in millions, except per share amounts and percentages; unaudited)

	Three Months Ended		
	May 5, 2017	April 29, 2016	Change
Net revenue:			
Products	\$ 12,968	\$ 10,183	27 %
Services	4,848	2,058	136 %
Total net revenue	<u>17,816</u>	<u>12,241</u>	46 %
Cost of net revenue:			
Products	11,459	8,799	30 %
Services	2,055	1,249	65 %
Total cost of net revenue	<u>13,514</u>	<u>10,048</u>	34 %
Gross margin	4,302	2,193	96 %
Operating expenses:			
Selling, general, and administrative	4,669	2,068	126 %
Research and development	1,133	264	329 %
Total operating expenses	<u>5,802</u>	<u>2,332</u>	149 %
Operating loss	(1,500)	(139)	(979)%
Interest and other, net	(573)	(219)	(162)%
Loss from continuing operations before income taxes	(2,073)	(358)	(479)%
Income tax provision (benefit)	(690)	66	NM
Net loss from continuing operations	(1,383)	(424)	(226)%
Income from discontinued operations, net of income taxes	—	479	(100)%
Net income (loss)	(1,383)	55	NM
Less: Net loss attributable to non-controlling interests	(49)	—	NA
Net income (loss) attributable to Dell Technologies Inc.	<u>\$ (1,334)</u>	<u>\$ 55</u>	NM
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:			
Continuing operations - Class V Common Stock - basic	\$ 0.57	\$ —	
Continuing operations - DHI Group - basic	\$ (2.57)	\$ (1.05)	
Discontinued operations - DHI Group - basic	\$ —	\$ 1.18	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:			
Continuing operations - Class V Common Stock - diluted	\$ 0.56	\$ —	
Continuing operations - DHI Group - diluted	\$ (2.57)	\$ (1.05)	
Discontinued operations - DHI Group - diluted	\$ —	\$ 1.18	
Weighted-average shares outstanding:			
Basic - Class V Common Stock	207	—	
Diluted - Class V Common Stock	207	—	
Basic - DHI Group	566	405	
Diluted - DHI Group	566	405	
<u>Percentage of Total Net Revenue:</u>			
Gross margin	24 %	18 %	
Selling, general, and administrative	26 %	17 %	
Research and development	6 %	2 %	
Operating expenses	33 %	19 %	
Operating loss	(8)%	(1)%	
Loss from continuing operations before income taxes	(12)%	(3)%	
Net loss from continuing operations	(8)%	(3)%	
Income tax rate	33 %	(18)%	

DELL TECHNOLOGIES INC.
Condensed Consolidated Statements of Financial Position
(in millions; unaudited)

	May 5, 2017	February 3, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,554	\$ 9,474
Short-term investments	1,620	1,975
Accounts receivable, net	8,834	9,420
Short-term financing receivables, net	3,255	3,222
Inventories, net	2,466	2,538
Other current assets	4,655	4,144
Total current assets	30,384	30,773
Property, plant, and equipment, net	5,438	5,653
Long-term investments	3,772	3,802
Long-term financing receivables, net	2,741	2,651
Goodwill	38,930	38,910
Intangible assets, net	33,283	35,053
Other non-current assets	1,492	1,364
Total assets	\$ 116,040	\$ 118,206
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 4,842	\$ 6,329
Accounts payable	15,064	14,422
Accrued and other	6,376	7,119
Short-term deferred revenue	10,354	10,265
Total current liabilities	36,636	38,135
Long-term debt	44,948	43,061
Long-term deferred revenue	8,330	8,431
Other non-current liabilities	8,435	9,339
Total liabilities	98,349	98,966
Redeemable shares	301	231
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	11,532	13,243
Non-controlling interests	5,858	5,766
Total stockholders' equity	17,390	19,009
Total liabilities, redeemable shares, and stockholders' equity	\$ 116,040	\$ 118,206

DELL TECHNOLOGIES INC.
Condensed Consolidated Statements of Cash Flows
(in millions; unaudited)

	Three Months Ended	
	May 5, 2017	April 29, 2016
Cash flows from operating activities:		
Net income (loss)	\$ (1,383)	\$ 55
Adjustments to reconcile net loss to net cash provided by operating activities	1,623	(118)
Change in cash from operating activities	<u>240</u>	<u>(63)</u>
Cash flows from investing activities:		
Investments:		
Purchases	(559)	—
Maturities and sales	973	12
Capital expenditures	(245)	(92)
Proceeds from sale of facilities, land, and other assets	—	4
Capitalized software development costs	(89)	—
Collections on purchased financing receivables	3	16
Acquisition of businesses, net	(12)	—
Divestitures of businesses, net	(20)	—
Change in cash from investing activities	<u>51</u>	<u>(60)</u>
Cash flows from financing activities:		
Proceeds from the issuance of common stock of subsidiaries	8	102
Repurchases of DHI Group Common Stock	(2)	—
Repurchases of Class V Common Stock	(368)	—
Issuance of common stock under employee plans	1	—
Payments for debt issuance costs	(5)	(2)
Proceeds from debt	3,441	552
Repayments of debt	(3,154)	(1,041)
Repurchases for tax withholdings on vesting of equity awards	(126)	(1)
Other	—	3
Change in cash from financing activities	<u>(205)</u>	<u>(387)</u>
Effect of exchange rate changes on cash and cash equivalents	(6)	73
Change in cash and cash equivalents	80	(437)
Cash and cash equivalents at beginning of the period, including amounts held for sale	<u>9,474</u>	<u>6,576</u>
Cash and cash equivalents at end of the period	\$ 9,554	\$ 6,139
Less: Cash included in current assets held for sale	—	268
Cash and cash equivalents from continuing operations	<u>\$ 9,554</u>	<u>\$ 5,871</u>

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

	Three Months Ended		Change
	May 5, 2017	April 29, 2016	
<u>Client Solutions Group (CSG):</u>			
Net Revenue:			
Commercial	\$ 6,350	\$ 6,145	3 %
Consumer	2,706	2,426	12 %
Total CSG net revenue	<u>\$ 9,056</u>	<u>\$ 8,571</u>	6 %
Operating Income:			
CSG operating income	\$ 374	\$ 385	(3)%
% of CSG net revenue	4 %	4 %	
% of total segment operating income	32 %	67 %	
<u>Infrastructure Solutions Group (ISG):</u>			
Net Revenue:			
Servers and networking	\$ 3,231	\$ 3,075	5 %
Storage	3,685	538	585 %
Total ISG net revenue	<u>\$ 6,916</u>	<u>\$ 3,613</u>	91 %
Operating Income:			
ISG operating income	\$ 323	\$ 192	68 %
% of ISG net revenue	5 %	5 %	
% of total segment operating income	27 %	33 %	
<u>VMware:</u>			
Net Revenue:			
Total VMware net revenue	<u>\$ 1,736</u>	<u>\$ —</u>	NA
Operating Income:			
VMware operating income	\$ 486	\$ —	NA
% of VMware net revenue	28 %	NA	
% of total segment operating income	41 %	NA	
<u>Reconciliation to consolidated net revenue:</u>			
Reportable segment net revenue	\$ 17,708	\$ 12,184	
Other businesses (a)	462	110	
Unallocated transactions (b)	1	25	
Impact of purchase accounting (c)	(355)	(78)	
Total net revenue	<u>\$ 17,816</u>	<u>\$ 12,241</u>	
<u>Reconciliation to consolidated operating income (loss):</u>			
Reportable segment operating income	\$ 1,183	\$ 577	
Other businesses (a)	3	(16)	
Unallocated transactions (b)	11	(22)	
Impact of purchase accounting (c)	(423)	(106)	
Amortization of intangibles	(1,776)	(491)	
Transaction-related expenses (d)	(191)	(57)	
Other corporate expenses (e)	(307)	(24)	
Total operating loss	<u>\$ (1,500)</u>	<u>\$ (139)</u>	

(a) Other businesses consist of RSA Information Security, SecureWorks, Pivotal, and Boomi offerings, and do not constitute a reportable segment, either individually or collectively, as the results of the businesses are not material to the Company's overall results and the businesses do not meet the criteria for reportable segments.

(b) Unallocated transactions includes long-term incentives, certain short-term incentive compensation expenses, and other corporate items that are not allocated to Dell Technologies' reportable segments.

(c) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction.

(d) Transaction-related expenses includes acquisition, integration, and divestiture related costs.

(e) Other corporate expenses includes severance and facility action costs as well as stock-based compensation expense.

SUPPLEMENTAL SELECTED NON-GAAP FINANCIAL MEASURES

These tables present information about the Company's non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income from continuing operations, EBITDA, and adjusted EBITDA, which are non-GAAP financial measures provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America ("GAAP"). A detailed discussion of Dell Technologies' reasons for including these non-GAAP financial measures, the limitations associated with these measures, the items excluded from these measures, and our reason for excluding those items are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in our periodic reports filed with the SEC. Dell Technologies encourages investors to review the non-GAAP discussion in conjunction with the presentation of non-GAAP financial measures.

DELL TECHNOLOGIES INC.
Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited)

	<u>Three Months Ended</u>		<u>Change</u>
	<u>May 5, 2017</u>	<u>April 29, 2016</u>	
Non-GAAP net revenue	\$ 18,171	\$ 12,319	48 %
Non-GAAP gross margin	\$ 5,646	\$ 2,385	137 %
<i>% of non-GAAP net revenue</i>	<i>31 %</i>	<i>19 %</i>	
Non-GAAP operating expenses	\$ 4,449	\$ 1,846	141 %
<i>% of non-GAAP net revenue</i>	<i>24 %</i>	<i>15 %</i>	
Non-GAAP operating income	\$ 1,197	\$ 539	122 %
<i>% of non-GAAP net revenue</i>	<i>7 %</i>	<i>4 %</i>	
Non-GAAP net income from continuing operations	\$ 581	\$ 264	120 %
<i>% of non-GAAP net revenue</i>	<i>3 %</i>	<i>2 %</i>	
Adjusted EBITDA	\$ 1,567	\$ 643	144 %
<i>% of non-GAAP net revenue</i>	<i>9 %</i>	<i>5 %</i>	

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited)

	Three Months Ended		Change
	May 5, 2017	April 29, 2016	
Net revenue	\$ 17,816	\$ 12,241	46 %
Non-GAAP adjustments:			
Impact of purchase accounting	355	78	
Non-GAAP net revenue	<u>\$ 18,171</u>	<u>\$ 12,319</u>	48 %
Gross margin	\$ 4,302	\$ 2,193	96 %
Non-GAAP adjustments:			
Impact of purchase accounting	365	89	
Amortization of intangibles	950	101	
Transaction-related expenses	7	(1)	
Other corporate expenses	22	3	
Non-GAAP gross margin	<u>\$ 5,646</u>	<u>\$ 2,385</u>	137 %
Operating expenses	\$ 5,802	\$ 2,332	149 %
Non-GAAP adjustments:			
Impact of purchase accounting	(58)	(17)	
Amortization of intangibles	(826)	(390)	
Transaction-related expenses	(184)	(58)	
Other corporate expenses	(285)	(21)	
Non-GAAP operating expenses	<u>\$ 4,449</u>	<u>\$ 1,846</u>	141 %
Operating loss	\$ (1,500)	\$ (139)	(979)%
Non-GAAP adjustments:			
Impact of purchase accounting	423	106	
Amortization of intangibles	1,776	491	
Transaction-related expenses	191	57	
Other corporate expenses	307	24	
Non-GAAP operating income	<u>\$ 1,197</u>	<u>\$ 539</u>	122 %
Net loss from continuing operations	\$ (1,383)	\$ (424)	(226)%
Non-GAAP adjustments:			
Impact of purchase accounting	423	106	
Amortization of intangibles	1,776	491	
Transaction-related expenses	191	57	
Other corporate expenses	307	24	
Aggregate adjustment for income taxes	(733)	10	
Non-GAAP net income from continuing operations	<u>\$ 581</u>	<u>\$ 264</u>	120 %
Net loss from continuing operations	\$ (1,383)	\$ (424)	(226)%
Adjustments:			
Interest and other, net	573	219	
Income tax provision (benefit)	(690)	66	
Depreciation and amortization	2,212	618	
EBITDA	<u>\$ 712</u>	<u>\$ 479</u>	49 %
EBITDA	\$ 712	\$ 479	49 %
Adjustments:			
Stock-based compensation expense	201	14	
Impact of purchase accounting	357	83	
Transaction-related expenses	191	57	
Other corporate expenses	106	10	
Adjusted EBITDA	<u>\$ 1,567</u>	<u>\$ 643</u>	144 %