

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

	Three Months Ended			Nine Months Ended		
	November 1, 2019	November 2, 2018	Change	November 1, 2019	November 2, 2018	Change
Net revenue:						
Products	\$ 17,485	\$ 17,625	(1)%	\$ 52,349	\$ 52,445	—%
Services	5,359	4,857	10%	15,773	14,335	10%
Total net revenue	22,844	22,482	2%	68,122	66,780	2%
Cost of net revenue:						
Products	13,558	14,565	(7)%	40,526	43,114	(6)%
Services	2,160	1,974	9%	6,347	5,722	11%
Total cost of net revenue	15,718	16,539	(5)%	46,873	48,836	(4)%
Gross margin	7,126	5,943	20%	21,249	17,944	18%
Operating expenses:						
Selling, general, and administrative	5,028	5,159	(3)%	15,677	15,064	4%
Research and development	1,262	1,140	11%	3,667	3,402	8%
Total operating expenses	6,290	6,299	—%	19,344	18,466	5%
Operating income (loss)	836	(356)	335%	1,905	(522)	465%
Interest and other, net	(677)	(639)	(6)%	(2,000)	(1,564)	(28)%
Income (loss) before income taxes	159	(995)	116%	(95)	(2,086)	95%
Income tax benefit	(393)	(100)	(293)%	(5,208)	(192)	NM
Net income (loss)	552	(895)	162%	5,113	(1,894)	370%
Less: Net income (loss) attributable to non-controlling interests	53	(19)	379%	905	117	674%
Net income (loss) attributable to Dell Technologies Inc.	\$ 499	\$ (876)	157%	\$ 4,208	\$ (2,011)	309%

Percentage of Total Net Revenue:

Gross margin	31 %	26 %	31 %	27 %
Selling, general, and administrative	22 %	23 %	23 %	23 %
Research and development	6 %	5 %	5 %	5 %
Operating expenses	28 %	28 %	28 %	28 %
Operating income (loss)	4 %	(2)%	3 %	(1)%
Income (loss) before income taxes	1 %	(4)%	— %	(3)%
Net income (loss)	2 %	(4)%	8 %	(3)%
Income tax rate	(247.2)%	10.1 %	5482.1 %	9.2 %

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

	November 1, 2019	February 1, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,555	\$ 9,676
Accounts receivable, net	11,447	12,371
Short-term financing receivables, net	4,589	4,398
Inventories, net	3,257	3,649
Other current assets	6,924	6,044
Total current assets	34,772	36,138
Property, plant, and equipment, net	5,787	5,259
Long-term investments	838	1,005
Long-term financing receivables, net	4,465	4,224
Goodwill	41,688	40,089
Intangible assets, net	19,174	22,270
Other non-current assets	10,090	2,835
Total assets	\$ 116,814	\$ 111,820
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ 7,664	\$ 4,320
Accounts payable	19,443	19,213
Accrued and other	8,161	8,495
Short-term deferred revenue	13,787	12,944
Total current liabilities	49,055	44,972
Long-term debt	44,727	49,201
Long-term deferred revenue	12,116	11,066
Other non-current liabilities	6,105	6,327
Total liabilities	112,003	111,566
Redeemable shares	934	1,196
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(1,804)	(5,765)
Non-controlling interests	5,681	4,823
Total stockholders' equity (deficit)	3,877	(942)
Total liabilities, redeemable shares, and stockholders' equity (deficit)	\$ 116,814	\$ 111,820

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

	Three Months Ended		Nine Months Ended	
	November 1, 2019	November 2, 2018	November 1, 2019	November 2, 2018
Cash flows from operating activities:				
Net income (loss)	\$ 552	\$ (895)	\$ 5,113	\$ (1,894)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	1,269	1,728	670	6,519
Change in cash from operating activities	<u>1,821</u>	<u>833</u>	<u>5,783</u>	<u>4,625</u>
Cash flows from investing activities:				
Investments:				
Purchases	(72)	(24)	(142)	(912)
Maturities and sales	19	863	449	2,185
Capital expenditures	(529)	(300)	(1,612)	(861)
Capitalized software development costs	(80)	(86)	(264)	(246)
Acquisition of businesses, net	(2,045)	(493)	(2,429)	(493)
Divestitures of businesses, net	—	—	—	142
Asset acquisitions, net	(8)	(21)	(8)	(59)
Asset dispositions, net	—	(6)	(3)	(12)
Other	16	8	27	35
Change in cash from investing activities	<u>(2,699)</u>	<u>(59)</u>	<u>(3,982)</u>	<u>(221)</u>
Cash flows from financing activities:				
Share repurchases for tax withholdings of equity awards	(44)	(52)	(407)	(251)
Proceeds from the issuance of common stock of subsidiaries	143	114	294	767
Repurchases of common stock of subsidiaries	(241)	(1)	(1,285)	(1)
Proceeds from debt	5,455	1,806	17,656	6,443
Repayments of debt	(5,037)	(2,721)	(18,948)	(9,669)
Other	46	(3)	90	(133)
Change in cash from financing activities	<u>322</u>	<u>(857)</u>	<u>(2,600)</u>	<u>(2,844)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(38)</u>	<u>(46)</u>	<u>(100)</u>	<u>(262)</u>
Change in cash, cash equivalents, and restricted cash	<u>(594)</u>	<u>(129)</u>	<u>(899)</u>	<u>1,298</u>
Cash, cash equivalents, and restricted cash at beginning of the period	<u>9,935</u>	<u>15,805</u>	<u>10,240</u>	<u>14,378</u>
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 9,341</u>	<u>\$ 15,676</u>	<u>\$ 9,341</u>	<u>\$ 15,676</u>

DELL TECHNOLOGIES INC.
Segment Information
(in millions, except percentages; unaudited; continued on next page)

	Three Months Ended			Nine Months Ended		
	November 1, 2019	November 2, 2018	Change	November 1, 2019	November 2, 2018	Change
<i>Infrastructure Solutions Group (ISG):</i>						
Net Revenue:						
Servers and networking	\$ 4,241	\$ 5,054	(16)%	\$ 12,858	\$ 14,700	(13)%
Storage	4,149	3,883	7%	12,355	12,131	2%
Total ISG net revenue	\$ 8,390	\$ 8,937	(6)%	\$ 25,213	\$ 26,831	(6)%
Operating Income:						
ISG operating income	\$ 996	\$ 935	7%	\$ 2,889	\$ 2,886	—%
% of ISG net revenue	12%	10%		11%	11%	
% of total reportable segment operating income	41%	43%		39%	45%	
<i>Client Solutions Group (CSG):</i>						
Net Revenue:						
Commercial	\$ 8,330	\$ 7,613	9%	\$ 25,714	\$ 23,085	11%
Consumer	3,080	3,292	(6)%	8,354	9,219	(9)%
Total CSG net revenue	\$ 11,410	\$ 10,905	5%	\$ 34,068	\$ 32,304	5%
Operating Income:						
CSG operating income	\$ 739	\$ 447	65%	\$ 2,514	\$ 1,405	79%
% of CSG net revenue	6%	4%		7%	4%	
% of total reportable segment operating income	30%	21%		34%	22%	
<i>VMware:</i>						
Net Revenue:						
Total VMware net revenue	\$ 2,483	\$ 2,229	11%	\$ 7,231	\$ 6,451	12%
Operating Income:						
VMware operating income	\$ 717	\$ 768	(7)%	\$ 2,093	\$ 2,117	(1)%
% of VMware net revenue	29%	34%		29%	33%	
% of total reportable segment operating income	29%	36%		28%	33%	

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

	Three Months Ended		Nine Months Ended	
	November 1, 2019	November 2, 2018	November 1, 2019	November 2, 2018
<i><u>Reconciliation to consolidated net revenue:</u></i>				
Reportable segment net revenue	\$ 22,283	\$ 22,071	\$ 66,512	\$ 65,586
Other businesses (a)	644	583	1,859	1,736
Unallocated transactions (b)	1	(3)	1	(6)
Impact of purchase accounting (c)	(84)	(169)	(250)	(536)
Total consolidated net revenue	\$ 22,844	\$ 22,482	\$ 68,122	\$ 66,780
<i><u>Reconciliation to consolidated operating income (loss):</u></i>				
Reportable segment operating income	\$ 2,452	\$ 2,150	\$ 7,496	\$ 6,408
Other businesses (a)	(8)	(40)	(86)	(139)
Unallocated transactions (b)	(2)	(46)	(29)	(71)
Impact of purchase accounting (c)	(96)	(193)	(299)	(630)
Amortization of intangibles	(1,057)	(1,546)	(3,334)	(4,594)
Transaction-related expenses (d)	(76)	(167)	(165)	(437)
Stock-based compensation expense (e)	(322)	(256)	(886)	(671)
Other corporate expenses (f)	(55)	(258)	(792)	(388)
Total consolidated operating income (loss)	\$ 836	\$ (356)	\$ 1,905	\$ (522)

- (a) Pivotal, Secureworks, RSA Security, Virtustream, and Boomi constitute "Other businesses" and do not meet the requirements for a reportable segment, either individually or collectively. The results of Other businesses are not material to the Company's overall results.
- (b) Unallocated transactions includes 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 that closed in September 2016.
- (d) Transaction-related expenses includes acquisition, integration, and divestiture related costs, as well as the costs incurred in the Class V transaction that closed in December 2018.
- (e) Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date.
- (f) Other corporate expenses includes impairment charges and severance, facility action, and other costs.

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, non-GAAP net income attributable to non-controlling interests, non-GAAP net income attributable to Dell Technologies Inc. - basic, non-GAAP net income attributable to Dell Technologies Inc. - diluted, non-GAAP earnings per share attributable to Dell Technologies Inc. - basic, non-GAAP earnings per share attributable to Dell Technologies Inc. - diluted, 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 these reports in conjunction with the presentation of non-GAAP financial measures.

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

	Three Months Ended			Nine Months Ended		
	November 1, 2019	November 2, 2018	Change	November 1, 2019	November 2, 2018	Change
Non-GAAP net revenue	\$ 22,928	\$ 22,651	1%	\$ 68,372	\$ 67,316	2%
Non-GAAP gross margin	\$ 7,768	\$ 7,000	11%	\$ 23,188	\$ 20,985	10%
<i>% of non-GAAP net revenue</i>	34%	31%		34%	31%	
Non-GAAP operating expenses	\$ 5,326	\$ 4,936	8%	\$ 15,807	\$ 14,787	7%
<i>% of non-GAAP net revenue</i>	23%	22%		23%	22%	
Non-GAAP operating income	\$ 2,442	\$ 2,064	18%	\$ 7,381	\$ 6,198	19%
<i>% of non-GAAP net revenue</i>	11%	9%		11%	9%	
Non-GAAP net income (a)	\$ 1,445	\$ 1,197	21%	\$ 4,405	\$ 3,635	21%
<i>% of non-GAAP net revenue</i>	6%	5%		6%	5%	
Adjusted EBITDA	\$ 2,857	\$ 2,426	18%	\$ 8,586	\$ 7,268	18%
<i>% of non-GAAP net revenue</i>	12%	11%		13%	11%	

(a) Non-GAAP net income has been recast to exclude fair value adjustments on equity investments, the corresponding tax effects of those adjustments, and discrete tax items.

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

	Three Months Ended			Nine Months Ended		
	November 1, 2019	November 2, 2018	Change	November 1, 2019	November 2, 2018	Change
Net revenue	\$ 22,844	\$ 22,482	2%	\$ 68,122	\$ 66,780	2%
Non-GAAP adjustments:						
Impact of purchase accounting	84	169		250	536	
Non-GAAP net revenue	\$ 22,928	\$ 22,651	1%	\$ 68,372	\$ 67,316	2%
Gross margin	\$ 7,126	\$ 5,943	20%	\$ 21,249	\$ 17,944	18%
Non-GAAP adjustments:						
Amortization of intangibles	517	726		1,555	2,154	
Impact of purchase accounting	86	171		255	549	
Transaction-related	—	102		(5)	239	
Stock-based compensation expense	33	20		91	54	
Other corporate expenses	6	38		43	45	
Non-GAAP gross margin	\$ 7,768	\$ 7,000	11%	\$ 23,188	\$ 20,985	10%
Operating expenses	\$ 6,290	\$ 6,299	—%	\$ 19,344	\$ 18,466	5%
Non-GAAP adjustments:						
Amortization of intangibles	(540)	(820)		(1,779)	(2,440)	
Impact of purchase accounting	(10)	(22)		(44)	(81)	
Transaction-related	(76)	(65)		(170)	(198)	
Stock-based compensation expense	(289)	(236)		(795)	(617)	
Other corporate expenses	(49)	(220)		(749)	(343)	
Non-GAAP operating expenses	\$ 5,326	\$ 4,936	8%	\$ 15,807	\$ 14,787	7%
Operating income (loss)	\$ 836	\$ (356)	335%	\$ 1,905	\$ (522)	465%
Non-GAAP adjustments:						
Amortization of intangibles	1,057	1,546		3,334	4,594	
Impact of purchase accounting	96	193		299	630	
Transaction-related	76	167		165	437	
Stock-based compensation expense	322	256		886	671	
Other corporate expenses	55	258		792	388	
Non-GAAP operating income	\$ 2,442	\$ 2,064	18%	\$ 7,381	\$ 6,198	19%

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

	Three Months Ended			Nine Months Ended		
	November 1, 2019	November 2, 2018	Change	November 1, 2019	November 2, 2018	Change
Net income (loss)	\$ 552	\$ (895)	162%	\$ 5,113	\$ (1,894)	370%
Non-GAAP adjustments:						
Amortization of intangibles	1,057	1,546		3,334	4,594	
Impact of purchase accounting	96	193		299	630	
Transaction-related	76	167		165	437	
Stock-based compensation expense	322	256		886	671	
Other corporate expenses	55	258		792	388	
Fair value adjustments on equity investments	(18)	17		(160)	(229)	
Aggregate adjustment for income taxes	(695)	(345)		(6,024)	(962)	
Non-GAAP net income (a)	\$ 1,445	\$ 1,197	21%	\$ 4,405	\$ 3,635	21%
Net income (loss)	\$ 552	\$ (895)	162%	\$ 5,113	\$ (1,894)	370%
Adjustments:						
Interest and other, net	677	639		2,000	1,564	
Income tax benefit	(393)	(100)		(5,208)	(192)	
Depreciation and amortization	1,494	1,961		4,608	5,806	
EBITDA	\$ 2,330	\$ 1,605	45%	\$ 6,513	\$ 5,284	23%
EBITDA	\$ 2,330	\$ 1,605	45%	\$ 6,513	\$ 5,284	23%
Adjustments:						
Stock-based compensation expense	322	256		886	671	
Impact of purchase accounting	84	169		251	536	
Transaction-related	76	158		165	409	
Other corporate expenses	45	238		771	368	
Adjusted EBITDA	\$ 2,857	\$ 2,426	18%	\$ 8,586	\$ 7,268	18%

(a) Non-GAAP net income has been recast to exclude fair value adjustments on equity investments, the corresponding tax effects of those adjustments, and discrete tax items.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Three Months Ended November 1, 2019
(in millions, except per share amounts; unaudited)

	GAAP	Amortization of intangibles	Impact of purchase accounting	Transaction- related expenses	Stock-based compensation expense	Other corporate expenses	Fair value adjustments on equity investments	Aggregate adjustment for income taxes	Non- GAAP
Net income	\$ 552	1,057	96	76	322	55	(18)	(695)	\$ 1,445
Less: Net income attributable to non-controlling interests (a)	53	75	5	13	55	—	(50)	(27)	124
Net income attributable to Dell Technologies Inc. - basic	499	982	91	63	267	55	32	(668)	1,321
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(6)								(6)
Net income attributable to Dell Technologies Inc. - diluted	\$ 493								\$ 1,315
Earnings per share - basic	\$ 0.69								\$ 1.82
Earnings per share - diluted	\$ 0.66								\$ 1.75
Weighted-average shares outstanding - basic	725								725
Weighted-average shares outstanding - diluted	750								750

- (a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware, Inc., Pivotal Software, Inc., and SecureWorks Corp. by their non-GAAP net income adjustments for the period presented.
- (b) Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. represents the impact of VMware, Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies Inc. and is calculated by multiplying the difference between VMware, Inc.'s basic and diluted earnings per share by the number of shares of VMware, Inc. common stock held by Dell Technologies Inc.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Nine Months Ended November 1, 2019
(in millions, except per share amounts; unaudited)

	GAAP	Amortization of intangibles	Impact of purchase accounting	Transaction- related expenses	Stock-based compensation expense	Other corporate expenses	Fair value adjustments on equity investments	Aggregate adjustment for income taxes	Non- GAAP
Net income	\$ 5,113	3,334	299	165	886	792	(160)	(6,024)	\$ 4,405
Less: Net income attributable to non-controlling interests (a)	905	219	17	18	152	—	24	(971)	364
Net income attributable to Dell Technologies Inc. - basic	4,208	3,115	282	147	734	792	(184)	(5,053)	4,041
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(81)								(25)
Net income attributable to Dell Technologies Inc. - diluted	\$ 4,127								\$ 4,016
Earnings per share - basic	\$ 5.84								\$ 5.61
Earnings per share - diluted	\$ 5.50								\$ 5.35
Weighted-average shares outstanding - basic	720								720
Weighted-average shares outstanding - diluted	750								750

- (a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware, Inc., Pivotal Software, Inc., and SecureWorks Corp. by their non-GAAP net income adjustments for the period presented.
- (b) Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. represents the impact of VMware, Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies Inc. and is calculated by multiplying the difference between VMware, Inc.'s basic and diluted earnings per share by the number of shares of VMware, Inc. common stock held by Dell Technologies Inc.