

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>August 2, 2019</u>	<u>August 3, 2018</u>	<u>Change</u>	<u>August 2, 2019</u>	<u>August 3, 2018</u>	<u>Change</u>
Net revenue:						
Products	\$ 18,110	\$ 18,149	—%	\$ 34,864	\$ 34,820	—%
Services	5,260	4,793	10%	10,414	9,478	10%
Total net revenue	<u>23,370</u>	<u>22,942</u>	2%	<u>45,278</u>	<u>44,298</u>	2%
Cost of net revenue:						
Products	13,889	14,943	(7)%	26,968	28,549	(6)%
Services	2,155	1,876	15%	4,187	3,748	12%
Total cost of net revenue	<u>16,044</u>	<u>16,819</u>	(5)%	<u>31,155</u>	<u>32,297</u>	(4)%
Gross margin	7,326	6,123	20%	14,123	12,001	18%
Operating expenses:						
Selling, general, and administrative	5,578	4,961	12%	10,649	9,905	8%
Research and development	1,229	1,175	5%	2,405	2,262	6%
Total operating expenses	<u>6,807</u>	<u>6,136</u>	11%	<u>13,054</u>	<u>12,167</u>	7%
Operating income (loss)	519	(13)	NM	1,069	(166)	744%
Interest and other, net	(630)	(455)	(38)%	(1,323)	(925)	(43)%
Loss before income taxes	(111)	(468)	76%	(254)	(1,091)	77%
Income tax benefit	(4,616)	(7)	NM	(5,088)	(92)	NM
Net income (loss)	4,505	(461)	NM	4,834	(999)	584%
Less: Net income attributable to non-controlling interests	816	38	NM	852	136	526%
Net income (loss) attributable to Dell Technologies Inc.	<u>\$ 3,689</u>	<u>\$ (499)</u>	839%	<u>\$ 3,982</u>	<u>\$ (1,135)</u>	451%

Percentage of Total Net Revenue:

Gross margin	31 %	27 %	31 %	27 %
Selling, general, and administrative	24 %	22 %	24 %	22 %
Research and development	5 %	5 %	5 %	5 %
Operating expenses	29 %	27 %	29 %	28 %
Operating income (loss)	2 %	— %	2 %	— %
Loss before income taxes	— %	(2)%	(1)%	(3)%
Net income (loss)	19 %	(2)%	11 %	(2)%
Income tax rate	4158.6 %	1.5 %	2003.1 %	8.4 %

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

	August 2, 2019	February 1, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,193	\$ 9,676
Accounts receivable, net	11,586	12,371
Short-term financing receivables, net	4,473	4,398
Inventories, net	3,135	3,649
Other current assets	6,929	6,044
Total current assets	35,316	36,138
Property, plant, and equipment, net	5,568	5,259
Long-term investments	768	1,005
Long-term financing receivables, net	4,350	4,224
Goodwill	39,998	40,089
Intangible assets, net	19,719	22,270
Other non-current assets	9,801	2,835
Total assets	\$ 115,520	\$ 111,820
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ 5,949	\$ 4,320
Accounts payable	19,411	19,213
Accrued and other	8,092	8,495
Short-term deferred revenue	13,568	12,944
Total current liabilities	47,020	44,972
Long-term debt	45,973	49,201
Long-term deferred revenue	11,780	11,066
Other non-current liabilities	6,355	6,327
Total liabilities	111,128	111,566
Redeemable shares	1,024	1,196
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(2,176)	(5,765)
Non-controlling interests	5,544	4,823
Total stockholders' equity (deficit)	3,368	(942)
Total liabilities, redeemable shares, and stockholders' equity (deficit)	\$ 115,520	\$ 111,820

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

	Three Months Ended		Six Months Ended	
	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
Cash flows from operating activities:				
Net income (loss)	\$ 4,505	\$ (461)	\$ 4,834	\$ (999)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	(1,225)	3,094	(872)	4,791
Change in cash from operating activities	<u>3,280</u>	<u>2,633</u>	<u>3,962</u>	<u>3,792</u>
Cash flows from investing activities:				
Investments:				
Purchases	(32)	(449)	(70)	(888)
Maturities and sales	93	791	430	1,322
Capital expenditures	(473)	(288)	(1,083)	(561)
Capitalized software development costs	(78)	(71)	(184)	(160)
Acquisition of businesses, net	(339)	—	(384)	—
Divestitures of businesses, net	—	—	—	142
Asset acquisitions, net	—	—	—	(38)
Asset dispositions, net	—	(3)	(3)	(6)
Other	4	7	11	27
Change in cash from investing activities	<u>(825)</u>	<u>(13)</u>	<u>(1,283)</u>	<u>(162)</u>
Cash flows from financing activities:				
Share repurchases for tax withholdings of equity awards	(148)	(99)	(363)	(199)
Proceeds from the issuance of common stock of subsidiaries	18	11	151	653
Repurchases of common stock of subsidiaries	(452)	—	(1,044)	—
Proceeds from debt	2,638	2,774	12,201	4,637
Repayments of debt	(4,342)	(5,126)	(13,911)	(6,948)
Other	83	(90)	44	(130)
Change in cash from financing activities	<u>(2,203)</u>	<u>(2,530)</u>	<u>(2,922)</u>	<u>(1,987)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(26)	(130)	(62)	(216)
Change in cash, cash equivalents, and restricted cash	<u>226</u>	<u>(40)</u>	<u>(305)</u>	<u>1,427</u>
Cash, cash equivalents, and restricted cash at beginning of the period	<u>9,709</u>	<u>15,845</u>	<u>10,240</u>	<u>14,378</u>
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 9,935</u>	<u>\$ 15,805</u>	<u>\$ 9,935</u>	<u>\$ 15,805</u>

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>August 2, 2019</u>	<u>August 3, 2018</u>	<u>Change</u>	<u>August 2, 2019</u>	<u>August 3, 2018</u>	<u>Change</u>
<i>Infrastructure Solutions Group (ISG):</i>						
Net Revenue:						
Servers and networking	\$ 4,437	\$ 5,061	(12)%	\$ 8,617	\$ 9,646	(11)%
Storage	4,184	4,166	—%	8,206	8,248	(1)%
Total ISG net revenue	<u>\$ 8,621</u>	<u>\$ 9,227</u>	(7)%	<u>\$ 16,823</u>	<u>\$ 17,894</u>	(6)%
Operating Income:						
ISG operating income	<u>\$ 1,050</u>	<u>\$ 1,012</u>	4%	<u>\$ 1,893</u>	<u>\$ 1,951</u>	(3)%
<i>% of ISG net revenue</i>	<i>12%</i>	<i>11%</i>		<i>11%</i>	<i>11%</i>	
<i>% of total reportable segment operating income</i>	<i>38%</i>	<i>47%</i>		<i>38%</i>	<i>46%</i>	
<i>Client Solutions Group (CSG):</i>						
Net Revenue:						
Commercial	\$ 9,077	\$ 8,109	12%	\$ 17,384	\$ 15,472	12%
Consumer	2,671	3,019	(12)%	5,274	5,927	(11)%
Total CSG net revenue	<u>\$ 11,748</u>	<u>\$ 11,128</u>	6%	<u>\$ 22,658</u>	<u>\$ 21,399</u>	6%
Operating Income:						
CSG operating income	<u>\$ 982</u>	<u>\$ 425</u>	131%	<u>\$ 1,775</u>	<u>\$ 958</u>	85%
<i>% of CSG net revenue</i>	<i>8%</i>	<i>4%</i>		<i>8%</i>	<i>4%</i>	
<i>% of total reportable segment operating income</i>	<i>35%</i>	<i>20%</i>		<i>35%</i>	<i>22%</i>	
<i>VMware:</i>						
Net Revenue:						
Total VMware net revenue	<u>\$ 2,466</u>	<u>\$ 2,194</u>	12%	<u>\$ 4,748</u>	<u>\$ 4,222</u>	12%
Operating Income:						
VMware operating income	<u>\$ 762</u>	<u>\$ 736</u>	4%	<u>\$ 1,376</u>	<u>\$ 1,349</u>	2%
<i>% of VMware net revenue</i>	<i>31%</i>	<i>34%</i>		<i>29%</i>	<i>32%</i>	
<i>% of total reportable segment operating income</i>	<i>27%</i>	<i>34%</i>		<i>27%</i>	<i>32%</i>	

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

	Three Months Ended		Six Months Ended	
	August 2, 2019	August 3, 2018	August 2, 2019	August 3, 2018
<i>Reconciliation to consolidated net revenue:</i>				
Reportable segment net revenue	\$ 22,835	\$ 22,549	\$ 44,229	\$ 43,515
Other businesses (a)	619	574	1,215	1,153
Unallocated transactions (b)	—	(1)	—	(3)
Impact of purchase accounting (c)	(84)	(180)	(166)	(367)
Total consolidated net revenue	<u>\$ 23,370</u>	<u>\$ 22,942</u>	<u>\$ 45,278</u>	<u>\$ 44,298</u>
<i>Reconciliation to consolidated operating income (loss):</i>				
Reportable segment operating income	\$ 2,794	\$ 2,173	\$ 5,044	\$ 4,258
Other businesses (a)	(25)	(49)	(78)	(99)
Unallocated transactions (b)	(26)	(16)	(27)	(25)
Impact of purchase accounting (c)	(102)	(215)	(203)	(437)
Amortization of intangibles	(1,060)	(1,526)	(2,277)	(3,048)
Transaction-related expenses (d)	(47)	(104)	(89)	(270)
Stock-based compensation expense (e)	(301)	(216)	(564)	(415)
Other corporate expenses (f)	(714)	(60)	(737)	(130)
Total consolidated operating income (loss)	<u>\$ 519</u>	<u>\$ (13)</u>	<u>\$ 1,069</u>	<u>\$ (166)</u>

- (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.
- (d) Transaction-related expenses includes acquisition, integration, and divestiture related costs, as well as the costs incurred in the Class V transaction.
- (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 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			Six Months Ended		
	August 2, 2019	August 3, 2018	Change	August 2, 2019	August 3, 2018	Change
Non-GAAP net revenue	\$ 23,454	\$ 23,122	1%	\$ 45,444	\$ 44,665	2%
Non-GAAP gross margin	\$ 7,986	\$ 7,066	13%	\$ 15,420	\$ 13,985	10%
<i>% of non-GAAP net revenue</i>	34%	31%		34%	31%	
Non-GAAP operating expenses	\$ 5,243	\$ 4,958	6%	\$ 10,481	\$ 9,851	6%
<i>% of non-GAAP net revenue</i>	22%	21%		23%	22%	
Non-GAAP operating income	\$ 2,743	\$ 2,108	30%	\$ 4,939	\$ 4,134	19%
<i>% of non-GAAP net revenue</i>	12%	9%		11%	9%	
Non-GAAP net income (a)	\$ 1,751	\$ 1,259	39%	\$ 2,960	\$ 2,438	21%
<i>% of non-GAAP net revenue</i>	7%	5%		7%	5%	
Adjusted EBITDA	\$ 3,156	\$ 2,459	28%	\$ 5,729	\$ 4,842	18%
<i>% of non-GAAP net revenue</i>	13%	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			Six Months Ended		
	August 2, 2019	August 3, 2018	Change	August 2, 2019	August 3, 2018	Change
Net revenue	\$ 23,370	\$ 22,942	2%	\$ 45,278	\$ 44,298	2%
Non-GAAP adjustments:						
Impact of purchase accounting	84	180		166	367	
Non-GAAP net revenue	<u>\$ 23,454</u>	<u>\$ 23,122</u>	1%	<u>\$ 45,444</u>	<u>\$ 44,665</u>	2%
Gross margin	\$ 7,326	\$ 6,123	20%	\$ 14,123	\$ 12,001	18%
Non-GAAP adjustments:						
Amortization of intangibles	519	718		1,038	1,428	
Impact of purchase accounting	85	185		169	378	
Transaction-related expenses	—	21		(5)	137	
Stock-based compensation expense	32	18		58	34	
Other corporate expenses	24	1		37	7	
Non-GAAP gross margin	<u>\$ 7,986</u>	<u>\$ 7,066</u>	13%	<u>\$ 15,420</u>	<u>\$ 13,985</u>	10%
Operating expenses	\$ 6,807	\$ 6,136	11%	\$ 13,054	\$ 12,167	7%
Non-GAAP adjustments:						
Amortization of intangibles	(541)	(808)		(1,239)	(1,620)	
Impact of purchase accounting	(17)	(30)		(34)	(59)	
Transaction-related expenses	(47)	(83)		(94)	(133)	
Stock-based compensation expense	(269)	(198)		(506)	(381)	
Other corporate expenses	(690)	(59)		(700)	(123)	
Non-GAAP operating expenses	<u>\$ 5,243</u>	<u>\$ 4,958</u>	6%	<u>\$ 10,481</u>	<u>\$ 9,851</u>	6%
Operating income (loss)	\$ 519	\$ (13)	NM	\$ 1,069	\$ (166)	744%
Non-GAAP adjustments:						
Amortization of intangibles	1,060	1,526		2,277	3,048	
Impact of purchase accounting	102	215		203	437	
Transaction-related expenses	47	104		89	270	
Stock-based compensation expense	301	216		564	415	
Other corporate expenses	714	60		737	130	
Non-GAAP operating income	<u>\$ 2,743</u>	<u>\$ 2,108</u>	30%	<u>\$ 4,939</u>	<u>\$ 4,134</u>	19%

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

	Three Months Ended			Six Months Ended		
	August 2, 2019	August 3, 2018	Change	August 2, 2019	August 3, 2018	Change
Net income (loss)	\$ 4,505	\$ (461)	NM	\$ 4,834	\$ (999)	584%
Non-GAAP adjustments:						
Amortization of intangibles	1,060	1,526		2,277	3,048	
Impact of purchase accounting	102	215		203	437	
Transaction-related expenses	47	104		89	270	
Stock-based compensation expense	301	216		564	415	
Other corporate expenses	714	60		737	130	
Fair value adjustments on equity investments	(80)	(139)		(142)	(246)	
Aggregate adjustment for income taxes	(4,898)	(262)		(5,602)	(617)	
Non-GAAP net income (a)	\$ 1,751	\$ 1,259	39%	\$ 2,960	\$ 2,438	21%
Net income (loss)	\$ 4,505	\$ (461)	NM	\$ 4,834	\$ (999)	584%
Adjustments:						
Interest and other, net	630	455		1,323	925	
Income tax benefit	(4,616)	(7)		(5,088)	(92)	
Depreciation and amortization	1,498	1,931		3,114	3,845	
EBITDA	\$ 2,017	\$ 1,918	5%	\$ 4,183	\$ 3,679	14%
EBITDA	\$ 2,017	\$ 1,918	5%	\$ 4,183	\$ 3,679	14%
Adjustments:						
Stock-based compensation expense	301	216		564	415	
Impact of purchase accounting	84	145		167	367	
Transaction-related expenses	47	85		89	251	
Other corporate expenses	707	95		726	130	
Adjusted EBITDA	\$ 3,156	\$ 2,459	28%	\$ 5,729	\$ 4,842	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 August 2, 2019
(in millions, except per share amounts; unaudited)

	<u>GAAP</u>	<u>Amortization of intangibles</u>	<u>Impact of purchase accounting</u>	<u>Transaction- related expenses</u>	<u>Stock-based compensation expense</u>	<u>Other corporate expenses</u>	<u>Fair value adjustments on equity investments</u>	<u>Aggregate adjustment for income taxes</u>	<u>Non- GAAP</u>
Net income	\$ 4,505	1,060	102	47	301	714	(80)	(4,898)	\$ 1,751
Less: Net income attributable to non-controlling interests (a)	816	71	6	2	51	—	100	(915)	131
Net income attributable to Dell Technologies Inc. - basic	<u>3,689</u>	<u>989</u>	<u>96</u>	<u>45</u>	<u>250</u>	<u>714</u>	<u>(180)</u>	<u>(3,983)</u>	<u>1,620</u>
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	<u>(62)</u>								<u>(9)</u>
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 3,627</u>								<u>\$ 1,611</u>
Earnings per share - basic	\$ 5.13								\$ 2.25
Earnings per share - diluted	\$ 4.83								\$ 2.15
Weighted-average shares outstanding - basic	719								719
Weighted-average shares outstanding - diluted	751								751

(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'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 Six Months Ended August 2, 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	\$ 4,834	2,277	203	89	564	737	(142)	(5,602)	\$ 2,960
Less: Net income attributable to non-controlling interests (a)	852	144	12	5	97	—	74	(944)	240
Net income attributable to Dell Technologies Inc. - basic	3,982	2,133	191	84	467	737	(216)	(4,658)	2,720
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(78)								(17)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 3,904</u>								<u>\$ 2,703</u>
Earnings per share - basic	\$ 5.55								\$ 3.79
Earnings per share - diluted	\$ 5.21								\$ 3.60
Weighted-average shares outstanding - basic	718								718
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's basic and diluted earnings per share by the number of shares of VMware, Inc. common stock held by Dell Technologies Inc.