UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 3, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-37867

Dell Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware	**80-0890963**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Dell Way, Round Rock, Texas 78682
(Address of principal executive offices) (Zip Code)

1-800-289-3355
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of December 5, 2017, there were 769,388,828 shares of the registrant's common stock outstanding, consisting of 199,354,950 outstanding shares of Class V Common Stock, 409,659,013 outstanding shares of Class A Common Stock, 136,986,858 outstanding shares of Class B Common Stock, and 23,388,007 outstanding shares of Class C Common Stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "may," "will," "anticipate," "estimate," "expect," "intend," "plan," "aim," "seek," and similar expressions as they relate to us or our management are intended to identify these forward-looking statements. All statements by us regarding our expected financial position, revenues, cash flows and other operating results, business strategy, legal proceedings, and similar matters are forward-looking statements. Our expectations expressed or implied in these forward-looking statements may not turn out to be correct. Our results could be materially different from our expectations because of various risks, including the risks discussed in "Part I — Item 1A — Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended February 3, 2017 and in our other periodic and current reports filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date as of which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement after the date as of which such statement was made, whether to reflect changes in circumstances or our expectations, the occurrence of unanticipated events, or otherwise.

DELL TECHNOLOGIES INC.

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

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DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions; unaudited)

	November 3, 2017	February 3, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,706	$ 9,474
Short-term investments	2,008	1,975
Accounts receivable, net	9,189	9,420
Short-term financing receivables, net	3,643	3,222
Inventories, net	2,582	2,538
Other current assets	5,397	4,144
Total current assets	34,525	30,773
Property, plant, and equipment, net	5,378	5,653
Long-term investments	4,273	3,802
Long-term financing receivables, net	3,317	2,651
Goodwill	39,330	38,910
Intangible assets, net	29,846	35,053
Other non-current assets	1,725	1,364
Total assets	$ 118,394	$ 118,206
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 6,235	$ 6,329
Accounts payable	16,711	14,422
Accrued and other	6,901	7,119
Short-term deferred revenue	10,895	10,265
Total current liabilities	40,742	38,135
Long-term debt (Note 7)	45,416	43,061
Long-term deferred revenue	9,161	8,431
Other non-current liabilities	7,487	9,339
Total liabilities	102,806	98,966
Commitments and contingencies (Note 12)		
Redeemable shares (Note 18)	362	231
Stockholders' equity:		
Common stock and capital in excess of $.01 par value (Note 17)	19,927	20,199
Treasury stock at cost	(1,440)	(752)
Accumulated deficit	(8,742)	(5,609)
Accumulated other comprehensive loss	(226)	(595)
Total Dell Technologies Inc. stockholders' equity	9,519	13,243
Non-controlling interests	5,707	5,766
Total stockholders' equity	15,226	19,009
Total liabilities, redeemable shares, and stockholders' equity	$ 118,394	$ 118,206

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in millions, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
Net revenue:				
Products	$ 14,680	$ 12,366	$ 42,003	$ 33,510
Services	4,930	3,881	14,722	8,058
Total net revenue	19,610	16,247	56,725	41,568
Cost of net revenue:				
Products	12,369	10,562	36,206	28,856
Services	2,078	1,786	6,245	4,284
Total cost of net revenue	14,447	12,348	42,451	33,140
Gross margin	5,163	3,899	14,274	8,428
Operating expenses:				
Selling, general, and administrative	4,625	4,556	13,989	8,647
Research and development	1,071	855	3,297	1,365
Total operating expenses	5,696	5,411	17,286	10,012
Operating loss	(533)	(1,512)	(3,012)	(1,584)
Interest and other, net	(682)	(794)	(1,800)	(1,362)
Loss from continuing operations before income taxes	(1,215)	(2,306)	(4,812)	(2,946)
Income tax benefit	(274)	(669)	(1,510)	(623)
Net loss from continuing operations	(941)	(1,637)	(3,302)	(2,323)
Income (loss) from discontinued operations, net of income taxes (Note 3)	—	(438)	—	875
Net loss	(941)	(2,075)	(3,302)	(1,448)
Less: Net loss attributable to non-controlling interests	(4)	(11)	(85)	(12)
Net loss attributable to Dell Technologies Inc.	$ (937)	$ (2,064)	$ (3,217)	$ (1,436)
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:				
Continuing operations - Class V Common Stock - basic	$ 1.10	$ 0.79	$ 2.50	$ 0.79
Continuing operations - DHI Group - basic	$ (2.05)	$ (3.62)	$ (6.57)	$ (5.70)
Discontinued operations - DHI Group - basic	$ —	$ (0.88)	$ —	$ 2.01
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:				
Continuing operations - Class V Common Stock - diluted	$ 1.09	$ 0.78	$ 2.46	$ 0.78
Continuing operations - DHI Group - diluted	$ (2.05)	$ (3.63)	$ (6.58)	$ (5.70)
Discontinued operations - DHI Group - diluted	$ —	$ (0.88)	$ —	$ 2.01

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions; unaudited)

	Three Months Ended		Nine Months Ended	
	November 3, 2017	**October 28, 2016**	**November 3, 2017**	**October 28, 2016**
Net loss	$ (941)	$ (2,075)	$ (3,302)	$ (1,448)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	(125)	(256)	325	(214)
Available-for-sale investments:				
Change in unrealized gains (losses)	(3)	(5)	44	(5)
Reclassification adjustment for net losses realized in net loss	—	—	3	—
Net change in market value of investments	(3)	(5)	47	(5)
Cash flow hedges:				
Change in unrealized gains (losses)	76	82	(81)	(25)
Reclassification adjustment for net (gains) losses included in net loss	31	(17)	80	64
Net change in cash flow hedges	107	65	(1)	39
Total other comprehensive income (loss), net of tax expense (benefit) of $9 and ($3), respectively, and $24 and $2, respectively	(21)	(196)	371	(180)
Comprehensive loss, net of tax	(962)	(2,271)	(2,931)	(1,628)
Less: Net loss attributable to non-controlling interests	(4)	(11)	(85)	(12)
Less: Other comprehensive income (loss) attributable to non-controlling interests	(2)	—	2	—
Comprehensive loss attributable to Dell Technologies Inc.	$ (956)	$ (2,260)	$ (2,848)	$ (1,616)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions; unaudited; continued on next page)

	Nine Months Ended	
	November 3, 2017	**October 28, 2016**
Cash flows from operating activities:		
Net loss	$ (3,302)	$ (1,448)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,491	2,897
Stock-based compensation expense	630	183
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	77	52
Deferred income taxes	(1,957)	(2,036)
Provision for doubtful accounts — including financing receivables	117	80
Net loss on sale of businesses	20	—
Amortization of debt issuance costs	140	141
Other	227	29
Changes in assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	258	(1,156)
Financing receivables	(1,026)	(253)
Inventories	(205)	152
Other assets	(1,286)	(65)
Accounts payable	2,272	968
Deferred revenue	1,293	1,019
Accrued and other liabilities	(70)	1,006
Change in cash from operating activities	3,679	1,569
Cash flows from investing activities:		
Investments:		
Purchases	(3,454)	(511)
Maturities and sales	2,993	561
Capital expenditures	(902)	(417)
Proceeds from sale of facilities, land, and other assets	—	24
Capitalized software development costs	(281)	(85)
Collections on purchased financing receivables	25	31
Acquisition of businesses, net	(223)	(37,614)
Asset acquisitions, net	(95)	—
Asset dispositions, net	(53)	—
Other	—	(48)
Change in cash from investing activities	(1,990)	(38,059)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(continued; in millions; unaudited)

	Nine Months Ended	
	November 3, 2017	**October 28, 2016**
Cash flows from financing activities:		
Payment of dissenting shares obligation	—	(446)
Proceeds from the issuance of DHI Group Common Stock	—	4,404
Proceeds from the issuance of common stock of subsidiaries	110	101
Repurchases of DHI Group Common Stock	(6)	(10)
Repurchases of Class V Common Stock	(722)	(132)
Repurchases of common stock of subsidiaries	(555)	(611)
Issuance of common stock under employee plans	1	—
Payments for debt issuance costs	(44)	(849)
Proceeds from debt	13,192	45,986
Repayments of debt	(11,181)	(9,638)
Share repurchases for tax withholdings on vesting of equity awards	(299)	(28)
Other	—	10
Change in cash from financing activities	496	38,787
Effect of exchange rate changes on cash and cash equivalents	47	31
Change in cash and cash equivalents	2,232	2,328
Cash and cash equivalents at beginning of period, including amounts held for sale	9,474	6,576
Cash and cash equivalents at end of the period	11,706	8,904
Less: Cash included in current assets held for sale	—	82
Cash and cash equivalents from continuing operations	$ 11,706	$ 8,822

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions; unaudited; continued on next page)

	Common Stock and Capital in Excess of Par Value				Treasury Stock								
	DHI Group		Class V Common Stock		DHI Group		Class V Common Stock						
	Issued Shares	Amount	Issued Shares	Amount	Shares	Amount	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity	Non-Controlling Interests	Total Stockholders' Equity
Balances as of February 3, 2017	569	$ 10,158	223	$ 10,041	—	$ (10)	14	$ (742)	$ (5,609)	$ (595)	$ 13,243	$ 5,766	$ 19,009
Adjustment for adoption of accounting standard (Note 1)	—	—	—	—	—	—	—	—	84	—	84	—	84
Net loss	—	—	—	—	—	—	—	—	(3,217)	—	(3,217)	(85)	(3,302)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	325	325	—	325
Investments, net change	—	—	—	—	—	—	—	—	—	45	45	2	47
Cash flow hedges, net change	—	—	—	—	—	—	—	—	—	(1)	(1)	—	(1)
Issuance of common stock	2	(25)	—	—	—	—	—	—	—	—	(25)	—	(25)
Stock-based compensation expense	—	86	—	—	—	—	—	—	—	—	86	545	631
Treasury stock repurchases	—	—	—	—	1	(6)	10	(682)	—	—	(688)	—	(688)
Revaluation of redeemable shares	—	(131)	—	—	—	—	—	—	—	—	(131)	—	(131)
Impact from equity transactions of non-controlling interests	—	(202)	—	—	—	—	—	—	—	—	(202)	(521)	(723)
Balances as of November 3, 2017	571	$ 9,886	223	$ 10,041	1	$ (16)	24	$ (1,424)	$ (8,742)	$ (226)	$ 9,519	$ 5,707	$ 15,226

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions; unaudited; continued)

	Common Stock and Capital in Excess of Par Value				Treasury Stock								
	DHI Group		Class V Common Stock		DHI Group		Class V Common Stock						
	Issued Shares	Amount	Issued Shares	Amount	Shares	Amount	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity	Non-Controlling Interests	Total Stockholders' Equity
Balances as of January 29, 2016	405	$ 5,727	—	$ —	—	$ —	—	$ —	$ (3,937)	$ (324)	$ 1,466	$ —	$ 1,466
Net loss	—	—	—	—	—	—	—	—	(1,436)	—	(1,436)	(12)	(1,448)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	(214)	(214)	—	(214)
Investments, net change	—	—	—	—	—	—	—	—	—	(5)	(5)	—	(5)
Cash flow hedges, net change	—	—	—	—	—	—	—	—	—	39	39	—	39
Fair value of non-controlling interests assumed in business combination	—	—	—	—	—	—	—	—	—	—	—	6,097	6,097
Issuance of common stock	163	4,427	223	10,041	—	—	—	—	—	—	14,468	—	14,468
Stock-based compensation expense	—	183	—	—	—	—	—	—	—	—	183	—	183
Tax benefit from stock-based compensation	—	2	—	—	—	—	—	—	—	—	2	—	2
Treasury stock repurchases	—	—	—	—	—	(10)	4	(165)	—	—	(175)	—	(175)
Revaluation of redeemable shares	—	(81)	—	—	—	—	—	—	—	—	(81)	—	(81)
Impact from equity transactions of non-controlling interests	—	(361)	—	—	—	—	—	—	—	—	(361)	(146)	(507)
Other	—	(13)	—	—	—	—	—	—	7	—	(6)	—	(6)
Balances as of October 28, 2016	568	$ 9,884	223	$ 10,041	—	$ (10)	4	$ (165)	$ (5,366)	$ (504)	$ 13,880	$ 5,939	$ 19,819

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — BASIS OF PRESENTATION

EMC Merger Transaction — On September 7, 2016, EMC Corporation, a Massachusetts corporation ("EMC"), became a wholly-owned subsidiary of Dell Technologies Inc. (the "Company") as a result of the merger of Universal Acquisition Co., a Delaware corporation and wholly-owned subsidiary of the Company ("Merger Sub"), with and into EMC, with EMC surviving as a wholly-owned subsidiary of the Company (the "EMC merger transaction"). See Note 2 of the Notes to the Condensed Consolidated Financial Statements for additional information on the EMC merger transaction.

Divestitures — On November 2, 2016, the Company completed substantially all of the divestiture of Dell Services. On October 31, 2016, the Company completed the divestiture of Dell Software Group ("DSG"). On January 23, 2017, the Company completed the divestiture of the Dell EMC Enterprise Content Division ("ECD"). In accordance with applicable accounting guidance, the results of Dell Services, DSG, and ECD are presented as discontinued operations in the Condensed Consolidated Statements of Income (Loss) and, as such, have been excluded from both continuing operations and segment results for the relevant periods. See Note 3 of the Notes to the Condensed Consolidated Financial Statements for additional information.

SecureWorks Initial Public Offering — On April 27, 2016, SecureWorks Corp. ("SecureWorks") completed a registered underwritten initial public offering ("IPO") of its Class A common stock. The results of the SecureWorks operations are included in other businesses. See Note 15 of the Notes to the Condensed Consolidated Financial Statements for more information.

Basis of Presentation — The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes filed with the U.S. Securities and Exchange Commission ("SEC") in the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2017. These Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of management, the accompanying Condensed Consolidated Financial Statements reflect all adjustments of a normal recurring nature considered necessary to fairly state the financial position of Dell Technologies Inc. (individually and together with its consolidated subsidiaries, the "Company" or "Dell Technologies") as of November 3, 2017 and February 3, 2017, the results of its operations and corresponding comprehensive income (loss) for the three and nine months ended November 3, 2017 and October 28, 2016, as well as its cash flows for the nine months ended November 3, 2017 and October 28, 2016.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying Notes. Actual results could differ materially from those estimates. The results of operations and comprehensive income (loss) for the three and nine months ended November 3, 2017 and October 28, 2016 and cash flows for the nine months ended November 3, 2017 and October 28, 2016 are not necessarily indicative of the results to be expected for the full fiscal year or for any other fiscal period.

The Company's fiscal year is the 52- or 53-week period ending on the Friday nearest January 31. The fiscal year ended February 3, 2017 ("Fiscal 2017") was a 53-week period while the fiscal year ending February 2, 2018 ("Fiscal 2018") will be a 52-week period.

As a result of the EMC merger transaction completed on September 7, 2016, the Company's results of operations, comprehensive income (loss), and cash flows for the fiscal periods reflected in these Condensed Consolidated Financial Statements are not directly comparable as the results of the acquired businesses are only included in the consolidated results from September 7, 2016.

Unless the context indicates otherwise, references in these Notes to the Condensed Consolidated Financial Statements to "VMware" mean the VMware reportable segment, which reflects the operations of VMware, Inc. (NYSE: VMW) within Dell Technologies. See Exhibit 99.1 filed with the Company's quarterly report on Form 10-Q for the quarterly period ended November 3, 2017 for information on the differences between VMware reportable segment results and VMware, Inc. results.

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Recently Issued Accounting Pronouncements

Revenue from Contracts with Customers — In May 2014, the Financial Accounting Standards Board (the "FASB") issued amended guidance on the recognition of revenue from contracts with customers. The objective of the new standard is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede substantially all of the existing revenue recognition guidance, including industry-specific guidance. The new standard requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also provides guidance on the accounting for costs to fulfill or obtain a customer contract. Further, the new standard requires additional disclosures to help enable users of the financial statements to better understand the nature, amount, timing, risks, and judgments related to revenue recognition and related cash flows from contracts with customers.

In August 2015, the FASB approved a one-year deferral of the effective date of this standard. Public entities are required to adopt the new standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The new revenue standard may be applied retrospectively to each prior period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings (modified retrospective method). The Company currently expects to adopt this standard retrospectively to each prior period presented for the fiscal year beginning February 3, 2018.

While the Company is currently evaluating the financial and system impacts that the new standard will have on the Consolidated Financial Statements, the Company expects that unearned license revenue related to the sale of software licenses and related deliverables will decline upon adoption. Currently, the Company defers revenue for certain software arrangements due to the absence of vendor specific objective evidence ("VSOE") of fair value for all or a portion of the deliverables. Under the new standard, the Company will no longer be required to establish VSOE of fair value in order to account for elements in an arrangement as separate units of accounting, and will be able to record revenue upon satisfaction of each performance obligation. Additionally, the Company expects the new standard to have an impact on the way the transaction price is allocated for certain non-standard warranties. The new standard is expected to result in more of the aggregate transaction price related to the non-standard warranty being recorded as revenue upon delivery of the underlying product, because the Company will no longer defer revenue based on the separately stated price of the non-standard warranty provided under the contract. The Company continues to make progress in assessing the impacts of the standard on the Consolidated Financial Statements and will continue to evaluate the impact of any changes to the standard or interpretations should they become available.

Recognition and Measurement of Financial Assets and Financial Liabilities — In January 2016, the FASB issued amended guidance that addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Public entities must adopt the new guidance for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The amended guidance requires changes in the fair value of equity investments to be recognized through net income, rather than other comprehensive income. Adoption of the standard will be applied through a cumulative one-time adjustment to retained earnings. For the Company’s equity investments without readily determinable fair values, the Company expects to elect the measurement alternative to record those investments at cost, less impairment, and adjusted by observable price changes on a prospective basis. The impact of the standard on the Consolidated Statements of Income (Loss) will depend on the relative changes in market price of the equity investments.

Leases — In February 2016, the FASB issued amended guidance on the accounting for leasing transactions. The primary objective of this update is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance makes some changes to lessor accounting, including the elimination of the use of third-party residual value guarantee insurance in the sales-type lease test. Public entities must adopt the new guidance for reporting periods beginning after December 15, 2018, with early adoption permitted. Companies are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the impact that the standard will have on the Consolidated Financial Statements.

Measurement of Credit Losses on Financial Instruments — In June 2016, the FASB issued amended guidance which replaces the current incurred loss impairment methodology for measurement of credit losses on financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Public entities must adopt the new guidance for fiscal years beginning after

December 15, 2019, and interim periods within those fiscal years, with early adoption permitted for fiscal periods beginning after December 15, 2018. The Company is currently evaluating the impact that the standard will have on the Consolidated Financial Statements.

Classification of Certain Cash Receipts and Cash Payments — In August 2016, the FASB issued amended guidance on the presentation and classification of eight specific cash flow issues with the objective of reducing existing diversity in practice. Public entities must adopt the new guidance for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. Companies should reflect any adjustments on a retrospective basis, if practicable; otherwise, adoption is required to be applied as of the earliest date practicable. The Company will adopt this standard as of May 4, 2018, and will apply adjustments retrospectively to each prior period presented on the Condensed Consolidated Statements of Cash Flows for that period. The Company is currently evaluating the impact of the standard, and other than certain reclassifications on the Consolidated Statements of Cash Flows, it is not expected to have a material impact on the Consolidated Financial Statements.

Statement of Cash Flows, Restricted Cash — In November 2016, the FASB issued amended guidance requiring entities to include explanations of changes in restricted cash and restricted cash equivalents on the cash flow statement, and also to provide a supplemental reconciliation of cash, cash equivalents and restricted cash. Public entities must adopt the new guidance for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The Company will adopt this standard as of May 4, 2018, and will apply adjustments retrospectively to each prior period presented on the Condensed Consolidated Statements of Cash Flows for that period and provide the supplemental reconciliation. The Company does not expect that the standard will have a material impact on its Consolidated Financial Statements as its restricted cash balance does not change significantly from period to period.

Simplifying the Test for Goodwill Impairment — In January 2017, the FASB issued amended guidance to simplify the subsequent measurement of goodwill by removing Step 2 of the goodwill impairment test. Instead, under the amendments in the new guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Public entities must adopt the new guidance in fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of the new guidance, but does not expect that the standard will have an impact on its Consolidated Financial Statements.

Derivatives and Hedging — In August 2017, the FASB issued amended guidance that will make more financial and non-financial hedging strategies eligible for hedge accounting. The amended guidance changes how companies assess effectiveness, and also amends the presentation and disclosure requirements. The guidance is intended to simplify the application of hedge accounting and increase transparency as to the scope and results of hedging programs. Immediate early adoption is permitted in any interim or annual period. The Company will early adopt this guidance at the beginning of the fiscal year ending February 1, 2019. The Company is currently evaluating the application of the new guidance, but does not expect that it will have a material impact on the Consolidated Financial Statements.

Recently Adopted Accounting Pronouncements

Improvements to Employee Share-Based Payment Accounting — In March 2016, the FASB issued amended guidance on the accounting for employee share-based payments, including the accounting for income taxes and forfeitures, classification of awards as either equity or liabilities, and classification of cash flows. The Company adopted this guidance at the beginning of Fiscal 2018. In accordance with the new guidance, excess tax benefits or deficiencies for stock-based compensation are now reflected as a component of the provision for income taxes on the Consolidated Statements of Income (Loss), whereas they were previously recorded as additional paid-in capital. The Company has elected to continue to estimate expected forfeitures. Additionally, the Company now presents excess tax benefits as an operating activity rather than a financing activity on the Consolidated Statements of Cash Flows, while the cash flows related to employee taxes paid for withheld shares are presented as a financing activity with prior periods adjusted accordingly. The adoption of the amended guidance did not have a material impact on the Consolidated Financial Statements. The prospective impact of the new standard will depend on the Company's stock price at the vesting or exercise dates of the awards and the number of awards that vest or are exercised in each period, but the Company does not expect the impact to be material in future periods.

Intra-Entity Transfers of Assets Other Than Inventory — In October 2016, the FASB issued amended guidance on the accounting for income taxes. The new guidance requires companies to recognize the income tax effects of intra-entity asset transfers, other than transfers of inventory, when the transfer occurs instead of when the asset is sold to a third party. The new guidance should be applied on a modified-retrospective basis with the cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company early adopted this guidance at the beginning of Fiscal 2018. At adoption, approximately $84 million was reclassified from other non-current liabilities to retained earnings, resulting in a net credit to retained earnings.

NOTE 2 — BUSINESS COMBINATIONS

EMC Merger Transaction

Transaction Overview — On September 7, 2016, EMC became a wholly-owned subsidiary of the Company as a result of the merger of Merger Sub with and into EMC, with EMC surviving as a wholly-owned subsidiary of the Company. Pursuant to the terms of the merger agreement, upon the completion of the EMC merger transaction, each issued and outstanding share of common stock, par value $0.01 per share, of EMC (approximately 2.0 billion shares as of September 7, 2016) was converted into the right to receive (1) $24.05 in cash, without interest, and (2) 0.11146 validly issued, fully paid, and non-assessable shares of common stock of the Company designated as Class V Common Stock, par value $0.01 per share (the "Class V Common Stock"), plus cash in lieu of any fractional shares. Shares of the Class V Common Stock were approved for listing on the New York Stock Exchange (the "NYSE") under the ticker symbol "DVMT" and began trading on September 7, 2016.

In connection with the EMC merger transaction, the Company authorized 343 million shares of Class V Common Stock. On September 7, 2016, Dell Technologies issued 223 million shares of Class V Common Stock to EMC shareholders at a purchase price of $45.07 per share for an aggregate purchase price of approximately $10 billion. The total fair value of consideration transferred to effect the EMC merger transaction was approximately $64 billion, which primarily consisted of cash and such shares of Class V Common Stock, as well as the fair value of non-controlling interests in VMware, Inc. and Pivotal Software, Inc. ("Pivotal"), majority-owned consolidated subsidiaries of EMC. See Note 17 of the Notes to the Condensed Consolidated Financial Statements for additional information on the Class V Common Stock.

DELL TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

Assets Acquired and Liabilities Assumed — The EMC merger transaction has been accounted for as a business combination under the acquisition method of accounting. The cumulative impact of any subsequent changes resulting from the facts and circumstances that existed as of the transaction date will be adjusted in the reporting period in which the adjustment amount is determined. The following table summarizes, as of November 3, 2017, the purchase price allocation to the assets acquired and the liabilities assumed in the EMC merger transaction (in millions):

Current assets:		
Cash and cash equivalents	$	10,080
Short-term investments		1,765
Accounts receivable		2,810
Short-term financing receivables		64
Inventories, net		1,993
Other current assets		903
Total current assets		17,615
Property, plant, and equipment		4,490
Long-term investments		4,317
Long-term financing receivables, net		65
Goodwill		31,539
Purchased intangibles		31,218
Other non-current assets		445
Total assets	$	89,689
Current liabilities:		
Short-term debt	$	905
Accounts payable		728
Accrued and other		3,259
Short-term deferred revenue		4,954
Total current liabilities		9,846
Long-term debt		5,474
Long-term deferred revenue		3,469
Deferred tax liabilities		6,625
Other non-current liabilities		324
Total liabilities		25,738
Total net assets	$	63,951

The table above includes amounts allocated to ECD, which was divested in the fiscal year ended February 3, 2017. See Note 3 of the Notes to the Condensed Consolidated Financial Statements for more information on discontinued operations.

Pro Forma Financial Information — The following table provides unaudited pro forma results of operations for the periods presented as if the transaction date had occurred on January 31, 2015, the first day of the fiscal year ended January 29, 2016.

	Three Months Ended October 28, 2016	Nine Months Ended October 28, 2016
	(in millions, except per share amounts)	
Total net revenue (a)	$ 17,891	$ 53,658
Net loss attributable to Dell Technologies Inc. (a)	$ (810)	$ (3,352)
Earnings (loss) per share attributable to Dell Technologies Inc. - basic (b):		
Continuing operations - Class V Common Stock	$ 0.79	$ 1.84
Continuing operations - DHI Group	$ (1.71)	$ (6.58)
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted (b):		
Continuing operations - Class V Common Stock	$ 0.78	$ 1.83
Continuing operations - DHI Group	$ (1.71)	$ (6.58)

(a) The amounts presented for the three and nine months ended October 28, 2016 are different from those reported in the Company's Form 10-Q for the quarterly period ended October 28, 2016 previously filed with the SEC due to the finalization of purchase accounting related to the amortization amount and periods for deferred revenue and intangible asset fair value adjustments.
(b) For purposes of calculating pro forma earnings (loss) per share, the Company used the two-class method. Earnings are allocated between the Class V Common Stock and the DHI Group on a basis consistent with historical earnings (loss) per share.

The pro forma information for the three and nine months ended October 28, 2016 combines the Company's historical results for the three and nine months ended October 28, 2016 and EMC's historical results for the three and nine months ended October 28, 2016. The historical results have been adjusted in the pro forma information to give effect to items that are (a) directly attributable to the EMC merger transaction, (b) factually supportable, and (c) expected to have a continuing impact on the combined company's results. The pro forma information is presented for informational purposes only. The unaudited pro forma results include the elimination of non-recurring transaction and integration costs of $1.2 billion and $1.4 billion for the three and nine months ended October 28, 2016, respectively. The pro forma information does not purport to represent what the combined company's results of operations or financial condition would have been had the EMC merger transaction actually occurred on the date indicated, and does not purport to project the combined company's results of operations for any future period or as of any future date.

Acquisitions by VMware, Inc.

During the three months ended August 4, 2017, VMware, Inc. completed the acquisitions of Wavefront and Apteligent, Inc., which were not material to the Condensed Consolidated Financial Statements. These acquisitions are a part of VMware, Inc.'s
strategy to accelerate the development of VMware Inc.'s Cloud services and other technologies. The aggregate purchase price for the two acquisitions was $323 million, inclusive of the fair value of the Company's existing investment in Wavefront of $69 million and cash acquired of $35 million. The aggregate purchase price included $36 million of identifiable intangible assets and $238 million of goodwill that is not expected to be deductible for tax purposes. The identifiable intangible assets primarily relate to purchased technology, with estimated useful lives of five years. The fair value of assumed unvested equity attributable to post-combination services was $37 million and will be expensed over the remaining requisite service periods on a straight-line basis. The estimated fair value of the stock options assumed by the Company was determined using the Black-Scholes option pricing model.

Prior to the closing of the acquisition, Dell Technologies, including VMware, Inc., held an ownership interest in Wavefront. Upon completion of the step acquisition, Dell Technologies recognized a $45 million gain in interest and other, net for the remeasurement of its ownership interest to fair value. The gain recognized in the step acquisition is not expected to be taxable.

The Company has not presented pro forma results of operations for the foregoing acquisitions because they are not material to the Company's consolidated results of operations, financial position, or cash flows.

NOTE 3 — DISCONTINUED OPERATIONS

Dell Inc. ("Dell") entered into a definitive agreement with NTT Data International L.L.C. to divest substantially all of Dell Services, and on November 2, 2016, the parties closed substantially all of the transaction. Dell Inc. entered into a definitive agreement with Francisco Partners and Elliot Management Corporation to divest substantially all of DSG, and on October 31, 2016, the parties closed the transaction. EMC, a subsidiary of the Company, entered into a definitive agreement with OpenText Corporation to divest the Dell EMC Enterprise Content Division, and on January 23, 2017, the parties closed the transaction. Upon closing of the respective transactions, the Company entered into transition services agreements with NTT Data International L.L.C., Francisco Partners and Elliot Management, and OpenText Corporation pursuant to which the Company provides various administrative services on an interim transitional basis. Transition services may be provided for up to one year, with an option to renew after that period. The Company also entered into various commercial agreements with NTT Data International L.L.C., Francisco Partners and Elliot Management, and OpenText Corporation that include reseller agreements for certain offerings.

In accordance with applicable accounting guidance, the Company reclassified the financial results of Dell Services, DSG, and ECD as discontinued operations in the Condensed Consolidated Statements of Income (Loss) for the relevant periods. The following two tables present key financial results of Dell Services, DSG, and ECD included in "Income from discontinued operations, net of income taxes" for the three and nine months ended October 28, 2016:

	Three Months Ended October 28, 2016			
	Dell Services	DSG	ECD (b)	Total
	(in millions)			
Net revenue	$ 658	$ 326	$ 74	$ 1,058
Cost of net revenue	523	74	28	625
Operating expenses	116	233	66	415
Interest and other, net	—	(8)	—	(8)
Income from discontinued operations before income taxes	19	11	(20)	10
Income tax provision (benefit) (a)	(37)	489	(4)	448
Income (loss) from discontinued operations, net of income taxes	$ 56	$ (478)	$ (16)	$ (438)

(a) The income tax provision (benefit) for Dell Services and DSG for the three months ended October 28, 2016 was primarily due to the Company's determination that it could no longer assert permanent reinvestment in the outside basis of the entities that would be divested.
(b) The results for ECD are shown for the period from September 7, 2016 through October 28, 2016.

	Nine Months Ended October 28, 2016			
	Dell Services	DSG	ECD (b)	Total
	(in millions)			
Net revenue	$ 1,968	$ 968	$ 74	$ 3,010
Cost of net revenue	1,555	249	28	1,832
Operating expenses	322	721	66	1,109
Interest and other, net	—	(1)	—	(1)
Income from discontinued operations before income taxes	91	(3)	(20)	68
Income tax provision (benefit) (a)	(955)	152	(4)	(807)
Income (loss) from discontinued operations, net of income taxes	$ 1,046	$ (155)	$ (16)	$ 875

(a) The income tax provision (benefit) for Dell Services and DSG for the nine months ended October 28, 2016 was primarily due to the Company's determination that it could no longer assert permanent reinvestment in the outside basis of the entities that would be divested.
(b) The results for ECD are shown for the period from September 7, 2016 through October 28, 2016.

Cash flows from the Company's discontinued operations are included in the accompanying Condensed Consolidated Statements of Cash Flows. The significant cash flow items from Dell Services and DSG for the nine months ended October 28, 2016 were as follows:

	Nine Months Ended October 28, 2016		
	Dell Services	DSG	Total
	(in millions)		
Depreciation and amortization (a)	$ 32	$ 66	$ 98
Capital expenditures	$ 82	$ 20	$ 102

(a) Depreciation and amortization ceased upon determination that Dell Services and DSG had met the criteria for discontinued operations reporting as of March 27, 2016 and June 19, 2016, respectively.

Depreciation and amortization for ECD ceased upon determination that the held-for-sale criteria were met. Capital expenditures for ECD were immaterial for the period from September 7, 2016 through October 28, 2016.

NOTE 4 — FAIR VALUE MEASUREMENTS

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of November 3, 2017 and February 3, 2017:

	November 3, 2017 (a)				February 3, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	(in millions)							
Assets:								
Cash and cash equivalents:								
Money market funds	$ 7,256	$ —	$ —	$ 7,256	$ 4,866	$ —	$ —	$ 4,866
Municipal obligations	—	—	—	—	—	3	—	3
U.S. and foreign corporate debt securities	—	89	—	89	—	—	—	—
U.S. government and agencies	5	—	—	5	—	—	—	—
Debt securities:								
U.S. government and agencies	726	400	—	1,126	444	470	—	914
U.S. corporate	—	1,992	—	1,992	—	1,800	—	1,800
Foreign	—	2,426	—	2,426	—	2,083	—	2,083
Municipal obligations	—	—	—	—	—	352	—	352
Asset-backed securities	—	—	—	—	—	4	—	4
Equity and other securities	227	3	—	230	169	—	—	169
Derivative instruments	—	91	—	91	—	205	—	205
Total assets	$ 8,214	$ 5,001	$ —	$ 13,215	$ 5,479	$ 4,917	$ —	$ 10,396
Liabilities:								
Derivative instruments	$ —	$ 30	$ —	$ 30	$ —	$ 64	$ —	$ 64
Total liabilities	$ —	$ 30	$ —	$ 30	$ —	$ 64	$ —	$ 64

(a) The Company did not transfer any securities between levels during the nine months ended November 3, 2017.

The following section describes the valuation methodologies the Company uses to measure financial instruments at fair value:

Money Market Funds — The Company's investment in money market funds that are classified as cash equivalents hold underlying investments with a weighted average maturity of 90 days or less and are recognized at fair value. The valuations of these securities are based on quoted prices in active markets for identical assets, when available, or pricing models whereby all significant inputs are observable or can be derived from or corroborated by observable market data. The Company reviews security pricing and assesses liquidity on a quarterly basis. As of November 3, 2017, the Company's U.S. portfolio had no material exposure to money market funds with a fluctuating net asset value.

Equity and Other Securities — The majority of the Company's investments in equity and other securities that are measured at fair value on a recurring basis consist of strategic investments in publicly traded companies. The valuation of these securities is based on quoted prices in active markets.

Debt Securities — The majority of the Company's debt securities consists of various fixed income securities such as U.S. government and agencies, U.S. corporate, and foreign. Valuation is based on pricing models whereby all significant inputs, including benchmark yields, reported trades, broker-dealer quotes, issue spreads, benchmark securities, bids, offers, and other

market related data, are observable or can be derived from or corroborated by observable market data for substantially the full term of the asset. Inputs are documented in accordance with the fair value measurements hierarchy. The Company reviews security pricing and assesses liquidity on a quarterly basis. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for additional information about investments.

Derivative Instruments — The Company's derivative financial instruments consist primarily of foreign currency forward and purchased option contracts and interest rate swaps. The fair value of the portfolio is determined using valuation models based on market observable inputs, including interest rate curves, forward and spot prices for currencies, and implied volatilities. Credit risk is also factored into the fair value calculation of the Company's derivative instrument portfolio. See Note 8 of the Notes to the Condensed Consolidated Financial Statements for a description of the Company's derivative financial instrument activities.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis — Certain assets are measured at fair value on a nonrecurring basis and therefore are not included in the recurring fair value table above. These assets consist primarily of non-financial assets such as goodwill and intangible assets. See Note 9 of the Notes to the Condensed Consolidated Financial Statements for additional information about goodwill and intangible assets.

As of November 3, 2017 and February 3, 2017, the Company held strategic investments of $507 million and $455 million, respectively. These investments are accounted for under the cost method and are not included in the recurring fair value table above. Investments accounted for under the cost method are recorded at cost initially, which approximates fair value. Subsequently, if there is an indicator of impairment, the impairment is recognized. In evaluating these investments for impairment, the Company uses inputs including pre- and post-money valuations of recent financing events and the impact of those on its fully diluted ownership percentages, as well as other available information regarding the issuer's historical and forecasted performance. As these investments are early-stage companies which are not publicly traded, it is not practicable for the Company to reliably estimate the fair value of these investments.

Carrying Value and Estimated Fair Value of Outstanding Debt — The following table summarizes the carrying value and estimated fair value of the Company's outstanding debt as described in Note 7 of the Notes to the Condensed Consolidated Financial Statements, including the current portion, as of the dates indicated:

	November 3, 2017		**February 3, 2017**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
	(in billions)			
Senior Secured Credit Facilities	$ 10.7	$ 10.9	$ 11.4	$ 11.7
First Lien Notes	$ 19.7	$ 22.2	$ 19.7	$ 21.8
Unsecured Notes and Debentures	$ 2.3	$ 2.5	$ 2.3	$ 2.5
Senior Notes	$ 3.1	$ 3.5	$ 3.1	$ 3.5
EMC Notes	$ 5.5	$ 5.4	$ 5.5	$ 5.4
VMware Notes	$ 4.0	$ 4.0	$ —	$ —
Margin Loan Facility	$ 2.0	$ 2.0	$ —	$ —
Bridge Facilities	$ —	$ —	$ 4.0	$ 4.0

The fair values of the outstanding Senior Secured Credit Facilities, First Lien Notes, Unsecured Notes and Debentures, Senior Notes, EMC Notes, VMware Notes, Margin Loan Facility, and Bridge Facilities were determined based on observable market prices in a less active market or based on valuation methodologies using observable inputs and were categorized as Level 2 in the fair value hierarchy. The fair values of the other short-term debt and the structured financing debt approximate their carrying values due to their short-term maturities.

NOTE 5 — INVESTMENTS

The following table summarizes, by major security type, the carrying value and amortized cost of the Company's investments. All debt security investments with remaining effective maturities in excess of one year and substantially all equity and other securities are recorded as long-term investments in the Condensed Consolidated Statements of Financial Position.

	November 3, 2017				February 3, 2017			
	Cost	Unrealized Gain	Unrealized (Loss)	Carrying Value	Cost	Unrealized Gain	Unrealized (Loss)	Carrying Value
	(in millions)							
Investments:								
U.S. government and agencies	$ 479	$ —	$ (1)	$ 478	$ 231	$ —	$ —	$ 231
U.S. corporate debt securities	649	—	(1)	648	651	—	(1)	650
Foreign debt securities	883	—	(1)	882	743	—	(1)	742
Municipal obligations	—	—	—	—	348	—	—	348
Asset-backed securities	—	—	—	—	4	—	—	4
Total short-term investments	2,011	—	(3)	2,008	1,977	—	(2)	1,975
U.S. government and agencies	652	—	(4)	648	689	—	(6)	683
U.S. corporate debt securities	1,349	2	(7)	1,344	1,164	—	(14)	1,150
Foreign debt securities	1,550	1	(7)	1,544	1,356	—	(15)	1,341
Municipal obligations	—	—	—	—	4	—	—	4
Equity and other securities (a)	659	78	—	737	604	22	(2)	624
Total long-term investments	4,210	81	(18)	4,273	3,817	22	(37)	3,802
Total investments	$ 6,221	$ 81	$ (21)	$ 6,281	$ 5,794	$ 22	$ (39)	$ 5,777

(a) The majority of equity and other securities are strategic investments accounted for under the cost method, while the remainder are investments that are measured at fair value on a recurring basis. See Note 4 of the Notes to the Condensed Consolidated Financial Statements for additional information on investments measured at fair value on a recurring basis.

The Company's investments in debt securities are classified as available-for-sale securities, which are carried at fair value. As of November 3, 2017, the aggregate fair value of investments held in a continuous unrealized loss position for greater than 12 months was $1.7 billion, and the unrealized loss of these investments was $13 million.

The maturities of debt securities held at November 3, 2017 are as follows:

	Amortized Cost	Carrying Value
	(in millions)	
Due within one year	$ 2,011	$ 2,008
Due after 1 year through 5 years	3,491	3,476
Due after 5 years through 10 years	60	60
Total	$ 5,562	$ 5,544

NOTE 6 — FINANCIAL SERVICES

The Company offers or arranges various financing options and services for its business and consumer customers in North America, Europe, Australia, and New Zealand through Dell Financial Services and its affiliates (collectively, "DFS"). The key activities of DFS include the origination, collection, and servicing of customer receivables primarily related to the purchase of Dell Technologies' products and services. New financing originations, which represent the amounts of financing provided by DFS to customers for equipment and related software and services, including originations of third-party technology products, were $1.6 billion and $1.1 billion for three months ended November 3, 2017 and October 28, 2016, respectively, and $4.3 billion and $3.0 billion for the nine months ended November 3, 2017 and October 28, 2016, respectively.

In June 2017, as part of the global expansion of Dell Technologies' captive financing model, the Company purchased a portfolio of customer fixed-term financing receivables totaling approximately $89 million from Bank of Queensland. Bank of Queensland was previously the Company's preferred financing partner in Australia and New Zealand.

The Company's financing receivables are aggregated into the following categories:

- *Revolving loans* — Revolving loans offered under private label credit financing programs provide qualified customers with a revolving credit line for the purchase of products and services offered by Dell Technologies. These private label credit financing programs are referred to as Dell Preferred Account ("DPA") and Dell Business Credit ("DBC"). The DPA product is primarily offered to individual consumer customers, and the DBC product is primarily offered to small and medium-sized commercial customers. Revolving loans in the United States bear interest at a variable annual percentage rate that is tied to the prime rate. Based on historical payment patterns, revolving loan transactions are typically repaid within twelve months on average.

- *Fixed-term sales-type leases and loans* — The Company enters into sales-type lease arrangements with customers who seek lease financing. Leases with business customers have fixed terms of generally two to four years. Future maturities of minimum lease payments as of November 3, 2017 were as follows: Fiscal 2018 (remaining three months) - $665 million; Fiscal 2019 - $1,755 million; Fiscal 2020 - $1,151 million; Fiscal 2021 - $503 million; Fiscal 2022 and beyond - $148 million. The Company also offers fixed-term loans to qualified small businesses, large commercial accounts, governmental organizations, educational entities, and certain individual consumer customers. These loans are repaid in equal payments including interest and have defined terms of generally three to five years.

The following table summarizes the components of the Company's financing receivables segregated by portfolio segment as of November 3, 2017 and February 3, 2017:

	November 3, 2017			February 3, 2017		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
	(in millions)					
Financing receivables, net:						
Customer receivables, gross	$ 871	$ 5,665	$ 6,536	$ 1,009	$ 4,530	$ 5,539
Allowances for losses	(79)	(52)	(131)	(91)	(52)	(143)
Customer receivables, net	792	5,613	6,405	918	4,478	5,396
Residual interest	—	555	555	—	477	477
Financing receivables, net	$ 792	$ 6,168	$ 6,960	$ 918	$ 4,955	$ 5,873
Short-term	$ 792	$ 2,851	$ 3,643	$ 918	$ 2,304	$ 3,222
Long-term	$ —	$ 3,317	$ 3,317	$ —	$ 2,651	$ 2,651

The following tables summarize the changes in the allowance for financing receivable losses for the respective periods:

	Three Months Ended					
	November 3, 2017			October 28, 2016		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
	(in millions)					
Allowance for financing receivable losses:						
Balances at beginning of period	$ 81	$ 54	$ 135	$ 100	$ 56	$ 156
Charge-offs, net of recoveries	(21)	(5)	(26)	(21)	(8)	(29)
Provision charged to income statement	19	3	22	16	3	19
Balances at end of period	$ 79	$ 52	$ 131	$ 95	$ 51	$ 146

	Nine Months Ended					
	November 3, 2017			October 28, 2016		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
	(in millions)					
Allowance for financing receivable losses:						
Balances at beginning of period	$ 91	$ 52	$ 143	$ 118	$ 58	$ 176
Charge-offs, net of recoveries	(63)	(13)	(76)	(69)	(13)	(82)
Provision charged to income statement	51	13	64	46	6	52
Balances at end of period	$ 79	$ 52	$ 131	$ 95	$ 51	$ 146

The following table summarizes the aging of the Company's customer financing receivables, gross, including accrued interest, as of November 3, 2017 and February 3, 2017, segregated by class:

	November 3, 2017				February 3, 2017			
	Current	Past Due 1 — 90 Days	Past Due > 90 Days	Total	Current	Past Due 1 — 90 Days	Past Due > 90 Days	Total
	(in millions)							
Revolving — DPA	$ 613	$ 57	$ 23	$ 693	$ 715	$ 66	$ 27	$ 808
Revolving — DBC	154	19	5	178	175	22	4	201
Fixed-term — Consumer and Commercial	4,759	809	97	5,665	3,994	506	30	4,530
Total customer receivables, gross	$ 5,526	$ 885	$ 125	$ 6,536	$ 4,884	$ 594	$ 61	$ 5,539

The increase in our fixed-term past due balances is primarily due to administrative processes for larger transactions, in part due to additional originations from the EMC merger transaction, and does not indicate a deterioration in the credit quality of the portfolio.

Credit Quality

The following table summarizes customer receivables, gross, including accrued interest, by credit quality indicator segregated by class, as of November 3, 2017 and February 3, 2017. The categories shown in the table below segregate customer receivables based on the relative degrees of credit risk. The credit quality indicators for DPA revolving accounts are measured primarily as of each quarter-end date, while all other indicators are generally updated on a periodic basis.

For DPA revolving receivables shown in the table below, the Company makes credit decisions based on proprietary scorecards, which include the customer's credit history, payment history, credit usage, and other credit agency-related elements. The higher quality category includes prime accounts generally of a higher credit quality that are comparable to U.S. customer FICO scores of 720 or above. The mid-category represents the mid-tier accounts that are comparable to U.S. customer FICO scores from 660 to 719. The lower category is generally sub-prime and represents lower credit quality accounts that are comparable to U.S. customer FICO scores below 660. For the DBC revolving receivables and fixed-term commercial receivables shown in the table below, an internal grading system is utilized that assigns a credit level score based on a number of considerations, including liquidity, operating performance, and industry outlook. The grading criteria and classifications for the fixed-term products differ from those for the revolving products as loss experience varies between these product and customer groups. The credit quality categories cannot be compared between the different classes as loss experience varies substantially between the classes.

	November 3, 2017				February 3, 2017			
	Higher	Mid	Lower	Total	Higher	Mid	Lower	Total
	(in millions)							
Revolving — DPA	$ 126	$ 214	$ 353	$ 693	$ 136	$ 244	$ 428	$ 808
Revolving — DBC	$ 46	$ 54	$ 78	$ 178	$ 61	$ 60	$ 80	$ 201
Fixed-term — Consumer and Commercial (a)	$ 2,843	$ 1,694	$ 1,128	$ 5,665	$ 2,232	$ 1,428	$ 870	$ 4,530

(a) During the three months ended May 5, 2017, the Company modified its credit scoring methodology for fixed-term financing receivables in response to changes in its go-to-market strategy. This methodology has been modified to a single, consistent, and comparable model across all fixed-term product customers. In connection with this change, the Company has recategorized existing fixed-term customers and has recast prior period credit quality categories to align with the current period presentation.

Structured Financing Debt

The Company maintains programs which facilitate the funding of financing receivables in the capital markets in the United States, Canada, and Europe. The Company's total structured financing debt, which is collateralized by financing receivables, was $4.3 billion and $3.5 billion as of November 3, 2017 and February 3, 2017, respectively, under the following programs:

- *Securitization Programs* **—** The Company maintains securitization programs in the United States and Europe. The securitization programs in the United States include the fixed-term lease and loan securitization program and the revolving loan securitization program. The outstanding balance of debt under these U.S. programs was $1.0 billion and $1.5 billion as of November 3, 2017 and February 3, 2017, respectively. This debt is collateralized solely by the U.S. financing receivables in the programs. The debt has a variable interest rate and the duration of this debt is based on the terms of the underlying financing receivables. As of November 3, 2017, the total debt capacity related to the U.S. securitization programs was $2.1 billion. The Company enters into interest swap agreements to effectively convert this portion of its structured financing debt from a floating rate to a fixed rate. See Note 8 of the Notes to the Condensed Consolidated Financial Statements for additional information about interest rate swaps.

  The Company's U.S. securitization programs became effective on October 29, 2013. The revolving program, which was extended during the third quarter of Fiscal 2017, is effective through June 10, 2018. The fixed-term program, which was extended during the second quarter of Fiscal 2018, is effective through June 10, 2018.

The Company established a securitization program in Europe for fixed-term leases and loans. This program is effective through January 13, 2019. As of November 3, 2017, the outstanding balance of debt under this program was $387 million, and the total debt capacity related to the securitization program was $699 million.

The securitization programs contain standard structural features related to the performance of the securitized receivables which include defined credit losses, delinquencies, average credit scores, and minimum collection requirements. In the event one or more of these criteria are not met and the Company is unable to restructure the program, no further funding of receivables will be permitted and the timing of the Company's expected cash flows from over-collateralization will be delayed. As of November 3, 2017, these criteria were met.

- *Fixed-Term Securitization Programs* — The Company periodically issues asset-backed debt securities under fixed-term securitization programs to private investors. As of November 3, 2017 and February 3, 2017, the associated debt balance of these securities was $2.5 billion and $1.4 billion, respectively. The asset-backed debt securities are collateralized solely by the U.S. fixed-term financing receivables in the offerings, which are held by SPEs, as discussed below. The interest rate on these securities is fixed and ranges from 0.42% to 3.61%, and the duration of these securities is based on the terms of the underlying financing receivables.

- *Other Structured Financing Programs* — In connection with the Company's international financing operations, the Company has entered into revolving structured financing debt programs related to its fixed-term lease and loan products sold in Canada and Europe. The aggregate outstanding balances of the Canadian and European revolving structured loans as of November 3, 2017 and February 3, 2017 were $460 million and $382 million, respectively. As of November 3, 2017, the Canadian program, which was extended during the fiscal year ended February 3, 2017, had a total debt capacity of $172 million. This program is effective through April 15, 2018, and is collateralized solely by the Canadian financing receivables. The European program is effective through February 14, 2018. The program is collateralized solely by the European financing receivables and had a total debt capacity of $350 million as of November 3, 2017.

Variable Interest Entities

In connection with the securitization programs discussed above, the Company transfers certain U.S. and European customer financing receivables to Special Purpose Entities ("SPEs") that meet the definition of a Variable Interest Entity ("VIE") and are consolidated, along with the associated debt, into the Condensed Consolidated Financial Statements, as the Company is the primary beneficiary of those VIEs. These SPEs are bankruptcy-remote legal entities with separate assets and liabilities. The purpose of these SPEs is to facilitate the funding of customer receivables in the capital markets.

The following table shows financing receivables held by the consolidated VIEs as of the respective dates:

	November 3, 2017	February 3, 2017
	(in millions)	
Financing receivables held by consolidated VIEs, net:		
Short-term, net	$ 2,552	$ 2,227
Long-term, net	1,896	1,381
Financing receivables held by consolidated VIEs, net	$ 4,448	$ 3,608

Financing receivables transferred via securitization through SPEs were $1.0 billion and $0.6 billion for the three months ended November 3, 2017 and October 28, 2016, respectively, and $2.9 billion and $2.0 billion for the nine months ended November 3, 2017 and October 28, 2016, respectively.

Some of the SPEs have entered into financing arrangements with multi-seller conduits that, in turn, issue asset-backed debt securities in the capital markets. The structured financing debt outstanding, which is collateralized by the financing receivables held by the consolidated VIEs, was $3.9 billion and $3.1 billion as of November 3, 2017 and February 3, 2017, respectively. The Company's risk of loss related to securitized receivables is limited to the amount by which the Company's right to receive collections for assets securitized exceeds the amount required to pay interest, principal, and fees and expenses related to the asset-backed securities. The Company provides credit enhancement to the securitization in the form of over-collateralization.

Financing Receivable Sales

To manage certain concentrations of customer credit exposure, the Company may sell selected fixed-term financing receivables to unrelated third parties on a periodic basis. The amount of financing receivables sold was $541 million and $200 million for the nine months ended November 3, 2017 and October 28, 2016, respectively.

NOTE 7 — DEBT

The following table summarizes the Company's outstanding debt as of the dates indicated:

	November 3, 2017	February 3, 2017
	(in millions)	
Secured Debt		
Structured financing debt	$ 4,348	$ 3,464
Senior Secured Credit Facilities:		
3.25% Term Loan B Facility due September 2023	5,000	4,987
Term Loan A-1 Facility due December 2018	—	600
3.00% Term Loan A-2 Facility due September 2021	4,450	3,876
2.75% Term Loan A-3 Facility due December 2018	1,438	1,800
2.75% Revolving Credit Facility due September 2021	—	375
First Lien Notes:		
3.48% due June 2019	3,750	3,750
4.42% due June 2021	4,500	4,500
5.45% due June 2023	3,750	3,750
6.02% due June 2026	4,500	4,500
8.10% due June 2036	1,500	1,500
8.35% due June 2046	2,000	2,000
Unsecured Debt		
Unsecured Notes and Debentures:		
5.65% due April 2018	500	500
5.875% due June 2019	600	600
4.625% due April 2021	400	400
7.10% due April 2028	300	300
6.50% due April 2038	388	388
5.40% due September 2040	265	265
Senior Notes:		
5.875% due June 2021	1,625	1,625
7.125% due June 2024	1,625	1,625
EMC Notes:		
1.875% due June 2018	2,500	2,500
2.650% due June 2020	2,000	2,000
3.375% due June 2023	1,000	1,000
VMware Notes:		
2.30% due August 2020	1,250	—
2.95% due August 2022	1,500	—
3.90% due August 2027	1,250	—
Other		
3.63% Margin Loan Facility due April 2022	2,000	—
Margin Bridge Facility due September 2017	—	2,500
VMware Note Bridge Facility due September 2017	—	1,500
Other	83	51
Total debt, principal amount	$ 52,522	$ 50,356
Unamortized discount, net of unamortized premium	(268)	(284)
Debt issuance costs	(603)	(682)
Total debt, carrying value	$ 51,651	$ 49,390
Total short-term debt, carrying value	$ 6,235	$ 6,329
Total long-term debt, carrying value	$ 45,416	$ 43,061

During the nine months ended November 3, 2017 the Company completed two refinancing transactions of the Senior Secured Credit Facilities described below. In the first refinancing transaction, which occurred during the three months ended May 5, 2017, the Company refinanced the Term Loan B Facility to reduce the interest rate margin by 0.75% and to increase the outstanding principal amount by $500 million. The Company applied the proceeds from the Term Loan B Facility refinancing to repay $500 million principal amount of the Margin Bridge Facility, without premium or penalty, and accrued and unpaid interest thereon. Additionally, during the three months ended May 5, 2017, the Company entered into the Margin Loan Facility in the principal amount of $2.0 billion, and used the proceeds of the new facility to repay the Margin Bridge Facility, without premium or penalty.

In the second refinancing transaction, which occurred during the three months ended November 3, 2017, the Company refinanced the Term Loan A-2 Facility, Term Loan A-3 Facility, Term Loan B Facility, and the Revolving Credit Facility. As a result, the interest rate margin decreased 0.50% for each of the Term Loan A-2 Facility, Term Loan A-3 Facility, Term Loan B Facility, and the Revolving Credit Facility. Additionally, the outstanding principal amount of the Term Loan A-2 Facility increased by $672 million which was used to pay $212 million of principal outstanding of the Term Loan A-3 Facility and $460 million of principal outstanding of the Term Loan B Facility. Further, the Revolving Credit Facility's borrowing capacity increased $180 million to $3.3 billion.

During the nine months ended November 3, 2017, the Company repaid approximately $0.9 billion principal amount of its term loan facilities and $0.4 billion under the Revolving Credit Facility and issued an additional $0.9 billion, net, in structured financing debt to support the expansion of its financing receivables portfolio.

Further, during the three months ended November 3, 2017, VMware, Inc. completed a public offering of senior notes in the aggregate amount of $4.0 billion. VMware, Inc. used a portion of the net proceeds from the offering to repay certain intercompany promissory notes previously issued by it to EMC in the aggregate principal amount of $1.2 billion. The Company applied the proceeds of this repayment, and other cash, to repay $1.5 billion principal amount of the VMware Note Bridge Facility, without premium or penalty.

Senior Secured Credit Facilities — At the closing of the EMC merger transaction on September 7, 2016, the Company entered into a credit agreement that provides for senior secured credit facilities (the "Senior Secured Credit Facilities") in the aggregate principal amount of $17.8 billion comprising (a) term loan facilities and (b) a senior secured Revolving Credit Facility, which includes capacity for up to $0.5 billion of letters of credit and for borrowings of up to $0.4 billion under swing-line loans. As of November 3, 2017, available borrowings under the Revolving Credit Facility totaled $3.3 billion. The Senior Secured Credit Facilities provide that the borrowers have the right at any time, subject to customary conditions, to request incremental term loans or incremental revolving commitments.

Borrowings under the Senior Secured Credit Facilities bear interest at a rate per annum equal to an applicable margin, plus, at the borrowers' option, either (a) a base rate, which, under the Term Loan B Facility, is subject to an interest rate floor of 1.75% per annum, and under all other borrowings is subject to an interest rate floor of 0% per annum, or (b) a London interbank offered rate ("LIBOR"), which, under the Term Loan B Facility, is subject to an interest rate floor of 0.75% per annum, and under all other borrowings is subject to an interest rate floor of 0% per annum. Interest is payable, in the case of loans bearing interest based on LIBOR, at the end of each interest period (but at least every three months), in arrears and, in the case of loans bearing interest based on the base rate, quarterly in arrears.

The Term Loan A-2 Facility amortizes in equal quarterly installments in aggregate annual amounts equal to 5% of the original principal amount in the first year after the closing date of the refinancing transaction on October 20, 2017, 10% of the original principal amount in each of the second and third years after October 20, 2017, and 70% of the original principal amount in the fourth year after October 20, 2017. The Term Loan B Facility amortizes in equal quarterly installments in aggregate annual amounts equal to 1% of the original principal amount. The Term Loan A-3 Facility and the Revolving Credit Facility have no amortization. The Term Loan A-3 Facility requires the borrowers to prepay outstanding borrowings under these facilities with 100% of the net cash proceeds of certain non-ordinary course asset sales or dispositions. The borrowers may voluntarily repay outstanding loans under the term loan facilities and the Revolving Credit Facility at any time without premium or penalty, other than customary "breakage" costs.

All obligations of the borrowers under the Senior Secured Credit Facilities and certain swap agreements, cash management arrangements, and certain letters of credit provided by any lender or agent party to the Senior Secured Credit Facilities or any of its affiliates and certain other persons are secured by (a) a first-priority security interest in certain tangible and intangible assets

of the borrowers and the guarantors and (b) a first-priority pledge of 100% of the capital stock of the borrowers, Dell Inc., and each wholly-owned material restricted subsidiary of the borrowers and the guarantors, in each case subject to certain thresholds, exceptions, and permitted liens.

China Revolving Credit Facility — On October 31, 2017, the Company entered into a credit agreement (the "China Revolving Credit Facility") with the Bank of China (Hong Kong) Limited for a secured revolving loan facility in an aggregate principal amount not to exceed $500 million. Borrowings under the China Revolving Credit Facility bear interest at a rate per annum of 0.6% plus LIBOR. The Company may voluntarily repay outstanding loans under the China Revolving Credit Facility at any time without premium or penalty, other than customary "breakage" costs. The facility will expire on October 31, 2018. As of November 3, 2017, there were no outstanding borrowings under the China Revolving Credit Facility.

Pivotal Revolving Credit Facility — On September 7, 2017, Pivotal entered into a credit agreement (the "Pivotal Revolving Credit Facility") with Silicon Valley Bank and certain other banks for a senior secured revolving loan facility in an aggregate principal amount not to exceed $100 million. The credit facility contains customary representations, warranties, and covenants, including financial covenants that require compliance with minimum earnings attainment and liquidity ratios as well as covenants by Pivotal limiting additional indebtedness, liens, guaranties, mergers and consolidations, asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. The credit agreement will expire on September 8, 2020, unless it is terminated by Pivotal or an event of default has occurred prior to such date. None of the net proceeds of such borrowings will be made available to support the operations or satisfy any corporate purposes of Dell Technologies, other than the operations and corporate purposes of Pivotal and Pivotal's subsidiaries. As of November 3, 2017, there were no outstanding borrowings under the Pivotal Revolving Credit Facility.

First Lien Notes — The senior secured notes (collectively, the "First Lien Notes") were issued on June 1, 2016 in an aggregate principal amount of $20.0 billion. Interest on these borrowings is payable semiannually. The First Lien Notes are secured, on a pari passu basis with the Senior Secured Credit Facilities, on a first-priority basis by substantially all of the tangible and intangible assets of the issuers and guarantors that secure obligations under the Senior Secured Credit Facilities, including pledges of all capital stock of the issuers, of Dell, and of certain wholly-owned material subsidiaries of the issuers and the guarantors, subject to certain exceptions.

The Company has agreed to use commercially reasonable efforts to register with the SEC notes having terms substantially identical to the terms of the First Lien Notes as part of an offer to exchange such registered notes for the First Lien Notes. The Company will be obligated to pay additional interest on the First Lien Notes if it fails to consummate such an exchange offer within five years after the closing date of the EMC merger transaction.

Senior Notes — The senior unsecured notes (collectively, the "Senior Notes") were issued on June 22, 2016 in an aggregate principal amount of $3.25 billion. Interest on these borrowings is payable semiannually.

EMC Notes — On September 7, 2016, EMC had outstanding $2.5 billion aggregate principal amount of its 1.875% Notes due June 2018, $2.0 billion aggregate principal amount of its 2.650% Notes due June 2020, and $1.0 billion aggregate principal amount of its 3.375% Notes due June 2023 (collectively, the "EMC Notes"). Interest on these borrowings is payable semiannually. The EMC Notes remain outstanding following the closing of the EMC merger transaction.

VMware Notes — On August 21, 2017, VMware, Inc. completed a public offering of senior notes in the aggregate amount of $4.0 billion, consisting of outstanding principal due on the following dates: $1.25 billion due August 21, 2020, $1.50 billion due August 21, 2022, and $1.25 billion due August 21, 2027 (collectively, the "VMware Notes"). The VMware Notes bear interest, payable semiannually, at annual rates of 2.30%, 2.95%, and 3.90%, respectively. None of the net proceeds of such borrowings will be made available to support the operations or satisfy any corporate purposes of Dell Technologies, other than the operations and corporate purposes of VMware, Inc. and VMware, Inc.’s subsidiaries.

VMware Revolving Credit Facility — On September 12, 2017, VMware, Inc. entered into an unsecured credit agreement, establishing a revolving credit facility (the “VMware Revolving Credit Facility”), with a syndicate of lenders that provides the company with a borrowing capacity of up to $1.0 billion which may be used for VMware, Inc. corporate purposes. Commitments under the VMware Revolving Credit Facility are available for a period of five years, which may be extended, subject to the satisfaction of certain conditions, by up to two one year periods. As of November 3, 2017, there were no outstanding borrowings under the VMware Revolving Credit Facility. The credit agreement contains certain representations, warranties, and covenants. Commitment fees, interest rates, and other terms of borrowing under the VMware Revolving Credit

Facility may vary based on VMware, Inc.'s external credit ratings. None of the net proceeds of such borrowings will be made available to support the operations or satisfy any corporate purposes of Dell Technologies, other than the operations and corporate purposes of VMware, Inc. and VMware, Inc.'s subsidiaries.

Margin Loan Facility — During the three months ended May 5, 2017, the Company entered into the Margin Loan Facility in an aggregate principal amount of $2.0 billion. VMW Holdco LLC, a wholly-owned subsidiary of EMC, is the borrower under the Margin Loan Facility, which is secured by 60 million shares of Class B common stock of VMware, Inc. and 20 million shares of Class A common stock of VMware, Inc. Loans under the Margin Loan Facility bear interest at a rate per annum payable, at the borrower's option, either at (a) a base rate plus 1.25% per annum or (b) a LIBOR-based rate plus 2.25% per annum. Interest under the Margin Loan Facility is payable quarterly.

The Margin Loan Facility will mature in April 2022. The borrower may voluntarily repay outstanding loans under the Margin Loan Facility at any time without premium or penalty, other than customary "breakage" costs, subject to certain minimum threshold amounts for prepayment.

Margin Bridge Facility **—** On September 7, 2016, Merger Sub and EMC entered into a credit agreement providing for a senior secured margin bridge facility in an aggregate principal amount of $2.5 billion (the "Margin Bridge Facility").

During the three months ended May 5, 2017, the Company separately applied the proceeds from the Term Loan B Facility refinancing and the issuance of the Margin Loan Facility to repay the Margin Bridge Facility, without premium or penalty.

VMware Note Bridge Facility **—** On September 7, 2016, Merger Sub and EMC entered into a credit agreement providing for a senior secured note bridge facility in an aggregate principal amount of $1.5 billion (the "VMware Note Bridge Facility"). As described above, the Company repaid the VMware Note Bridge Facility during the three months ended November 3, 2017.

Structured Financing Debt — As of November 3, 2017 and February 3, 2017, the Company had $4.3 billion and $3.5 billion, respectively, in outstanding structured financing debt, which was primarily related to the fixed-term lease and loan securitization programs and the revolving loan securitization programs. See Note 6 and Note 8 of the Notes to the Condensed Consolidated Financial Statements for further discussion of the structured financing debt and the interest rate swap agreements that hedge a portion of that debt.

Unsecured Notes and Debentures — The Company has outstanding unsecured notes and debentures (collectively, the "Unsecured Notes and Debentures") that were issued prior to the acquisition of Dell by Dell Technologies Inc. Interest on these borrowings is payable semiannually.

Aggregate Future Maturities — As of November 3, 2017, aggregate future maturities of the Company's debt were as follows:

	Maturities by Fiscal Year						
	2018 (remaining three months)	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
	(in millions)						
Structured Financing Debt	$ 909	$ 2,470	$ 649	$ 254	$ 62	$ 4	$ 4,348
Senior Secured Credit Facilities and First Lien Notes	81	1,765	4,245	371	7,888	16,538	30,888
Unsecured Notes and Debentures	—	500	600	—	400	953	2,453
Senior Notes and EMC Notes	—	2,500	—	2,000	1,625	2,625	8,750
VMware Notes	—	—	—	1,250	—	2,750	4,000
Margin Loan Facility	—	—	—	—	—	2,000	2,000
Other	13	10	8	26	—	26	83
Total maturities, principal amount	1,003	7,245	5,502	3,901	9,975	24,896	52,522
Associated carrying value adjustments	(1)	(24)	(40)	(10)	(206)	(590)	(871)
Total maturities, carrying value amount	$ 1,002	$ 7,221	$ 5,462	$ 3,891	$ 9,769	$ 24,306	$ 51,651

Covenants and Unrestricted Net Assets — The credit agreement for the Senior Secured Credit Facilities contain customary negative covenants that generally limit the ability of Denali Intermediate Inc., a wholly-owned subsidiary of Dell Technologies ("Dell Intermediate"), Dell, and Dell's and Denali Intermediate's other restricted subsidiaries to incur debt, create liens, make fundamental changes, enter into asset sales, make certain investments, pay dividends or distribute or redeem certain equity interests, prepay or redeem certain debt, and enter into certain transactions with affiliates. The indenture governing the Senior Notes contains customary negative covenants that generally limit the ability of Denali Intermediate, Dell, and Dell's and Denali Intermediate's other restricted subsidiaries to incur additional debt or issue certain preferred shares, pay dividends on or make other distributions in respect of capital stock or make other restricted payments, make certain investments, sell or transfer certain assets, create liens on certain assets to secure debt, consolidate, merge, sell, or otherwise dispose of all or substantially all assets, enter into certain transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries. The negative covenants under such credit agreements and indenture are subject to certain exceptions, qualifications, and "baskets." The indentures governing the First Lien Notes, the Unsecured Notes and Debentures, and the EMC Notes variously impose limitations, subject to specified exceptions, on creating certain liens, entering into sale and lease-back transactions, and entering into certain asset sales. As of November 3, 2017, the Company had certain consolidated subsidiaries that were designated as unrestricted subsidiaries for all purposes of the applicable credit agreements and the indentures governing the First Lien Notes and the Senior Notes. The foregoing credit agreements and indentures contain customary events of default, including failure to make required payments, failure to comply with covenants, and the occurrence of certain events of bankruptcy and insolvency.

The Term Loan A-2 Facility, the Term Loan A-3 Facility, and the Revolving Credit Facility are subject to a first lien net leverage ratio covenant that is tested at the end of each fiscal quarter of Dell with respect to Dell's preceding four fiscal quarters. The Company was in compliance with all financial covenants as of November 3, 2017.

NOTE 8 — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Derivative Instruments

As part of its risk management strategy, the Company uses derivative instruments, primarily foreign currency forward and option contracts and interest rate swaps, to hedge certain foreign currency and interest rate exposures, respectively.

The Company's objective is to offset gains and losses resulting from these exposures with gains and losses on the derivative contracts used to hedge the exposures, thereby reducing volatility of earnings and protecting the fair values of assets and liabilities. For derivatives designated as cash flow hedges, the Company assesses hedge effectiveness both at the onset of the hedge and at regular intervals throughout the life of the derivative and recognizes any ineffective portion of the hedge in earnings as a component of interest and other, net. Hedge ineffectiveness recognized in earnings was not material during the three and nine months ended November 3, 2017 and October 28, 2016.

Foreign Exchange Risk

The Company uses foreign currency forward and option contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted transactions denominated in currencies other than the U.S. dollar. Hedge accounting is applied based upon the criteria established by accounting guidance for derivative instruments and hedging activities. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts. The risk of loss associated with forward contracts is equal to the exchange rate differential from the time the contract is entered into until the time it is settled. The majority of these contracts typically expire in twelve months or less.

During the three and nine months ended November 3, 2017 and October 28, 2016, the Company did not discontinue any cash flow hedges related to foreign exchange contracts that had a material impact on the Company's results of operations due to the probability that the forecasted cash flows would not occur.

The Company uses forward contracts to hedge monetary assets and liabilities denominated in a foreign currency. These contracts generally expire in three months or less, are considered economic hedges, and are not designated for hedge accounting. The change in the fair value of these instruments represents a natural hedge as their gains and losses offset the changes in the underlying fair value of the monetary assets and liabilities due to movements in currency exchange rates.

In connection with the expanded offerings of DFS in Europe, forward contracts are used to hedge financing receivables denominated in foreign currencies. These contracts are not designated for hedge accounting and most expire within three years or less.

Interest Rate Risk

The Company uses interest rate swaps to hedge the variability in cash flows related to the interest rate payments on structured financing debt. The interest rate swaps economically convert the variable rate on the structured financing debt to a fixed interest rate to match the underlying fixed rate being received on fixed-term customer leases and loans. These contracts are not designated for hedge accounting and most expire within three years or less.

Interest rate swaps are utilized to manage the interest rate risk, at a portfolio level, associated with DFS operations in Europe. The interest rate swaps economically convert the fixed rate on financing receivables to a three-month Euribor floating rate basis in order to match the floating rate nature of the banks' funding pool. These contracts are not designated for hedge accounting and most expire within three years or less.

The Company utilizes cross currency amortizing swaps to hedge the currency and interest rate risk exposure associated with the securitization program that was established in Europe in January 2017. The cross currency swaps combine a Euro-based interest rate swap with a British Pound or U.S. Dollar foreign exchange forward contract in which the Company pays a fixed British Pound or U.S. Dollar amount and receives a floating amount in Euro linked to the one-month Euribor. The notional value of the swaps amortizes in line with the expected cash flows and run-off of the securitized assets. The swaps mature within five years or less and are not designated for hedge accounting.

Notional Amounts of Outstanding Derivative Instruments

The notional amounts of the Company's outstanding derivative instruments were as follows as of the dates indicated:

	November 3, 2017	February 3, 2017 (a)
	(in millions)	
Foreign exchange contracts:		
Designated as cash flow hedging instruments	$ 4,099	$ 3,781
Non-designated as hedging instruments	5,962	5,146
Total	$ 10,061	$ 8,927
Interest rate contracts:		
Non-designated as hedging instruments	$ 1,303	$ 1,251

(a) During the three months ended May 5, 2017, the notional amount calculation methodology was enhanced to reflect the sum of the absolute value of derivative instruments netted by currency. Prior period amounts have been updated to conform with the current period presentation.

DELL TECHNOLOGIES INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(unaudited)

Effect of Derivative Instruments on the Condensed Consolidated Statements of Financial Position and the Condensed Consolidated Statements of Income (Loss)

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in Accumulated OCI, Net of Tax, on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
		(in millions)			
For the three months ended November 3, 2017					
		Total net revenue	$ (18)		
Foreign exchange contracts	$ 76	Total cost of net revenue	(13)		
Interest rate contracts	—	Interest and other, net	—	Interest and other, net	$ —
Total	$ 76		$ (31)		$ —
For the three months ended October 28, 2016					
		Total net revenue	$ 23		
Foreign exchange contracts	$ 82	Total cost of net revenue	(6)		
Interest rate contracts	—	Interest and other, net	—	Interest and other, net	$ —
Total	$ 82		$ 17		$ —
For the nine months ended November 3, 2017					
		Total net revenue	$ (50)		
Foreign exchange contracts	$ (81)	Total cost of net revenue	(30)		
Interest rate contracts	—	Interest and other, net	—	Interest and other, net	$ —
Total	$ (81)		$ (80)		$ —
For the nine months ended October 28, 2016					
		Total net revenue	$ (44)		
Foreign exchange contracts	$ (25)	Total cost of net revenue	(20)		
Interest rate contracts	—	Interest and other, net	—	Interest and other, net	$ —
Total	$ (25)		$ (64)		$ —

Fair Value of Derivative Instruments in the Condensed Consolidated Statements of Financial Position

The Company presents its foreign exchange derivative instruments on a net basis in the Condensed Consolidated Statements of Financial Position due to the right of offset by its counterparties under master netting arrangements. The fair value of those derivative instruments presented on a gross basis as of each date indicated below was as follows:

	November 3, 2017				
	Other Current Assets	Other Non-Current Assets	Other Current Liabilities	Other Non-Current Liabilities	Total Fair Value
			(in millions)		
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	$ 65	$ —	$ 20	$ —	$ 85
Foreign exchange contracts in a liability position	(5)	—	(1)	—	(6)
Net asset (liability)	60	—	19	—	79
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	98	1	25	—	124
Foreign exchange contracts in a liability position	(73)	—	(72)	—	(145)
Interest rate contracts in an asset position	—	5	—	—	5
Interest rate contracts in a liability position	—	—	—	(2)	(2)
Net asset (liability)	25	6	(47)	(2)	(18)
Total derivatives at fair value	$ 85	$ 6	$ (28)	$ (2)	$ 61

	February 3, 2017				
	Other Current Assets	Other Non-Current Assets	Other Current Liabilities	Other Non-Current Liabilities	Total Fair Value
			(in millions)		
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	$ 41	$ —	$ 17	$ —	$ 58
Foreign exchange contracts in a liability position	(19)	—	(6)	—	(25)
Net asset (liability)	22	—	11	—	33
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	309	2	31	—	342
Foreign exchange contracts in a liability position	(131)	—	(103)	—	(234)
Interest rate contracts in an asset position	—	3	—	—	3
Interest rate contracts in a liability position	—	—	—	(3)	(3)
Net asset (liability)	178	5	(72)	(3)	108
Total derivatives at fair value	$ 200	$ 5	$ (61)	$ (3)	$ 141

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The following table presents the gross amounts of the Company's derivative instruments, amounts offset due to master netting agreements with the Company's counterparties, and the net amounts recognized in the Condensed Consolidated Statements of Financial Position.

	November 3, 2017					
				Gross Amounts not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/ (Liabilities) Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received or Pledged	Net Amount
	(in millions)					
Derivative instruments:						
Financial assets	$ 214	$ (123)	$ 91	$ —	$ —	$ 91
Financial liabilities	(153)	123	(30)	—	—	(30)
Total derivative instruments	$ 61	$ —	$ 61	$ —	$ —	$ 61

	February 3, 2017					
				Gross Amounts not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/ (Liabilities) Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received or Pledged	Net Amount
	(in millions)					
Derivative instruments:						
Financial assets	$ 403	$ (198)	$ 205	$ —	$ —	$ 205
Financial liabilities	(262)	198	(64)	—	—	(64)
Total derivative instruments	$ 141	$ —	$ 141	$ —	$ —	$ 141

NOTE 9 — GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table presents goodwill allocated to the Company's business segments as of November 3, 2017 and February 3, 2017, and changes in the carrying amount of goodwill for the respective periods:

	Client Solutions Group	Infrastructure Solutions Group (a)	VMware	Other Businesses (b)	Total
			(in millions)		
Balances as of February 3, 2017	$ 4,237	$ 15,607	$ 15,070	$ 3,996	$ 38,910
Goodwill acquired during the period	—	—	238	9	247
Goodwill divested	—	(13)	—	—	(13)
Impact of foreign currency translation	—	155	—	31	186
Balances as of November 3, 2017	$ 4,237	$ 15,749	$ 15,308	$ 4,036	$ 39,330

(a) Infrastructure Solutions Group is composed of Core Storage, Servers, and Networking, and Virtustream.
(b) Other Businesses consists of offerings by RSA Information Security, SecureWorks, Pivotal, and Boomi.

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the third fiscal quarter and whenever events or circumstances may indicate that an impairment has occurred. Based on the results of the annual impairment test, which was a quantitative test for certain goodwill reporting units and a qualitative test for others, no impairment of goodwill or indefinite-lived intangible assets existed for any reporting unit as of November 3, 2017. As a result of this analysis, it was determined that the excess of fair value over carrying amount was greater than 20% for all of the Company's existing goodwill reporting units as of November 3, 2017, with the exception of the Core Storage, Servers and Networking reporting unit within the Infrastructure Solutions Group segment, which had an excess of fair value over carrying amount of 18% as of such date. Management will continue to monitor the Core Storage, Servers, and Networking goodwill reporting unit and consider potential impacts to the impairment assessment. Further, the Company did not have any accumulated goodwill impairment charges as of November 3, 2017.

Management exercised significant judgment related to the above assessment, including the identification of goodwill reporting units, assignment of assets and liabilities to goodwill reporting units, assignment of goodwill to reporting units, and determination of the fair value of each goodwill reporting unit. The fair value of each goodwill reporting unit is generally estimated using a combination of public company multiples and discounted cash flow methodologies. This analysis requires significant judgment, including estimation of future cash flows, which is dependent on internal forecasts, the estimation of the long-term growth rate of the Company's business, and the determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the fair value of the goodwill reporting unit, potentially resulting in a non-cash impairment charge.

Intangible Assets

The Company's intangible assets as of November 3, 2017 and February 3, 2017 were as follows:

	November 3, 2017			February 3, 2017		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(in millions)					
Customer relationships	$ 22,714	$ (7,865)	$ 14,849	$ 22,708	$ (5,552)	$ 17,156
Developed technology	15,493	(5,287)	10,206	14,569	(2,510)	12,059
Trade names	1,270	(357)	913	1,268	(201)	1,067
Leasehold assets (liabilities)	128	(5)	123	128	(1)	127
Definite-lived intangible assets	39,605	(13,514)	26,091	38,673	(8,264)	30,409
In-process research and development	—	—	—	890	—	890
Indefinite-lived trade names	3,755	—	3,755	3,754	—	3,754
Total intangible assets	$ 43,360	$ (13,514)	$ 29,846	$ 43,317	$ (8,264)	$ 35,053

Amortization expense related to definite-lived intangible assets was approximately $1,734 million and $1,164 million during the three months ended November 3, 2017 and October 28, 2016, respectively, and $5,250 million and $2,146 million during the nine months ended November 3, 2017 and October 28, 2016, respectively. There were no material impairment charges related to intangible assets during the three and nine months ended November 3, 2017 and October 28, 2016.

Estimated future annual pre-tax amortization expense of definite-lived intangible assets as of November 3, 2017 over the next five fiscal years and thereafter is as follows:

Fiscal Years	(in millions)
2018 (remaining three months)	$ 1,730
2019	6,059
2020	4,274
2021	3,333
2022	2,616
Thereafter	8,079
Total	$ 26,091

NOTE 10 — WARRANTY LIABILITY

The Company records a liability for its standard limited warranties at the time of sale for the estimated costs that may be incurred. The liability for standard warranties is included in accrued and other current liabilities and other non-current liabilities in the Condensed Consolidated Statements of Financial Position.

Changes in the Company's liability for standard limited warranties are presented in the following table for the periods indicated.

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Warranty liability:				
Warranty liability at beginning of period	$ 588	$ 565	$ 604	$ 574
Warranty liability assumed through EMC merger transaction	—	125	—	125
Costs accrued for new warranty contracts and changes in estimates for pre-existing warranties (a) (b)	209	196	672	578
Service obligations honored	(239)	(248)	(718)	(639)
Warranty liability at end of period	$ 558	$ 638	$ 558	$ 638
Current portion	$ 371	$ 425	$ 371	$ 425
Non-current portion	$ 187	$ 213	$ 187	$ 213

(a) Changes in cost estimates related to pre-existing warranties are aggregated with accruals for new standard warranty contracts. The Company's warranty liability process does not differentiate between estimates made for pre-existing warranties and new warranty obligations.
(b) Includes the impact of foreign currency exchange rate fluctuations.

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NOTE 11 — SEVERANCE CHARGES

In connection with the transformation of the Company's business model, the Company incurs costs related to employee severance. The Company records a liability for these costs when it is probable that employees will be entitled to termination benefits and the amounts can be reasonably estimated. The liability related to these actions is included in accrued and other current liabilities in the Condensed Consolidated Statements of Financial Position.

The following table sets forth the activity related to the Company's severance liability for the respective periods:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	**October 28, 2016**	**November 3, 2017**	**October 28, 2016**
	(in millions)			
Balance at beginning of period	$ 186	$ 22	$ 416	$ 26
Severance liability assumed through EMC merger transaction	—	70	—	70
Severance charges to provision	41	130	85	156
Cash paid and other	(74)	(47)	(348)	(77)
Balance at end of period	$ 153	$ 175	$ 153	$ 175

Severance costs are included in cost of net revenue, selling, general, and administrative expenses, and research and development expense in the Condensed Consolidated Statements of Income (Loss) as follows:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	**October 28, 2016**	**November 3, 2017**	**October 28, 2016**
	(in millions)			
Severance charges:				
Cost of net revenue	$ 10	$ 49	$ 14	$ 54
Selling, general, and administrative	7	69	21	82
Research and development	24	12	50	20
Total	$ 41	$ 130	$ 85	$ 156

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in various claims, suits, assessments, investigations, and legal proceedings that arise from time to time in the ordinary course of its business, including those identified below, consisting of matters involving consumer, antitrust, tax, intellectual property, and other issues on a global basis. The Company accrues a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals at least quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel, and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of claims, suits, assessments, investigations, or legal proceedings change, changes in the Company's accrued liabilities would be recorded in the period in which such a determination is made. For some matters, the amount of liability is not probable or the amount cannot be reasonably estimated and therefore accruals have not been made. The following is a discussion of the Company's significant legal matters and other proceedings:

EMC Merger Litigation — The Company, Dell, and Universal Acquisition Co. ("Universal") were named as defendants in fifteen putative class-action lawsuits brought by purported EMC shareholders and VMware, Inc. stockholders challenging the proposed merger between the Company, Dell, and Universal on the one hand, and EMC on the other (the "EMC merger"). Those suits are captioned as follows:

Case		Court	Filing Date
1.	IBEW Local No. 129 Benefit Fund v. Tucci, Civ. No. 1584-3130-BLS1	Mass. Superior Court, Suffolk County	10/15/2015
2.	Barrett v. Tucci, Civ. No. 15-6023-A	Mass. Superior Court, Middlesex County	10/16/2015
3.	Graulich v. Tucci, Civ. No. 1584-3169-BLS1	Mass. Superior Court, Suffolk County	10/19/2015
4.	Vassallo v. EMC Corp., Civ. No. 1584-3173-BLS1	Mass. Superior Court, Suffolk County	10/19/2015
5.	City of Miami Police Relief & Pension Fund v. Tucci, Civ. No. 1584-3174-BLS1	Mass. Superior Court, Suffolk County	10/19/2015
6.	Lasker v. EMC Corp., Civ. No. 1584-3214-BLS1	Mass. Superior Court, Suffolk County	10/23/2015
7.	Walsh v. EMC Corp., Civ. No. 15-13654	U.S. District Court, District of Massachusetts	10/27/2015
8.	Local Union No. 373 U.A. Pension Plan v. EMC Corp., Civ. No. 1584-3253-BLS1	Mass. Superior Court, Suffolk County	10/28/2015
9.	City of Lakeland Emps.' Pension & Ret. Fund v. Tucci, Civ. No. 1584-3269-BLS1	Mass. Superior Court, Suffolk County	10/28/2015
10.	Ma v. Tucci, Civ. No. 1584-3281-BLS1	Mass. Superior Court, Suffolk County	10/29/2015
11.	Stull v. EMC Corp., Civ. No. 15-13692	U.S. District Court, District of Massachusetts	10/30/2015
12.	Jacobs v. EMC Corp., Civ. No. 15-6318-H	Mass. Superior Court, Middlesex County	11/12/2015
13.	Ford v. VMware, Inc., C.A. No. 11714-VCL	Delaware Chancery Court	11/17/2015
14.	Pancake v. EMC Corp., Civ. No. 16-10040	U.S. District Court, District of Massachusetts	1/11/2016
15.	Booth Family Trust v. EMC Corp., Civ. No. 16-10114	U.S. District Court, District of Massachusetts	1/26/2016

The fifteen lawsuits sought, among other things, injunctive relief enjoining the EMC merger, rescission of the EMC merger if consummated, an award of fees and costs, and/or an award of damages.

The complaints in the IBEW, Barrett, Graulich, Vassallo, City of Miami, Lasker, Local Union No. 373, City of Lakeland, and Ma actions generally allege that the EMC directors breached their fiduciary duties to EMC shareholders in connection with the EMC merger by, among other things, failing to maximize shareholder value and agreeing to provisions in the EMC merger agreement that discouraged competing bids. After consolidating the fifteen complaints, by decision dated December 7, 2015, the Business Litigation Session of the Suffolk County Superior Court in Massachusetts dismissed all nine complaints for failure to make a demand on the EMC board of directors. Three of the nine plaintiffs in the consolidated actions appealed the judgment dismissing their complaints. The Massachusetts Supreme Judicial Court granted an application for direct appellate review, and heard oral argument on the appeal on November 7, 2016. On March 6, 2017, the Supreme Judicial Court issued a decision affirming the dismissal. This decision terminated the consolidated actions.

The complaints in the Walsh, Stull, Pancake, and Booth actions allege that the EMC directors breached their fiduciary duties to EMC shareholders in connection with the EMC merger by, among other things, failing to maximize shareholder value and agreeing to provisions in the EMC merger agreement that discouraged competing bids. The complaints generally further allege that the preliminary registration statement on Form S-4 filed by the Company on December 14, 2015, in connection with the transaction contained material misstatements and omissions, in violation of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 14a-9 promulgated thereunder and that the Company, Dell, and Universal acted as controlling persons of EMC under Section 20(a) of the Exchange Act. On June 6, 2016, the Securities and Exchange Commission declared effective the Company's registration statement on Form S-4 relating to the EMC merger (the "SEC Form S-4"), including the amendments thereto. On June 17, 2016, the parties to the Walsh, Stull, Pancake, and Booth actions submitted to the Court a Stipulation and Proposed Order Dismissing Action and Retaining Jurisdiction to Determine Plaintiffs' Counsel's Application for an Award of Attorneys' Fees and Reimbursement of Expenses. In the stipulation, the plaintiffs represented to the Court that they believe sufficient information had been disclosed to warrant dismissal of the actions as moot in light of the disclosures in the SEC Form S-4, including the amendments thereto. On October 25, 2016, following an agreement between the parties with respect to payment of attorneys' fees and expenses, the Court entered an order terminating the four actions for all purposes.

The amended complaints in the Jacobs and Ford actions allege that EMC, as the majority stockholder of VMware, Inc., and the individual defendants, who were directors of EMC, VMware, Inc., or both, breached their fiduciary duties to minority stockholders of VMware, Inc. in connection with the proposed EMC merger by allegedly entering into or approving a merger that favors the interests of EMC and Dell at the expense of the minority stockholders. The plaintiffs in the Jacobs action also brought suit against the Company, Dell, and Universal as alleged aiders and abettors. Effective December 2, 2016, the parties entered into an agreement to resolve the Jacobs action, pursuant to which the plaintiff voluntarily dismissed the action with prejudice. Under the operative amended complaint in the Ford action, the plaintiffs also brought suit against the Company and Dell for alleged breach of fiduciary duties to VMware, Inc. and its stockholders, and against the Company, Dell, and Universal for aiding and abetting the alleged breach of fiduciary duties by EMC's and VMware, Inc.'s directors. Certain defendants filed motions to dismiss the amended complaint on June 21, 2016. A hearing on those motions was held on February 3, 2017. On May 2, 2017, the Court dismissed the amended complaint for failure to state a claim upon which relief could be granted and no appeal was taken. All fifteen EMC merger-related lawsuits are now fully and finally resolved.

Appraisal Proceedings — On October 29, 2013, Dell Technologies acquired Dell in a transaction referred to as the going-private transaction. Holders of shares of Dell common stock who did not vote on September 12, 2013 in favor of the proposal to adopt the amended going-private transaction agreement and who properly demanded appraisal of their shares and who otherwise comply with the requirements of Section 262 of the Delaware General Corporate Law ("DGCL") are entitled to seek appraisal for, and obtain payment in cash for the judicially determined "fair value" (as defined pursuant to Section 262 of the DGCL) of, their shares in lieu of receiving the going-private transaction consideration. Dell initially recorded a liability of $13.75 for each share with respect to which appraisal has been demanded and as to which the demand has not been withdrawn, together with interest at the statutory rate discussed below. This liability was approximately $129 million as of both November 3, 2017 and February 3, 2017. The Court of Chancery ruled that the fair value of the appraisal shares as of October 29, 2013, the date on which the going-private transaction became effective, was $17.62 per share. This ruling would entitle the holders of the remaining 5,505,730 shares subject to the appraisal proceedings to $17.62 per share, plus interest at a statutory rate, compounded quarterly. On November 21, 2016, the Court of Chancery entered final judgment in the appraisal action. On November 22, 2016, Dell filed a notice of appeal to the Delaware Supreme Court, and a hearing was held on that appeal on September 27, 2017. A ruling on the appeal is pending. The Company believes it was adequately reserved for the appraisal proceedings as of November 3, 2017.

Securities Litigation — On May 22, 2014, a securities class action seeking compensatory damages was filed in the United States District Court for the Southern District of New York, captioned the City of Pontiac Employee Retirement System vs. Dell Inc. et. al. (Case No. 1:14-cv-03644). The action names as defendants Dell Inc. and certain current and former executive officers, and alleges that Dell made false and misleading statements about Dell's business operations and products between February 22, 2012 and May 22, 2012, which resulted in artificially inflated stock prices. The case was transferred to the United States District Court for the Western District of Texas, where the defendants filed a motion to dismiss. On September 16, 2016, the Court denied the motion to dismiss and the case is proceeding with discovery. The defendants believe the claims asserted are without merit and the risk of material loss is remote.

Copyright Levies — The Company's obligation to collect and remit copyright levies in certain European Union ("EU") countries may be affected by the resolution of legal proceedings pending in Germany and other EU member states against various companies, including Dell subsidiaries. The plaintiffs in those proceedings generally seek to impose or modify the levies with respect to sales of such equipment as multifunction devices, phones, personal computers, storage devices, and printers, alleging that such products enable the copying of copyrighted materials. Some of the proceedings also challenge whether the levy schemes in those countries comply with EU law. Certain EU member countries that do not yet impose levies on digital devices are expected to implement legislation to enable them to extend existing levy schemes, while some other EU member countries are expected to limit the scope of levy schemes and their applicability in the digital hardware environment. Dell, other companies, and various industry associations have opposed the extension of levies to the digital environment and have advocated alternative models of compensation to rights holders. The Company continues to collect levies in certain EU countries where it has determined that based on local laws it is probable that it has a payment obligation. The amount of levies is generally based on the number of products sold and the per-product amounts of the levies, which vary. The Company accrues a liability when it believes that it is both probable that a loss has been incurred and when it can reasonably estimate the amount of the loss.

Other Litigation — The various legal proceedings in which Dell is involved include commercial litigation and a variety of patent suits. In some of these cases, Dell is the sole defendant. More often, particularly in the patent suits, Dell is one of a number of defendants in the electronics and technology industries. Dell is actively defending a number of patent infringement suits, and several pending claims are in various stages of evaluation. While the number of patent cases varies over time, Dell does not currently anticipate that any of these matters will have a material adverse effect on its business, financial condition, results of operations, or cash flows.

As of November 3, 2017, the Company does not believe there is a reasonable possibility that a material loss exceeding the amounts already accrued for these or other proceedings or matters has been incurred. However, since the ultimate resolution of any such proceedings and matters is inherently unpredictable, the Company's business, financial condition, results of operations, or cash flows could be materially affected in any particular period by unfavorable outcomes in one or more of these proceedings or matters. Whether the outcome of any claim, suit, assessment, investigation, or legal proceeding, individually or collectively, could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows will depend on a number of variables, including the nature, timing, and amount of any associated expenses, amounts paid in settlement, damages, or other remedies or consequences.

Indemnifications

In the ordinary course of business, the Company enters into contractual arrangements under which it may agree to indemnify the third party to such arrangements from any losses incurred relating to the services it performs on behalf of the Company or for losses arising from certain events as defined in the particular contract, such as litigation or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments related to these indemnifications have not been material to the Company.

In connection with the divestitures discussed in Note 3 of the Notes to the Condensed Consolidated Financial Statements, the Company has indemnified the purchasers of businesses for the occurrence of specified events. The Company does not currently believe that contingent obligations to provide indemnification in connection with these divestitures will have a material adverse effect on the Company.

Purchase Obligations

The Company has contractual obligations to purchase goods or services, which specify significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. As of November 3, 2017, the Company had $3,055 million, $278 million, and $458 million in purchase obligations for Fiscal 2018 (remaining three months), Fiscal 2019, and Fiscal 2020 and thereafter, respectively.

NOTE 13 — INCOME AND OTHER TAXES

For the three and nine months ended November 3, 2017, the Company's effective income tax rates for continuing operations were 22.6% and 31.4%, respectively, on pre-tax losses from continuing operations of $1.2 billion and $4.8 billion, respectively. For the three and nine months ended October 28, 2016, the Company's effective income tax rates for continuing operations were 29.0% and 21.1%, respectively, on pre-tax losses from continuing operations of $2.3 billion and $2.9 billion, respectively. The changes in the Company's effective income tax rates for the three and nine months ended November 3, 2017 were primarily attributable to tax benefits from charges incurred associated with the EMC merger transaction, including purchase accounting adjustments, interest charges, and stock-based compensation expense. For more information regarding the EMC merger transaction, see Note 2 of the Notes to the Condensed Consolidated Financial Statements. The change in the Company's effective income tax rate for the nine months ended November 3, 2017 was also impacted by tax charges recognized in the prior year during the three and six months ended July 29, 2016 related to the divestitures of Dell Services and DSG. The income tax rate for the remaining quarter of Fiscal 2018 will be impacted by the actual mix of jurisdictions in which income is generated.

The differences between the estimated effective income tax rates and the U.S. federal statutory rate of 35% principally result from the Company's geographical distribution of income and differences between the book and tax treatment of certain items. A portion of the Company's operations is subject to a reduced tax rate or is free of tax under various tax holidays. A significant portion of these income tax benefits relate to a tax holiday that expires in January 2019. The Company's other tax holidays will expire in whole or in part during fiscal years 2019 through 2023. Many of these tax holidays and reduced tax rates may be extended when certain conditions are met or may be terminated early if certain conditions are not met.

The Company's U.S. federal income tax returns for fiscal years 2007 through 2009 are currently under consideration by the Office of Appeals of the Internal Revenue Service (the "IRS"). The IRS issued a Revenue Agent's Report ("RAR") related to those years during the fiscal year ended February 3, 2017. The IRS has proposed adjustments primarily relating to transfer pricing matters with which the Company disagrees and will contest through the IRS administrative appeals procedures. In May 2017, the IRS commenced a federal income tax audit for fiscal years 2010 through 2014, which could take several years to complete. Prior to the EMC merger transaction, EMC received a RAR for its tax years 2009 and 2010, and during the three months ended May 5, 2017, EMC received an RAR for its tax year 2011. The Company also disagrees with certain proposed adjustments in these RARs and is currently contesting the proposed adjustments through the IRS administrative appeals process.

The Company is also currently under income tax audits in various state and foreign jurisdictions. The Company is undergoing negotiations, and in some cases contested proceedings, relating to tax matters with the taxing authorities in these jurisdictions. The Company believes that it has provided adequate reserves related to all matters contained in tax periods open to examination. Although the Company believes it has made adequate provisions for the uncertainties surrounding these audits, should the Company experience unfavorable outcomes, such outcomes could have a material impact on its results of operations, financial position, and cash flows. With respect to major U.S. state and foreign taxing jurisdictions, the Company is generally not subject to tax examinations for years prior to fiscal year 2007.

Judgment is required in evaluating the Company's uncertain tax positions and determining the Company's provision for income taxes. The Company's net unrecognized tax benefits were $3.2 billion and $3.1 billion as of November 3, 2017 and February 3, 2017, respectively, and are included in other non-current liabilities in the Condensed Consolidated Statements of Financial Position. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next twelve months.

The Company takes certain non-income tax positions in the jurisdictions in which it operates and has received certain non-income tax assessments from various jurisdictions. The Company believes that a material loss in these matters is not probable and that it is not reasonably possible that a material loss exceeding amounts already accrued has been incurred. The Company believes its positions in these non-income tax litigation matters are supportable and that it ultimately will prevail in the matters. In the normal course of business, the Company's positions and conclusions related to its non-income taxes could be challenged and assessments may be made. To the extent new information is obtained and the Company's views on its positions, probable outcomes of assessments, or litigation change, changes in estimates to the Company's accrued liabilities would be recorded in the period in which such a determination is made. In the resolution process for income tax and non-income tax audits, in certain situations the Company will be required to provide collateral guarantees or indemnification to regulators and tax authorities until the matter is resolved.

NOTE 14 — ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss is presented in stockholders' equity in the Condensed Consolidated Statements of Financial Position and consists of amounts related to foreign currency translation adjustments, unrealized net gains (losses) on investments, unrealized net gains (losses) on cash flow hedges, and actuarial net gains (losses) from pension and other postretirement plans.

The following table presents changes in accumulated other comprehensive loss, net of tax, by the following components for the periods indicated:

	Foreign Currency Translation Adjustments	Investments	Cash Flow Hedges	Pension and Other Postretirement Plans	Accumulated Other Comprehensive Loss
	(in millions)				
Balances as of February 3, 2017	$ (612)	$ (13)	$ 11	$ 19	$ (595)
Other comprehensive income (loss) before reclassifications	325	44	(81)	—	288
Amounts reclassified from accumulated other comprehensive loss	—	3	80	—	83
Total change for the period	325	47	(1)	—	371
Less: Change in comprehensive income attributable to non-controlling interests	—	2	—	—	2
Balances as of November 3, 2017	$ (287)	$ 32	$ 10	$ 19	$ (226)

Amounts related to investments are reclassified to net income when gains and losses are realized. See Note 4 and Note 5 of the Notes to the Condensed Consolidated Financial Statements for more information on the Company's investments. Amounts related to the Company's cash flow hedges are reclassified to net income during the same period in which the items being hedged are recognized in earnings. In addition, any hedge ineffectiveness related to cash flow hedges is recognized currently in net income. See Note 8 of the Notes to the Condensed Consolidated Financial Statements for more information on the Company's derivative instruments.

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The following tables present reclassifications out of accumulated other comprehensive loss, net of tax, to net income (loss) for the periods presented:

	Three Months Ended					
	November 3, 2017			October 28, 2016		
	Investments	Cash Flow Hedges	Total	Investments	Cash Flow Hedges	Total
	(in millions)					
Total reclassifications, net of tax:						
Net revenue	$ —	$ (18)	$ (18)	$ —	$ 23	$ 23
Cost of net revenue	—	(13)	(13)	—	(6)	(6)
Interest and other, net	—	—	—	—	—	—
Total reclassifications, net of tax	$ —	$ (31)	$ (31)	$ —	$ 17	$ 17

	Nine Months Ended					
	November 3, 2017			October 28, 2016		
	Investments	Cash Flow Hedges	Total	Investments	Cash Flow Hedges	Total
	(in millions)					
Total reclassifications, net of tax:						
Net revenue	$ —	$ (50)	$ (50)	$ —	$ (44)	$ (44)
Cost of net revenue	—	(30)	(30)	—	(20)	(20)
Interest and other, net	(3)	—	(3)	—	—	—
Total reclassifications, net of tax	$ (3)	$ (80)	$ (83)	$ —	$ (64)	$ (64)

NOTE 15 — NON-CONTROLLING INTERESTS

VMware, Inc. — The non-controlling interests' share of equity in VMware, Inc. is reflected as a component of the non-controlling interests in the accompanying Condensed Consolidated Statements of Financial Position and was $5.1 billion and $5.2 billion as of November 3, 2017 and February 3, 2017, respectively. As of November 3, 2017 and February 3, 2017, the Company held approximately 81.9% and 82.5%, respectively, of the outstanding equity interest in VMware, Inc.

SecureWorks — On April 27, 2016, SecureWorks completed a registered underwritten IPO of its Class A common stock. The non-controlling interests' share of equity in SecureWorks is reflected as a component of the non-controlling interests in the accompanying Condensed Consolidated Statements of Financial Position and was $85 million and $86 million as of November 3, 2017 and February 3, 2017, respectively. As of November 3, 2017 and February 3, 2017, the Company held approximately 87.1% and 87.5%, respectively, of the outstanding equity interest in SecureWorks.

Pivotal — A portion of the non-controlling interests in Pivotal is held by third parties in the form of preferred equity instruments. Due to the terms of such instruments, Pivotal's results of operations and equity activity are not attributable to such interests in Pivotal in the Condensed Consolidated Statements of Income (Loss) and Condensed Consolidated Statements of Financial Position. The preferred equity instruments are convertible into common shares at the non-controlling owner's election at any time. The remaining portion of the non-controlling interests in Pivotal is held by third parties in the form of common stock. Pivotal's results of operations and equity activity are attributable to such interests in Pivotal in the Condensed Consolidated Statements of Income (Loss) and Condensed Consolidated Statements of Financial Position. The non-controlling interests' share of equity in Pivotal, including both preferred equity instruments and common stock, is reflected as a component of the non-controlling interests in the accompanying Condensed Consolidated Statements of Financial Position and was $481 million and $472 million as of November 3, 2017 and February 3, 2017, respectively. As of November 3, 2017 and February 3, 2017, the Company held approximately 77.3% and 77.8%, respectively, of the outstanding equity interest in Pivotal.

The effect of changes in the Company's ownership interest in VMware, Inc., SecureWorks, and Pivotal on the Company's equity for the period presented was as follows:

	Nine Months Ended November 3, 2017
	(in millions)
Net loss attributable to Dell Technologies Inc.	$ (3,217)
Transfers (to) from the non-controlling interests:	
Increase in Dell Technologies Inc. additional paid-in-capital for equity issuances and other equity activity	482
Decrease in Dell Technologies Inc. additional paid-in-capital for equity issuances and other equity activity	(684)
Net transfers to non-controlling interests	(202)
Change from net loss attributable to Dell Technologies Inc. and transfers to/from the non-controlling interests	$ (3,419)

NOTE 16 — EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is based on the weighted-average effect of all common shares issued and outstanding and is calculated by dividing net income (loss) by the weighted-average shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted-average number of common shares used in the basic earnings (loss) per share calculation plus the number of common shares that would be issued assuming exercise or conversion of all potentially dilutive instruments. The Company excludes equity instruments from the calculation of diluted earnings (loss) per share if the effect of including such instruments is antidilutive.

The Company has two groups of common stock, denoted as the DHI Group Common Stock and the Class V Common Stock. The DHI Group Common Stock consists of four classes of common stock, referred to as Class A Common Stock, Class B Common Stock, Class C Common Stock, and Class D Common Stock. The DHI Group generally refers to the direct and indirect interest of Dell Technologies in all of Dell Technologies' business, assets, properties, liabilities, and preferred stock other than those attributable to the Class V Group, as well as its retained interest in the Class V Group equal to approximately 39% of the Company's economic interest in the Class V Group as of November 3, 2017. The Class V Common Stock is intended to track the economic performance of approximately 61% of the Company's economic interest in the Class V Group as of such date. As of November 3, 2017, the Class V Group consisted solely of approximately 331 million shares of VMware, Inc. common stock held by the Company. See Note 17 of the Notes to the Condensed Consolidated Financial Statements and Exhibit 99.1 to the Company's quarterly report on Form 10-Q for the quarterly period ended November 3, 2017 for more information regarding the allocation of earnings from Dell Technologies' interest in VMware, Inc. between the DHI Group and the Class V Common Stock.

For purposes of calculating earnings (loss) per share, the Company used the two-class method. As all classes of DHI Group Common Stock share the same rights in dividends, basic and diluted earnings (loss) per share are the same for each class of DHI Group Common Stock.

The following table sets forth basic and diluted earnings (loss) per share for each of the periods presented:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:				
Continuing operations - Class V Common Stock - basic	$ 1.10	$ 0.79	$ 2.50	$ 0.79
Continuing operations - DHI Group - basic	$ (2.05)	$ (3.62)	$ (6.57)	$ (5.70)
Discontinued operations - DHI Group - basic	$ —	$ (0.88)	$ —	$ 2.01
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:				
Continuing operations - Class V Common Stock - diluted	$ 1.09	$ 0.78	$ 2.46	$ 0.78
Continuing operations - DHI Group - diluted	$ (2.05)	$ (3.63)	$ (6.58)	$ (5.70)
Discontinued operations - DHI Group - diluted	$ —	$ (0.88)	$ —	$ 2.01

The following table sets forth the computation of basic and diluted earnings (loss) per share for each of the periods presented:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Numerator: Continuing operations - Class V Common Stock				
Net income from continuing operations attributable to Class V Common Stock - basic	$ 223	$ 175	$ 509	$ 175
Incremental dilution from VMware, Inc. attributable to Class V Common Stock (a)	(3)	(2)	(7)	(2)
Net income from continuing operations attributable to Class V Common Stock - diluted	$ 220	$ 173	$ 502	$ 173
Numerator: Continuing operations - DHI Group				
Net loss from continuing operations attributable to DHI Group - basic	$ (1,160)	$ (1,801)	$ (3,726)	$ (2,486)
Incremental dilution from VMware, Inc. attributable to DHI Group (a)	(3)	(1)	(5)	(1)
Net loss from continuing operations attributable to DHI Group - diluted	$ (1,163)	$ (1,802)	$ (3,731)	$ (2,487)
Numerator: Discontinued operations - DHI Group				
Income (loss) from discontinued operations, net of income taxes - basic and diluted	$ —	$ (438)	$ —	$ 875
Denominator: Class V Common Stock weighted-average shares outstanding				
Weighted-average shares outstanding - basic	202	222	204	222
Dilutive effect of options, restricted stock units, restricted stock, and other (b)	—	—	—	—
Weighted-average shares outstanding - diluted	202	222	204	222
Weighted-average shares outstanding - antidilutive (b)	—	—	—	—
Denominator: DHI Group weighted-average shares outstanding				
Weighted-average shares outstanding - basic	567	497	567	436
Dilutive effect of options, restricted stock units, restricted stock, and other	—	—	—	—
Weighted-average shares outstanding - diluted	567	497	567	436
Weighted-average shares outstanding - antidilutive (c)	34	33	36	30

(a) The incremental dilution from VMware, Inc. represents the impact of VMware, Inc.'s dilutive securities on the diluted earnings (loss) per share of the DHI Group and the Class V Common Stock, respectively, and is calculated by multiplying the difference between VMware, Inc.'s basic and diluted earnings (loss) per share by the number of shares of VMware, Inc. Class A common stock owned by the Company.

(b) The dilutive effect of Class V Common Stock-based incentive awards was not material to the calculation of the weighted-average Class V Common Stock shares outstanding. The antidilutive effect of these awards was also not material.

(c) Stock-based incentive awards have been excluded from the calculation of the DHI Group's diluted earnings (loss) per share because their effect would have been antidilutive, as the Company had a net loss from continuing operations attributable to the DHI Group for the periods presented.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The following table presents a reconciliation to the consolidated net income (loss) attributable to Dell Technologies Inc.:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Net income from continuing operations attributable to Class V Common Stock	$ 223	$ 175	$ 509	$ 175
Net loss from continuing operations attributable to DHI Group	(1,160)	(1,801)	(3,726)	(2,486)
Net loss from continuing operations attributable to Dell Technologies Inc.	(937)	(1,626)	(3,217)	(2,311)
Income (loss) from discontinued operations, net of income taxes (Note 3)	—	(438)	—	875
Net loss attributable to Dell Technologies Inc.	$ (937)	$ (2,064)	$ (3,217)	$ (1,436)

NOTE 17 — CAPITALIZATION

On June 26, 2017, the stockholders of the Company voted at the Company's 2017 annual meeting of stockholders to adopt an amendment to the Company's certificate of incorporation to increase (1) the total authorized number of shares of the Company's capital stock, including preferred stock, from 2,144,025,308 shares to 9,144,025,308 shares, (2) the total authorized number of shares of the Company's common stock from 2,143,025,308 shares to 9,143,025,308 shares and (3) the total authorized number of shares of the Company's Class C Common Stock from 900,000,000 shares to 7,900,000,000 shares, in each case representing an increase of seven billion shares. A certificate of amendment to the Company's certificate of incorporation effectuating the amendment was filed with the Secretary of State of the State of Delaware on June 29, 2017 and became effective on that date.

The following table summarizes the Company's authorized, issued, and outstanding common stock as of the dates indicated:

	Authorized	Issued	Outstanding
	(in millions of shares)		
Common stock as of February 3, 2017			
Class A	600	410	410
Class B	200	137	137
Class C	900	22	22
Class D	100	—	—
Class V	343	223	209
	2,143	792	778
Common stock as of November 3, 2017			
Class A	600	410	410
Class B	200	137	137
Class C	7,900	24	23
Class D	100	—	—
Class V	343	223	199
	9,143	794	769

Preferred Stock — The Company is authorized to issue one million shares of preferred stock, par value $.01 per share. As of November 3, 2017, no shares of preferred stock were issued or outstanding.

Class V Common Stock and Class V Group — In connection with the EMC merger transaction, the Company authorized 343 million shares of Class V Common Stock. The Class V Common Stock is a type of common stock commonly referred to as a tracking stock, which is a class of common stock that is intended to track the economic performance of a defined set of assets and liabilities. As of November 3, 2017, the 199 million shares of outstanding Class V Common Stock were intended to track the economic performance of approximately 61% of Dell Technologies' economic interest in the Class V Group. The Class V Group as of such date consisted solely of approximately 331 million shares of VMware, Inc. common stock held by the Company. The remaining 39% economic interest in the Class V Group as of November 3, 2017 was represented by the approximately 127 million retained interest shares held by the DHI Group. The DHI Group generally refers, in addition to such retained interest, to the direct and indirect interest of Dell Technologies in all of Dell Technologies' business, assets, properties, liabilities, and preferred stock other than those attributable to the Class V Group.

Repurchases of Common Stock; Treasury Stock

Class V Common Stock Repurchases — On December 13, 2016, the board of directors approved a stock repurchase program (the "Class V Group Repurchase Program") which authorized the Company to use assets of the Class V Group to repurchase up to $500 million of shares of Class V Common Stock over a period of six months. During the three months ended May 5, 2017, the Company repurchased 1.3 million shares of Class V Common Stock for $82 million pursuant to this initial authorization. The Company repurchased a total of 8.4 million shares under this program.

On March 27, 2017 and August 18, 2017, the board of directors approved two amendments of the Class V Group Repurchase Program (the "March 2017 Class V Group Repurchase Program" and the “August 2017 Class V Group Repurchase Program,” respectively) which, when combined, authorized the Company to use assets of the Class V Group to repurchase up to an additional $600 million of shares of Class V Common Stock over additional six-month periods from the respective board approval dates. On May 9, 2017, the March 2017 Class V Group Repurchase Program was completed, with the Company having repurchased 4.6 million shares of Class V Common Stock for $300 million. On October 31, 2017, the August 2017 Class V Group Repurchase Program was completed, with the Company having repurchased 3.8 million shares of Class V Common Stock for $300 million.

The following table presents the repurchase activity with respect to the Class V Common Stock for the nine months ended November 3, 2017, and the attribution of the Class V Group between the Class V Common Stock and the DHI Group's retained interest as of the dates indicated:

	Class V Common Stock		DHI Group Retained Interest	
	Shares of Class V Common Stock	Interest in Class V Group	Retained Interest Shares	Interest in Class V Group
	(in millions of shares)			
As of February 3, 2017	209	62%	127	38%
Repurchases of Class V Common Stock	(10)		—	
As of November 3, 2017	199	61%	127	39%

All shares of Class V Common Stock repurchased by the Company pursuant to the repurchase programs are held as treasury stock at cost. The repurchase of shares pursuant to the Class V Common Stock repurchase programs was funded from proceeds received by the Class V Group from the sale by a subsidiary of the Company of shares of Class A common stock of VMware, Inc. owned by such subsidiary, as described below under "VMware, Inc. Class A Common Stock Repurchases." Share repurchases made by VMware, Inc. of its Class A common stock from a subsidiary of the Company do not affect the determination of the respective interests of the Class V Common Stock and the DHI Group in the Class V Group. See Exhibit 99.1 to the Company's quarterly report on Form 10-Q for the quarterly period ended November 3, 2017 for more information regarding Unaudited Attributed Financial Information for the Class V Group.

VMware, Inc. Class A Common Stock Repurchases — On December 15, 2016, the Company entered into a stock purchase agreement with VMware, Inc. (the "December 2016 Stock Purchase Agreement"), pursuant to which VMware, Inc. agreed to repurchase for cash $500 million of shares of VMware, Inc. Class A common stock from a subsidiary of the Company. During the three months ended May 5, 2017, VMware, Inc. repurchased 1.4 million shares pursuant to the December 2016 Stock Purchase Agreement. VMware, Inc. repurchased a total of 6.2 million shares under this agreement. The Company applied the proceeds from the sale to the repurchase of shares of its Class V Common Stock under the Class V Group Repurchase Program described above. All shares repurchased under VMware, Inc.'s stock repurchase programs are retired.

In January 2017 and August 2017, VMware, Inc.'s board of directors authorized the repurchase of up to $2.2 billion of shares of VMware, Inc. Class A common stock (the "January 2017 Authorization" for up to $1.2 billion through the end of Fiscal 2018, and the "August 2017 Authorization" for up to $1 billion through August 31, 2018). On March 29, 2017 and August 23, 2017, the Company entered into two new stock purchase agreements with VMware, Inc. (the "March 2017 Stock Purchase Agreement" and the "August 2017 Stock Purchase Agreement," respectively), pursuant to which VMware, Inc. agreed to repurchase for cash a total of $600 million of shares of VMware, Inc. Class A common stock from a subsidiary of the Company. VMware, Inc. repurchased approximately 6.1 million shares of Class A common stock (consisting of 3.4 million shares pursuant to the March 2017 Stock Purchase Agreement and 2.7 million shares pursuant to the August 2017 Stock Purchase Agreement). The proceeds from the sales were applied by the Company to the repurchase of shares of the Class V Common Stock under the March 2017 and August 2017 Class V Group Repurchase Programs described above. As of November 3, 2017, the sale transactions under the March 2017 and August 2017 Stock Purchase Agreements were completed. The purchase prices of the 3.4 million shares and 2.7 million shares repurchased by VMware, Inc. were each based on separate volume-weighted average per share prices of the Class A common stock as reported on the New York Stock Exchange during separate specified reference periods, less a discount of 3.5% from the respective volume-weighted average per share price.

During the three and nine months ended November 3, 2017, VMware, Inc. repurchased 5.1 million shares of Class A common stock in the open market for $555 million.

As of November 3, 2017, the cumulative authorized amount remaining for share repurchases by VMware, Inc. was $1,045 million, which represents the $2.2 billion authorized since January 2017, less the cumulative Class A common stock repurchases from the Company of $600 million, and less the cumulative Class A common stock repurchases in the open market of $555 million.

NOTE 18 — REDEEMABLE SHARES

Awards under the Company's stock incentive plans include certain rights that allow the holder to exercise a put feature for the underlying Class A or Class C Common Stock after a six-month holding period following the issuance of such common stock that requires the Company to purchase the stock at its fair market value. Accordingly, these awards and common stock are subject to reclassification from equity to temporary equity, and the Company determines the award amounts to be classified as temporary equity as follows:

- For stock options to purchase Class C Common Stock subject to service requirements, the intrinsic value of the option is multiplied by the portion of the option for which services have been rendered. Upon exercise of the option, the amount in temporary equity represents the fair value of the Class C Common Stock.
- For stock appreciation rights, restricted stock units ("RSUs"), or shares of restricted common stock ("RSAs"), any of which stock award types are subject to service requirements, the fair value of the share is multiplied by the portion of the shares for which services have been rendered.
- For share-based arrangements that are subject to the occurrence of a contingent event, those amounts are not reclassified to temporary equity until the contingency has been satisfied.

The amount of redeemable shares classified as temporary equity as of November 3, 2017 was $362 million, which consisted of 2.6 million issued and outstanding unrestricted common shares, 0.3 million RSUs, 0.1 million RSAs, and 15.3 million outstanding stock options. The amount of redeemable shares classified as temporary equity as of February 3, 2017 was $231 million, which consisted of 1.1 million issued and outstanding unrestricted common shares, 0.4 million RSUs, 0.1 million RSAs, and 13.7 million outstanding stock options.

NOTE 19 — SEGMENT INFORMATION

The Company has three reportable segments that are based on the following business units: Client Solutions Group ("CSG"); Infrastructure Solutions Group ("ISG"); and VMware.

CSG includes sales to commercial and consumer customers of desktops, thin client products, and notebooks, as well as services and third-party software and peripherals that are closely tied to the sale of CSG hardware. ISG includes servers, networking, and storage, as well as services and third-party software and peripherals that are closely tied to the sale of ISG hardware. VMware includes a broad portfolio of virtualization technologies across three main product groups: software-defined data center; hybrid cloud computing; and end-user computing.

The reportable segments disclosed herein are based on information reviewed by the Company's management to evaluate the business segment results. The Company's measure of segment operating income for management reporting purposes excludes the impact of other businesses, purchase accounting, amortization of intangible assets, unallocated corporate transactions, severance and facility action costs, and transaction-related expenses. The Company does not allocate assets to the above reportable segments for internal reporting purposes.

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The following table presents a reconciliation of net revenue by the Company's reportable segments to the Company's consolidated net revenue as well as a reconciliation of consolidated segment operating income to the Company's consolidated operating loss:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Consolidated net revenue:				
Client Solutions Group	$ 9,959	$ 9,187	$ 28,866	$ 26,978
Infrastructure Solutions Group	7,518	5,989	21,840	13,381
VMware	1,953	1,289	5,596	1,289
Reportable segment net revenue	19,430	16,465	56,302	41,648
Other businesses (a)	475	312	1,409	530
Unallocated transactions (b)	—	—	(1)	63
Impact of purchase accounting (c)	(295)	(530)	(985)	(673)
Total net revenue	$ 19,610	$ 16,247	$ 56,725	$ 41,568
Consolidated operating income (loss):				
Client Solutions Group	$ 672	$ 634	$ 1,612	$ 1,503
Infrastructure Solutions Group	678	897	1,431	1,389
VMware	639	548	1,686	548
Reportable segment operating income	1,989	2,079	4,729	3,440
Other businesses (a)	6	(13)	10	(48)
Unallocated transactions (b)	(9)	(91)	(4)	(122)
Impact of purchase accounting (c)	(366)	(850)	(1,195)	(1,054)
Amortization of intangibles	(1,734)	(1,164)	(5,250)	(2,146)
Transaction-related expenses (d)	(86)	(1,200)	(415)	(1,329)
Other corporate expenses (e)	(333)	(273)	(887)	(325)
Total operating loss	$ (533)	$ (1,512)	$ (3,012)	$ (1,584)

(a) Other businesses consist of RSA Information Security, SecureWorks, Pivotal, and Boomi, 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.

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The following table presents net revenue by business unit categories:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Net revenue:				
Client Solutions Group:				
Commercial	$ 6,907	$ 6,400	$ 20,453	$ 19,343
Consumer	3,052	2,787	8,413	7,635
Total CSG net revenue	9,959	9,187	28,866	26,978
Infrastructure Solutions Group:				
Servers and networking	3,851	2,910	10,822	9,222
Storage	3,667	3,079	11,018	4,159
Total ISG net revenue	7,518	5,989	21,840	13,381
VMware:				
Total VMware net revenue	1,953	1,289	5,596	1,289
Total segment net revenue	$ 19,430	$ 16,465	$ 56,302	$ 41,648

NOTE 20 — SUPPLEMENTAL CONSOLIDATED FINANCIAL INFORMATION

The following table provides additional information on selected accounts included in the Condensed Consolidated Statements of Financial Position as of November 3, 2017 and February 3, 2017:

	November 3, 2017	February 3, 2017
	(in millions)	
Inventories, net:		
Production materials	$ 787	$ 925
Work-in-process	607	503
Finished goods	1,188	1,110
Total inventories, net	2,582	2,538
Other non-current liabilities:		
Warranty liability	187	199
Deferred and other tax liabilities	6,740	8,607
Other	560	533
Total other non-current liabilities	$ 7,487	$ 9,339

NOTE 21 — SUBSEQUENT EVENTS

On November 27, 2017, DFS entered into a credit agreement that provided for borrowings in an aggregate principal amount of $200 million. The borrowings will accrue interest at a rate per annum of either 3.67%, if denominated in U.S. dollars, or 9.43%, if denominated in Mexican pesos. The note will mature on December 1, 2020.

During November 2017, VMware, Inc. entered into a definitive agreement to acquire VeloCloud Networks, Inc. (“VeloCloud”), a provider of cloud-delivered software-defined wide-area network (SD-WAN) technology for enterprises and service providers. The acquisition of VeloCloud will enable VMware to build on its network virtualization platform, VMware NSX, and expand its networking portfolio. The cash payment upon closing of the transaction is estimated to be approximately $470 million; however, the determination of the purchase price is dependent upon several factors at the date of closing and cannot be reasonably estimated until such time. The transaction is expected to close during the fourth quarter of Fiscal 2018 and is subject to regulatory approvals and customary closing conditions.

Other than the matters identified above, there were no known events occurring after the balance sheet date and up until the date of the issuance of this report that would materially affect the information presented herein.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes included in the Company's annual report on Form 10-K for the fiscal year ended February 3, 2017 and the unaudited Condensed Consolidated Financial Statements included in this report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs, and that are subject to numerous risks and uncertainties. Our actual results may differ materially from those expressed or implied in any forward-looking statements.

Unless otherwise indicated, all results presented are prepared in a manner that complies, in all material respects, with accounting principles generally accepted in the United States of America ("GAAP"). Additionally, unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal period.

Unless the context indicates otherwise, references in this report to "we," "us," "our," the "Company," and "Dell Technologies" mean Dell Technologies Inc. and its consolidated subsidiaries, and references to "EMC" mean EMC Corporation and EMC Corporation's consolidated subsidiaries.

Our fiscal year is the 52- or 53-week period ending on the Friday nearest January 31. We refer to our fiscal years ended February 2, 2018 and February 3, 2017 as "Fiscal 2018" and "Fiscal 2017," respectively. Fiscal 2017 included 53 weeks, with the extra week included in the fourth quarter of Fiscal 2017. Fiscal 2018 will include 52 weeks.

On September 7, 2016, we completed our acquisition by merger of EMC. The consolidated results of EMC are included in Dell Technologies' consolidated results for the Fiscal 2018 periods presented. During Fiscal 2017, we closed the Dell Services, Dell Services Group ("DSG"), and Enterprise Content Division ("ECD") divestiture transactions. Accordingly, the results of operations of Dell Services, DSG, and ECD, as well as the related gains or losses on sale, have been excluded from the results of continuing operations in the relevant periods, except as otherwise indicated.

INTRODUCTION

Dell Technologies is a strategically aligned family of businesses that brings together the entire infrastructure from hardware to software to services — from the edge to the core to the cloud. The core of IT is evolving in our hyper-connected world, containing both centralized data centers and geographically distributed hyper-converged infrastructure. Dell Technologies is a leader in the traditional technology of today and a leader in the cloud-native infrastructure of tomorrow. We are a leading provider of scalable IT solutions enabling customers to be more efficient, mobile, informed, and secure. Through our recent combination with EMC, Dell Technologies now primarily encompasses our Client Solutions Group, Infrastructure Solutions Group, VMware, Inc., RSA Information Security, SecureWorks Corp. ("SecureWorks"), Pivotal Software, Inc. ("Pivotal"), and Boomi, Inc ("Boomi"). We are focused on providing technology solutions and services that accelerate digital transformation. We believe technology exists to drive human progress on a global scale — to create new markets, reshape industries, and improve lives. We are positioned to help customers of any size build the essential infrastructure to modernize IT and enable digital business, and are differentiated by our practical innovation and efficient, simple, and affordable solutions.

Dell Technologies is committed to our customers. We believe our products, solutions, and services will help power digital transformation. As we innovate to make our customers' existing IT increasingly productive, we help them reinvest their savings into the next generation of technologies that they need to succeed in the digital economy. Our next-generation solutions which enable digital transformation include software-defined data centers, all flash arrays, hybrid cloud, converged and hyper-converged infrastructure, mobile, and security solutions. In addition, our extended warranty and delivery offerings, and software and peripherals, which are closely tied to the sale of our hardware products, are important value differentiators that we are able to offer our customers.

We celebrated the one year anniversary of our historic merger with EMC in September 2017, and recognize the many accomplishments we have made over that year. These accomplishments include the broad expansion of our product portfolio, integration of our supply chain, and achievement of revenue synergies across the business. We continue to work on the integration of EMC acquired businesses and on strengthening our combined go-to-market initiatives. During this period of transition and integration, we remain focused on supporting our customers with outstanding solutions, products, and services. We will continue our focus on building superior customer relationships through our direct model and our network of channel

partners, which includes value-added resellers, system integrators, distributors, and retailers. We also will continue investing in strategic solutions and enhancing our go-to-market sales and marketing capabilities as we seek to strengthen our position as leading global technology company poised for long-term sustainable growth and innovation.

As we stay focused on our customers, we will pursue the following strategic initiatives:

- Extend our market leading position through our Client Solutions Group and Infrastructure Solutions Group offerings
- Grow our strong position in IT infrastructure for traditional and cloud-native workloads, both on- and off-premises
- Innovate with winning technology that spans and unites on- and off-premises applications and infrastructure and that enables IT, security, and workforce transformation required by our customers

As part of this strategy, we will continue to evaluate opportunities for strategic investments through our venture capital investment arm, Dell Technologies Capital, with a focus on emerging technology areas that are relevant to the Dell Technologies' unique family of businesses and that will complement our existing portfolio of solutions. Our investment areas include storage, software-defined networking, management and orchestration, security, machine learning and artificial intelligence, Big Data and analytics, cloud, Internet of Things, and software development operations. In addition to these investments, we also may make disciplined acquisitions targeting businesses that advance our strategic objectives.

We operate a diversified business model with the majority of our net revenue and operating income derived from commercial clients that consist of large enterprises, small and medium-sized businesses, and public sector customers.

Products and Services

We design, develop, manufacture, market, sell, and support a wide range of products and services. We are organized into the following business units, which are our reportable segments: Client Solutions Group; Infrastructure Solutions Group; and VMware. Due to our divestitures of Dell Services, Dell Software Group, and Dell EMC Enterprise Content Division, the results of these businesses, as well as the related gains or losses on sale, have been excluded from the relevant periods, except as otherwise indicated.

- *Client Solutions Group (CSG)* — Offerings by CSG include branded hardware, such as desktop PCs, notebooks, and workstations, and branded peripherals, such as monitors, printers, and projectors. CSG also offers attached software, peripherals, and services, including support and deployment, configuration, and extended warranty services.

  Approximately half of CSG revenue is generated by sales to customers in the Americas, with the remaining portion derived from sales to customers in the Europe, Middle East and Africa region ("EMEA") and the Asia-Pacific and Japan region ("APJ").

- *Infrastructure Solutions Group (ISG)* — EMC's Information Storage segment and our former Enterprise Solutions Group were merged to create the Infrastructure Solutions Group, or ISG, which contains storage, server, and networking offerings. The comprehensive portfolio of advanced storage solutions includes traditional storage solutions as well as next-generation storage solutions (including all flash arrays and scale-out file, and object platforms). The server portfolio includes high-performance rack, blade, tower, and hyperscale servers. The networking portfolio enables our business customers to transform and modernize their infrastructure, mobilize and enrich end-user experiences, and accelerate business applications and processes. Similar to CSG, ISG also offers attached software, peripherals, and services, including support and deployment, configuration, and extended warranty services.

  Approximately half of ISG revenue is generated by sales to customers in the Americas, with the remaining portion derived from sales to customers in EMEA and APJ.

- *VMware* — The VMware reportable segment ("VMware") reflects the operations of VMware, Inc. (NYSE: VMW) within Dell Technologies. See Exhibit 99.1 filed with this report for further details on the differences between VMware reportable segment results and VMware, Inc. results.

  VMware is a leader in virtualization and cloud infrastructure and business mobility solutions that enable organizations to manage IT resources across private clouds and complex multi-cloud, multi-device environments. VMware offers a

broad portfolio of virtualization technologies across three main product groups: software-defined data center; hybrid cloud computing; and end-user computing.

Approximately half of VMware revenue is generated by sales to customers in the United States.

Our other businesses, described below, consist of product and service offerings of RSA Information Security, SecureWorks, Pivotal, and Boomi. These businesses are not classified as reportable segments, either individually or collectively, as the results of the businesses are not material to our overall results and the businesses do not meet the criteria for reportable segments.

- *RSA Information Security* provides essential cybersecurity solutions engineered to enable organizations to detect, investigate, and respond to advanced attacks, confirm and manage identities, and, ultimately, help reduce IP theft, fraud, and cybercrime.

- *SecureWorks* (NASDAQ: SCWX) is a leading global provider of intelligence-driven information security solutions singularly focused on protecting its clients from cyber attacks.

- *Pivotal* is a leading provider of application and data infrastructure software, agile development services, and data science consulting. Pivotal's cloud-native platform enables leading companies to transform their operations with an approach that is focused on building software, rather than buying it.

- *Boomi* specializes in cloud-based integration, connecting information between existing on-premise and cloud-based applications to ensure business processes are optimized, data is accurate and workflow is reliable.

See Note 19 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about our other businesses.

For further discussion regarding our current reportable segments, see "Results of Operations — Business Unit Results."

Dell Financial Services

We also offer or arrange various financing options and services for our commercial and consumer customers in North America, Europe, Australia, and New Zealand through Dell Financial Services ("DFS") and its affiliates. DFS services include originating, collecting, and servicing customer receivables primarily related to the purchase of Dell Technologies products. The results of these operations are allocated to our segments based on the underlying product or service financed. For additional information about our financing arrangements, see Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Business Trends and Challenges

We are seeing an unprecedented rate of change in the IT industry. Organizations of all kinds are embracing digital technology to achieve their business objectives. Our vision is to be the essential infrastructure company and leader in end-user computing, data center infrastructure solutions, virtualization, Internet of Things ("IoT"), and cloud software that our customers continue to trust and rely on for their IT solutions and transformations. To further advance this vision, we recently unveiled a new IoT strategy, division, and an array of solutions to support IoT adoption for our customers. We accelerate results for our customers by enabling them to be more efficient, mobile, informed, and secure. We continue to invest in research and development, sales, and other key areas of our business to deliver superior products and solutions capabilities and to drive execution of long-term sustainable growth. We believe that our results will benefit from an integrated go-to-market strategy, including enhanced coordination among the family of Dell Technologies companies, and from our differentiated products and solutions capabilities. We intend to continue to execute on our business model and seek to balance liquidity, profitability, and growth to position our company for long-term success.

We are able to leverage our traditional strength in the PC market to offer solutions and services that provide higher-value, recurring revenue streams. Given current market trends, we expect that the demand environment will continue to be cyclical and that competitive dynamics will continue to pressure our CSG business. However, we are committed to a long-term growth strategy that we believe will benefit from the consolidation trends that are occurring in our markets. Our CSG offerings remain an important element of our strategy, generating strong cash flow and opportunities for cross-selling of complementary solutions.

We expect that ISG will continue to be impacted by the changing nature of the IT infrastructure market and competitive environment. Cloud-native applications are expected to continue as a primary growth driver in the infrastructure market as IT organizations increasingly become multi-cloud environments. We believe the complementary cloud solutions across our business, created through our combination with EMC, strongly position us to meet these demands for our customers who are increasingly looking to leverage cloud-based computing. Further, we will provide new and more robust storage and data center solutions to meet the evolving needs of our customers. We also continue to be impacted by the emerging trends of enterprises deploying software-defined storage, hyper-converged, and modular solutions based on server-centric architectures. These trends have put pressure on our traditional storage offerings, and we are focused on rapidly developing new capabilities and solutions to reposition our storage portfolio. We have leading solutions through our ISG and VMware data center offerings. In addition, through our research and development efforts, we expect to develop new solutions in this rapidly changing industry that we believe will enable us to continue to provide superior solutions to our customers.

In ISG, we are also seeing increased interest in "as a service" flexible consumption models by our customers as they seek to build greater flexibility into their cost structures. We have introduced various financing and consumption models to meet our customers' needs.

During the first nine months of Fiscal 2018, we have experienced higher component costs which primarily impacted CSG and ISG. We expect this trend to moderate but continue into Fiscal 2019.

We manage our business on a U.S. dollar basis. However, we have a large global presence, generating approximately half of our revenue by sales to customers outside of the United States during the third quarter and first nine months of Fiscal 2018 and the third quarter and first nine months of Fiscal 2017. Our revenues, therefore, can be impacted by fluctuations in foreign currency exchange rates. We utilize a comprehensive hedging strategy intended to mitigate the impact of foreign currency volatility over time, and we adjust pricing when possible to further minimize foreign currency impacts. The percentage of our revenues generated in regions outside of the United States did not change substantially as a result of the EMC merger transaction.

EMC Merger Transaction

As described in Note 2 of the Notes to the Condensed Consolidated Financial Statements included in this report, on September 7, 2016, a merger subsidiary of Dell Technologies merged with and into EMC Corporation, with EMC Corporation surviving the merger as a wholly-owned subsidiary of Dell Technologies.

Pursuant to the terms of the merger agreement, upon the completion of the EMC merger transaction, each issued and outstanding share of common stock, par value $0.01 per share, of EMC Corporation (approximately 2.0 billion as of September 7, 2016) was converted into the right to receive (1) $24.05 in cash, without interest, and (2) 0.11146 validly issued, fully paid and non-assessable shares of common stock of the Company designated as Class V Common Stock, par value $0.01 per share, plus cash in lieu of any fractional shares. Shares of the Class V Common Stock were approved for listing on the New York Stock Exchange (the "NYSE") under the ticker symbol "DVMT" and began trading on September 7, 2016.

In connection with the EMC merger transaction, all principal, accrued but unpaid interest, fees, and other amounts (other than certain contingent obligations) outstanding at the effective time of the EMC merger transaction under EMC's unsecured revolving credit facility, Dell's asset-based revolving credit facility, and Dell's term facilities were substantially repaid concurrently with the closing. Further, all commitments to lend and guarantees and security interests, as applicable, in connection therewith were terminated or released. The aggregate amounts of principal, interest, and premium necessary to redeem in full the outstanding $1.4 billion in aggregate principal amount of 5.625% Senior First Lien Notes due 2020 co-issued by Dell International and Denali Finance Corp. were deposited with the trustee for such notes, and such notes were thereby satisfied and discharged, concurrently with the effective time of the EMC merger transaction. All of Dell's other outstanding senior notes and all of EMC's outstanding senior notes remained outstanding after the effective time of the EMC merger transaction in accordance with their respective terms.

Dell Technologies financed the EMC merger transaction, the repayment of the foregoing indebtedness of EMC and Dell outstanding as of the closing of the EMC merger transaction, and the payment of related fees and expenses, with debt financing arrangements in an aggregate principal amount of approximately $45.9 billion, equity financing arrangements of approximately $4.4 billion, and cash on hand of approximately $7.8 billion.

See Note 2 and Note 7 to the Condensed Consolidated Financial Statements included in this report for additional information regarding the EMC merger transaction and the related financing transactions.

NON-GAAP FINANCIAL MEASURES

In management's discussion and analysis, we use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. These non-GAAP financial measures include non-GAAP product net revenue; non-GAAP services net revenue; non-GAAP net revenue; non-GAAP product gross margin; non-GAAP services gross margin; non-GAAP gross margin; non-GAAP operating expenses; non-GAAP operating income; non-GAAP net income from continuing operations; earnings before interest and other, net, taxes, depreciation and amortization, referred to as EBITDA; and adjusted EBITDA.

We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. We believe that excluding certain items from our GAAP results allows management to better understand our consolidated financial performance from period to period and better project our future consolidated financial performance as forecasts are developed at a level of detail different from that used to prepare GAAP-based financial measures. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons.

There are limitations to the use of the non-GAAP financial measures presented in this report. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Non-GAAP product net revenue, non-GAAP services net revenue, non-GAAP net revenue, non-GAAP product gross margin, non-GAAP services gross margin, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, and non-GAAP net income from continuing operations, as defined by us, exclude the impact of purchase accounting, amortization of intangible assets, transaction-related expenses, other corporate expenses and, for non-GAAP net income, an aggregate adjustment for income taxes. As the excluded items have a material impact on our financial results, our management compensates for this limitation by relying primarily on our 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 net revenue, gross margin, operating expenses, operating income, or net income prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis.

Reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure are presented below. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. See the discussion below for more information on each of the excluded items as well as our reasons for excluding them from our non-GAAP results. In future fiscal periods, we 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.

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

- *Impact of Purchase Accounting* — The impact of purchase accounting includes purchase accounting adjustments, related to the EMC merger transaction and the acquisition of Dell Inc. by Dell Technologies Inc. on October 29, 2013, referred to as the going-private transaction, recorded under the acquisition method of accounting in accordance with the accounting guidance for business combinations. This guidance prescribes that the purchase price be allocated to assets acquired and liabilities assumed based on the estimated fair value of such assets and liabilities on the date of the transaction. Accordingly, all of the assets and liabilities acquired in the EMC merger transaction and the going-private transaction were accounted for and recognized at fair value as of the respective transaction dates, and the fair value adjustments are being amortized over the estimated useful lives in the periods following the transactions. The fair value adjustments primarily relate to deferred revenue, inventory, and property, plant, and equipment. The purchase accounting adjustments and related amortization of those adjustments are reflected in our GAAP results; however, we evaluate the operating results of the underlying businesses on a non-GAAP basis, after removing such adjustments. We believe that excluding the impact of purchase accounting provides results that are useful in understanding our current operating performance and provides more meaningful comparisons to our past operating performance.

- *Amortization of Intangible Assets* — Amortization of intangible assets primarily consists of amortization of customer relationships, developed technology, and trade names. In connection with the EMC merger transaction and the going-private transaction, all of the tangible and intangible assets and liabilities of EMC and Dell, respectively, were accounted for and recognized at fair value on the transaction dates. Accordingly, for the periods presented, amortization of intangible assets represents amortization associated with intangible assets recognized in connection with the EMC merger transaction and the going-private transaction. Amortization charges for purchased intangible assets are significantly impacted by the timing and magnitude of our acquisitions, and these charges may vary in amount from period to period. We exclude these charges for purposes of calculating the non-GAAP financial measures presented below to facilitate a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

- *Transaction-related Expenses* — Transaction-related expenses consist of acquisition, integration, and divestiture related costs, and are expensed as incurred. These expenses primarily represent costs for legal, banking, consulting, and advisory services, as well as certain compensatory retention awards directly related to the EMC merger transaction and related integration. During the third quarter and first nine months of Fiscal 2017, transaction-related expenses includes $807 million in day one stock-based compensation charges primarily related to the acceleration of vesting of EMC stock options and related taxes incurred in connection with the EMC merger transaction.

- *Other Corporate Expenses* — Other corporate expenses consists of severance, facility action costs, and stock-based compensation expense associated with equity awards. Severance costs are primarily related to severance and benefits for employees terminated pursuant to cost savings initiatives. Facility action costs included in the third quarter and first nine months of Fiscal 2018 were $67 million and $175 million, respectively. We expect to incur these costs over the remainder of the year as we continue to integrate owned and leased facilities and as we seek opportunities for operational efficiencies and cost savings. Other corporate expenses vary from period to period and are significantly impacted by the timing and nature of these events. Therefore, although we may incur these types of expenses in the future, we believe that eliminating these charges for purposes of calculating the non-GAAP financial measures presented below facilitates a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

- *Aggregate Adjustment for Income Taxes* — The aggregate adjustment for income taxes is the estimated combined income tax effect for the adjustments described above. During the first nine months of Fiscal 2017, this amount also includes tax charges of approximately $201 million, recorded during the first six months of Fiscal 2017, on previously untaxed earnings of a foreign subsidiary that will no longer be permanently reinvested as a result of the Dell Services and DSG divestitures. The tax effects are determined based on the tax jurisdictions where the above items were incurred.

The table below presents a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure for each of the periods presented:

	Three Months Ended			Nine Months Ended		
	November 3, 2017	% Change	October 28, 2016	November 3, 2017	% Change	October 28, 2016
	(in millions, except percentages)					
Product net revenue	$ 14,680	19%	$ 12,366	$ 42,003	25%	$ 33,510
Non-GAAP adjustments:						
Impact of purchase accounting	33		261	138		260
Non-GAAP product net revenue	$ 14,713	17%	$ 12,627	$ 42,141	25%	$ 33,770
Services net revenue	$ 4,930	27%	$ 3,881	$ 14,722	83%	$ 8,058
Non-GAAP adjustments:						
Impact of purchase accounting	262		269	847		413
Non-GAAP services net revenue	$ 5,192	25%	$ 4,150	$ 15,569	84%	$ 8,471
Net revenue	$ 19,610	21%	$ 16,247	$ 56,725	36%	$ 41,568
Non-GAAP adjustments:						
Impact of purchase accounting	295		530	985		673
Non-GAAP net revenue	$ 19,905	19%	$ 16,777	$ 57,710	37%	$ 42,241
Product gross margin	$ 2,311	28%	$ 1,804	$ 5,797	25%	$ 4,654
Non-GAAP adjustments:						
Impact of purchase accounting	45		437	173		461
Amortization of intangibles	914		604	2,784		806
Transaction-related expenses	1		18	9		16
Other corporate expenses	2		10	8		14
Non-GAAP product gross margin	$ 3,273	14%	$ 2,873	$ 8,771	47%	$ 5,951
Services gross margin	$ 2,852	36%	$ 2,095	$ 8,477	125%	$ 3,774
Non-GAAP adjustments:						
Impact of purchase accounting	262		292	847		436
Amortization of intangibles	—		—	—		—
Transaction-related expenses	4		12	13		9
Other corporate expenses	26		52	55		54
Non-GAAP services gross margin	$ 3,144	28%	$ 2,451	$ 9,392	120%	$ 4,273
Gross margin	$ 5,163	32%	$ 3,899	$ 14,274	69%	$ 8,428
Non-GAAP adjustments:						
Impact of purchase accounting	307		729	1,020		897
Amortization of intangibles	914		604	2,784		806
Transaction-related expenses	5		30	22		25
Other corporate expenses	28		62	63		68
Non-GAAP gross margin	$ 6,417	21%	$ 5,324	$ 18,163	78%	$ 10,224

	Three Months Ended			Nine Months Ended		
	November 3, 2017	% Change	October 28, 2016	November 3, 2017	% Change	October 28, 2016
	(in millions, except percentages)					
Operating expenses	$ 5,696	5%	$ 5,411	$ 17,286	73 %	$ 10,012
Non-GAAP adjustments:						
Impact of purchase accounting	(59)		(121)	(175)		(157)
Amortization of intangibles	(820)		(560)	(2,466)		(1,340)
Transaction-related expenses	(81)		(1,170)	(393)		(1,304)
Other corporate expenses	(305)		(211)	(824)		(257)
Non-GAAP operating expenses	$ 4,431	32%	$ 3,349	$ 13,428	93 %	$ 6,954
Operating loss	$ (533)	65%	$ (1,512)	$ (3,012)	(90)%	$ (1,584)
Non-GAAP adjustments:						
Impact of purchase accounting	366		850	1,195		1,054
Amortization of intangibles	1,734		1,164	5,250		2,146
Transaction-related expenses	86		1,200	415		1,329
Other corporate expenses	333		273	887		325
Non-GAAP operating income	$ 1,986	1%	$ 1,975	$ 4,735	45 %	$ 3,270
Net loss from continuing operations	$ (941)	43%	$ (1,637)	$ (3,302)	(42)%	$ (2,323)
Non-GAAP adjustments:						
Impact of purchase accounting	366		850	1,195		1,054
Amortization of intangibles	1,734		1,164	5,250		2,146
Transaction-related expenses	86		1,200	415		1,326
Other corporate expenses	333		273	887		325
Aggregate adjustment for income taxes	(469)		(880)	(1,882)		(932)
Non-GAAP net income from continuing operations	$ 1,109	14%	$ 970	$ 2,563	61 %	$ 1,596

In addition to the above measures, we also use EBITDA and adjusted EBITDA to provide additional information for evaluation of our operating performance. Adjusted EBITDA excludes purchase accounting adjustments related to the EMC merger transaction and the going-private transaction, acquisition, integration, and divestiture related costs, severance and facility actions, and stock-based compensation expense. We believe that, due to the non-operational nature of the purchase accounting entries, it is appropriate to exclude these adjustments.

As is the case with the non-GAAP measures presented above, users should consider the limitations of using EBITDA and adjusted EBITDA, including the fact that those measures do not provide a complete measure of our operating performance. EBITDA and adjusted EBITDA do not purport to be alternatives to net income (loss) as measures of operating performance or to cash flows from operating activities as a measure of liquidity. In particular, EBITDA and adjusted EBITDA are not intended to be a measure of free cash flow available for management's discretionary use, as these measures do not consider certain cash requirements, such as working capital needs, capital expenditures, contractual commitments, interest payments, tax payments, and other debt service requirements.

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The table below presents a reconciliation of EBITDA and adjusted EBITDA to net loss from continuing operations for the periods presented:

	Three Months Ended			Nine Months Ended		
	November 3, 2017	% Change	October 28, 2016	November 3, 2017	% Change	October 28, 2016
	(in millions, except percentages)					
Net loss from continuing operations	$ (941)	43%	$ (1,637)	$ (3,302)	(42)%	$ (2,323)
Adjustments:						
Interest and other, net (a)	682		794	1,800		1,362
Income tax provision (benefit)	(274)		(669)	(1,510)		(623)
Depreciation and amortization	2,137		1,576	6,491		2,799
EBITDA	$ 1,604	NM	$ 64	$ 3,479	186 %	$ 1,215
EBITDA	$ 1,604	NM	$ 64	$ 3,479	186 %	$ 1,215
Adjustments:						
Stock-based compensation expense	221		144	630		177
Impact of purchase accounting (b)	298		693	990		851
Transaction-related expenses (c)	86		1,200	415		1,366
Other corporate expenses (d)	109		129	237		148
Adjusted EBITDA	$ 2,318	4%	$ 2,230	$ 5,751	53 %	$ 3,757

(a) See "Results of Operations — Interest and Other, Net" for more information on the components of interest and other, net.
(b) This amount includes the non-cash purchase accounting adjustments related to the EMC merger transaction and the going-private transaction.
(c) Transaction-related expenses consist of acquisition, integration, and divestiture related costs.
(d) Consists of severance and facility action costs.
NM Not meaningful.

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RESULTS OF OPERATIONS

Consolidated Results

The following table summarizes our consolidated results from continuing operations for each of the periods presented. Unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal period.

	Three Months Ended					Nine Months Ended				
	November 3, 2017			October 28, 2016		November 3, 2017			October 28, 2016	
	Dollars	% of Net Revenue	% Change	Dollars	% of Net Revenue	Dollars	% of Net Revenue	% Change	Dollars	% of Net Revenue
	(in millions, except percentages)									
Net revenue:										
Product	$ 14,680	74.9 %	19%	$ 12,366	76.1 %	$ 42,003	74.0 %	25 %	$ 33,510	80.6 %
Services	4,930	25.1 %	27%	3,881	23.9 %	14,722	26.0 %	83 %	8,058	19.4 %
Total net revenue	$ 19,610	100.0 %	21%	$ 16,247	100.0 %	$ 56,725	100.0 %	36 %	$ 41,568	100.0 %
Gross margin:										
Product (a)	$ 2,311	15.7 %	28%	$ 1,804	14.6 %	$ 5,797	13.8 %	25 %	$ 4,654	13.9 %
Services (b)	2,852	57.8 %	36%	2,095	54.0 %	8,477	57.6 %	125 %	3,774	46.8 %
Total gross margin	$ 5,163	26.3 %	32%	$ 3,899	24.0 %	$ 14,274	25.2 %	69 %	$ 8,428	20.3 %
Operating expenses	$ 5,696	29.0 %	5%	$ 5,411	33.3 %	$ 17,286	30.5 %	73 %	$ 10,012	24.1 %
Operating loss	$ (533)	(2.7)%	65%	$ (1,512)	(9.3)%	$ (3,012)	(5.3)%	(90)%	$ (1,584)	(3.8)%
Net loss from continuing operations	$ (941)	(4.8)%	43%	$ (1,637)	(10.1)%	$ (3,302)	(5.8)%	(42)%	$ (2,323)	(5.6)%
Net loss attributable to Dell Technologies Inc.	$ (937)	(4.8)%	55%	$ (2,064)	(12.7)%	$ (3,217)	(5.7)%	(124)%	$ (1,436)	(3.5)%
Non-GAAP Financial Information										
Non-GAAP net revenue:										
Product	$ 14,713	73.9 %	17%	$ 12,627	75.3 %	$ 42,141	73.0 %	25 %	$ 33,770	79.9 %
Services	5,192	26.1 %	25%	4,150	24.7 %	15,569	27.0 %	84 %	8,471	20.1 %
Total non-GAAP net revenue	$ 19,905	100.0 %	19%	$ 16,777	100.0 %	$ 57,710	100.0 %	37 %	$ 42,241	100.0 %
Non-GAAP gross margin:										
Product (a)	$ 3,273	22.2 %	14%	$ 2,873	22.8 %	$ 8,771	20.8 %	47 %	$ 5,951	17.6 %
Services (b)	3,144	60.6 %	28%	2,451	59.1 %	9,392	60.3 %	120 %	4,273	50.4 %
Total non-GAAP gross margin	$ 6,417	32.2 %	21%	$ 5,324	31.7 %	$ 18,163	31.5 %	78 %	$ 10,224	24.2 %
Non-GAAP operating expenses	$ 4,431	22.3 %	32%	$ 3,349	20.0 %	$ 13,428	23.3 %	93 %	$ 6,954	16.5 %
Non-GAAP operating income	$ 1,986	10.0 %	1%	$ 1,975	11.8 %	$ 4,735	8.2 %	45 %	$ 3,270	7.7 %
Non-GAAP net income from continuing operations	$ 1,109	5.6 %	14%	$ 970	5.8 %	$ 2,563	4.4 %	61 %	$ 1,596	3.8 %
EBITDA	$ 1,604	8.1 %	NM	$ 64	0.4 %	$ 3,479	6.0 %	186 %	$ 1,215	2.9 %
Adjusted EBITDA	$ 2,318	11.6 %	4%	$ 2,230	13.3 %	$ 5,751	10.0 %	53 %	$ 3,757	8.9 %

(a) Product gross margin percentages represent product gross margin as a percentage of product net revenue, and non-GAAP product gross margin as a percentage of non-GAAP product net revenue.

(b) Services gross margin percentages represent services gross margin as a percentage of services net revenue, and non-GAAP services gross margin as a percentage of non-GAAP services net revenue.

NM Not meaningful.

Non-GAAP product net revenue, non-GAAP services net revenue, non-GAAP net revenue, non-GAAP product gross margin, non-GAAP services gross margin, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income from continuing operations, EBITDA, and adjusted EBITDA are not measurements of financial performance prepared in accordance with GAAP. Non-GAAP financial measures as a percentage of revenue are calculated based on non-GAAP net revenue. See "Non-GAAP Financial Measures" for information about these non-GAAP financial measures, including our reasons for including these measures, material limitations with respect to the usefulness of the measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure.

As a result of the EMC merger transaction completed on September 7, 2016 and its impact on the third quarter and first nine months of Fiscal 2018, our results for the fiscal periods discussed below are not directly comparable.

Overview

During the third quarter and first nine months of Fiscal 2018, our net revenue increased 21% and 36%, respectively. During the third quarter and first nine months of Fiscal 2018, our non-GAAP net revenue increased 19% and 37%, respectively. The increase in net revenue and non-GAAP net revenue was attributable to an increase in revenue across all three business units. The EMC merger transaction had an impact on the mix of revenue contributed by our business units. CSG net revenue represented approximately 50% of our net revenue during the third quarter and first nine months of Fiscal 2018. In comparison, CSG net revenue comprised a higher proportion of our net revenue during the third quarter and first nine months of Fiscal 2017, representing approximately 60% and 65% of our net revenue, respectively.

During the third quarter of Fiscal 2018 and Fiscal 2017, our operating loss was $0.5 billion and $1.5 billion, respectively. The decrease in our operating loss for the third quarter of Fiscal 2018 was attributable to an increase in revenue and gross margin, offset partially by an increase in operating expenses, all of which were driven by the timing of the EMC merger transaction. During the first nine months of Fiscal 2018 and Fiscal 2017, our operating loss was $3.0 billion and $1.6 billion, respectively. The increase in our operating loss for the first nine months of Fiscal 2018 was primarily attributable to an increase in amortization of intangible assets and purchase accounting adjustments related to the EMC merger transaction, partially offset by the incremental operating income from the EMC acquired businesses.

Our operating loss was impacted by purchase accounting adjustments associated with the EMC merger transaction and, to a lesser extent, the going-private transaction, amortization of intangible assets, transaction-related expenses, and other corporate expenses. In aggregate, these items totaled $2.5 billion and $7.7 billion for the third quarter and first nine months of Fiscal 2018, respectively. In comparison, these items totaled $3.5 billion and $4.9 billion for the third quarter and first nine months of Fiscal 2017, respectively. Excluding these adjustments, non-GAAP operating income was relatively unchanged during the third quarter of Fiscal 2018 and increased 45% to $4.7 billion during the first nine months of Fiscal 2018. Non-GAAP operating income during the third quarter of Fiscal 2018 was relatively flat due to an increase in operating income for CSG and VMware, which was largely offset by a decrease in ISG operating income. The increase in non-GAAP operating income for the first nine months of Fiscal 2018 was attributable to an increase in non-GAAP operating income across all three business units, but most significantly by VMware.

Cash provided by operating activities was $3.7 billion and $1.6 billion during the first nine months of Fiscal 2018 and Fiscal 2017, respectively. The increase in operating cash flows during the first nine months of Fiscal 2018 was driven by improved profitability, including the incremental profitability from the EMC acquired businesses, and ongoing working capital initiatives. See "Market Conditions, Liquidity, and Capital Commitments" for further information on our cash flow metrics.

Net Revenue

During the third quarter and first nine months of Fiscal 2018, our net revenue increased 21% and 36%, respectively, primarily due to an increase in revenue across all three business units. During the first nine months of Fiscal 2018, these increases were offset partially by an increase in purchase accounting adjustments as a result of the EMC merger transaction. Our non-GAAP net revenue increased 19% and 37% during the third quarter and first nine months of Fiscal 2018, respectively, primarily due to an increase in revenue across all three business units. See "Business Unit Results" for further information.

- *Product Net Revenue* — Product net revenue includes revenue from the sale of hardware products and Dell Technologies-owned software licenses. During the third quarter of Fiscal 2018, product net revenue and non-GAAP product net revenue increased 19% and 17%, respectively, due to an increase in product revenue across all three business units, driven by strength in sales of notebooks, workstations, and servers. The increases in product net revenue and non-GAAP product net revenue during the third quarter of Fiscal 2018 were also partially due to the incremental product net revenue from the EMC acquired businesses. During the first nine months of Fiscal 2018, product net revenue and non-GAAP product net revenue both increased 25%, primarily due to incremental product net revenue from the EMC acquired businesses.

- *Services Net Revenue* — Services net revenue includes revenue from our services offerings, third-party software license sales, and support services related to Dell Technologies-owned software and hardware. During the third quarter of Fiscal 2018, services net revenue and non-GAAP services net revenue increased 27% and 25%, respectively. During the first nine months of Fiscal 2018, services net revenue and non-GAAP services net revenue increased 83% and 84%, respectively. These increases were primarily due to the incremental services net revenue from the EMC acquired businesses.

See "Business Unit Results" for further information regarding revenue from our products, services, and software offerings.

From a geographical perspective, net revenue generated by sales to customers in all regions increased during the third quarter and first nine months of Fiscal 2018 primarily as a result of the incremental net revenue from the EMC acquired businesses. Our mix of revenues generated in the Americas, EMEA, and APJ did not change substantially as a result of the EMC merger transaction.

Gross Margin

During the third quarter and first nine months of Fiscal 2018, our gross margin increased 32% to $5.2 billion, and 69% to $14.3 billion, respectively. During the third quarter and first nine months of Fiscal 2018 our gross margin percentage increased 230 basis points to 26.3%, and 490 basis points to 25.2%, respectively. The increases in our gross margin and gross margin percentage were primarily attributable to incremental gross margin from the EMC acquired businesses, which have higher gross margin percentages. During the third quarter of Fiscal 2018, gross margin also benefited from a lower combined impact of purchase accounting adjustments and amortization of intangibles as a result of the EMC merger transaction. During the first nine months of Fiscal 2018, the incremental gross margins from the EMC acquired businesses were partially offset by the impact of purchase accounting adjustments and amortization of intangibles as a result of the EMC merger transaction.

Our gross margin for the third quarter and first nine months of Fiscal 2018 included the effect of $1.2 billion and $3.8 billion, respectively, of amortization of intangibles and purchase accounting adjustments related to the EMC merger transaction and, to a lesser extent, the going-private transaction. In comparison, the impact of purchase accounting and amortization of intangibles totaled $1.3 billion and $1.7 billion in the third quarter and first nine months of Fiscal 2017, respectively. Excluding these costs, transaction-related expenses, and other corporate expenses, non-GAAP gross margin for the third quarter increased 21% to $6.4 billion and non-GAAP gross margin percentage increased 50 basis points to 32.2%. For the first nine months of Fiscal 2018, non-GAAP gross margin increased 78% to $18.2 billion and non-GAAP gross margin percentage increased 730 basis points to 31.5%. The increase in non-GAAP gross margin and non-GAAP gross margin percentage was primarily attributable to incremental gross margin from the EMC acquired businesses, which have higher gross margin percentages.

- *Products* — During the third quarter of Fiscal 2018, product gross margin increased 28% to $2.3 billion and product gross margin percentage increased 110 basis points to 15.7%. The increase in product gross margin and product gross margin percentage was driven primarily by incremental product gross margin from VMware.

  During the first nine months of Fiscal 2018, product gross margin increased 25% to $5.8 billion and product gross margin percentage remained relatively unchanged at 13.8%. The increase in product gross margin was driven primarily by additional product gross margin from the EMC acquired businesses, which was partially offset by an increase in amortization of intangibles related to the EMC merger transaction, and to a lesser extent, an increase in component costs during the period.

  During the third quarter of Fiscal 2018, non-GAAP product gross margin increased 14% to $3.3 billion and non-GAAP product gross margin percentage decreased 60 basis points to 22.2%. During the third quarter of Fiscal 2018, non-GAAP gross margin benefited from increases in revenue across all three business units, but non-GAAP product gross margin percentage decreased due to component cost pressures in CSG and ISG and mix shift in ISG. During the first nine months of Fiscal 2018, non-GAAP product gross margin increased 47% to $8.8 billion and non-GAAP product gross margin percentage increased 320 basis points to 20.8%. The increases in non-GAAP product gross margin and non-GAAP product

gross margin percentage were primarily attributable to the incremental product gross margin from the EMC acquired businesses, which have higher gross margin percentages, partially offset by component cost pressures in CSG and ISG.

In the third quarter of Fiscal 2017, we entered into a settlement agreement with a vendor to resolve a dispute regarding past pricing practices. Our gross margin for the third quarter of Fiscal 2017 included a benefit of $80 million related to receipt of this settlement. Vendor settlements are allocated to our segments based on the relative amount of affected vendor products sold by each segment. The $80 million settlement benefit was entirely allocated to CSG. While this settlement does materially impact comparability of product gross margins for the third quarter, there is minimal impact to comparability for the first nine months due to the offsetting impact of a settlement recorded in the second quarter of Fiscal 2018 as discussed below in *Vendor Programs and Settlements*.

- *Services* — During the third quarter of Fiscal 2018, services gross margin increased 36% to $2.9 billion and services gross margin percentage increased 380 basis points to 57.8%. The increase in services gross margin and services gross margin percentage was primarily attributable to the incremental services gross margin from the EMC acquired businesses, which have higher gross margin percentages. Purchase accounting adjustments totaled $0.3 billion both during the third quarter of Fiscal 2018 and the third quarter of Fiscal 2017. Excluding these costs, transaction-related expenses, and other corporate expenses, non-GAAP services gross margin increased 28% to $3.1 billion and non-GAAP services gross margin percentage increased 150 basis points to 60.6%.

  During the first nine months of Fiscal 2018, services gross margin increased 125% to $8.5 billion and services gross margin percentage increased 1,080 basis points to 57.6%. The increase in services gross margin and gross margin percentage was primarily attributable to the incremental services gross margin from the EMC acquired businesses, which have higher gross margin percentages. Purchase accounting adjustments totaled $0.8 billion during the first nine months of Fiscal 2018, compared to $0.4 billion during the first nine months of Fiscal 2017. Excluding these costs, transaction-related expenses, and other corporate expenses, non-GAAP services gross margin increased 120% to $9.4 billion and non-GAAP services gross margin percentage increased 990 basis points to 60.3%.

Vendor Programs and Settlements

Our gross margin is affected by our ability to achieve competitive pricing with our vendors and contract manufacturers, including through our negotiation of a variety of vendor rebate programs to achieve lower net costs for the various components we include in our products. Under these programs, vendors provide us with rebates or other discounts from the list prices for the components, which are generally elements of their pricing strategy. We account for vendor rebates and other discounts as a reduction in cost of net revenue. We manage our costs on a total net cost basis, which includes supplier list prices reduced by vendor rebates and other discounts.

The terms and conditions of our vendor rebate programs are largely based on product volumes and are generally negotiated either at the beginning of the annual or quarterly period, depending on the program. The timing and amount of vendor rebates and other discounts we receive under the programs may vary from period to period, reflecting changes in the competitive environment. We monitor our component costs and seek to address the effects of any changes to terms that might arise under our vendor rebate programs. Our gross margins for the third quarter and first nine months of Fiscal 2018 and Fiscal 2017 were not materially affected by any changes to the terms of our vendor rebate programs, as the amounts we received under these programs were generally stable relative to our total net cost. We are not aware of any significant changes to vendor pricing or rebate programs that may impact our results in the near term.

In addition, we have pursued legal action against certain vendors and are currently involved in negotiations with other vendors regarding their past pricing practices. We have negotiated settlements with some of these vendors and may have additional settlements in future periods. These settlements are allocated to our segments based on the relative amount of affected vendor products sold by each segment. A pricing settlement was recorded in the second quarter of Fiscal 2018 that benefited product gross margins by $68 million, and it was entirely allocated to CSG. Additionally, a pricing settlement was recorded in the third quarter of Fiscal 2017 that benefited product gross margins by $80 million, and was entirely allocated to CSG. During the third quarter of Fiscal 2018, no such settlements were recorded that would have a material impact on product gross margins in the current quarter or affect comparability with other periods.

Operating Expenses

The following table presents information regarding our operating expenses during each of the periods presented:

	Three Months Ended					Nine Months Ended				
	November 3, 2017			October 28, 2016		November 3, 2017			October 28, 2016	
	Dollars	% of Net Revenue	% Change	Dollars	% of Net Revenue	Dollars	% of Net Revenue	% Change	Dollars	% of Net Revenue
	(in millions, except percentages)									
Operating expenses:										
Selling, general, and administrative	$ 4,625	23.5%	2%	$ 4,556	28.0%	$ 13,989	24.7%	62%	$ 8,647	20.8%
Research and development	1,071	5.5%	25%	855	5.3%	3,297	5.8%	142%	1,365	3.3%
Total operating expenses	$ 5,696	29.0%	5%	$ 5,411	33.3%	$ 17,286	30.5%	73%	$ 10,012	24.1%
Other Financial Information										
Non-GAAP operating expenses	$ 4,431	22.3%	32%	$ 3,349	20.0%	$ 13,428	23.3%	93%	$ 6,954	16.5%

During the third quarter and first nine months of Fiscal 2018, total operating expenses increased 5% and 73%, respectively. These increases were primarily due to incremental operating costs of the EMC acquired businesses. In the third quarter of Fiscal 2018, this increase was partially offset by a reduction in operating expenses due to $1.2 billion of transaction-related expenses incurred in the third quarter of Fiscal 2017, which did not recur in Fiscal 2018. Our operating expenses include the impact of purchase accounting associated with the EMC merger transaction and, to a lesser extent, the going-private transaction, amortization of intangible assets, transaction-related expenses, and other corporate expenses. In aggregate, these items totaled $1.3 billion and $2.1 billion for the third quarter of Fiscal 2018 and Fiscal 2017, respectively, and $3.9 billion and $3.1 billion for the first nine months of Fiscal 2018 and Fiscal 2017, respectively. Excluding these costs, total non-GAAP operating expenses for the third quarter and first nine months of Fiscal 2018 increased 32% and 93%, respectively, primarily due to the incremental operating costs from the EMC acquired businesses.

- *Selling, General, and Administrative* — Selling, general, and administrative ("SG&A") expenses increased 2% and 62%, respectively, during the third quarter and first nine months of Fiscal 2018. The increases in SG&A expenses were primarily driven by incremental operating costs of the EMC acquired businesses. The increase during the third quarter of Fiscal 2018 was mostly offset by the reduction in operating expenses attributable to transaction costs incurred in the third quarter of Fiscal 2017 that did not recur in Fiscal 2018.

- *Research and Development* — Research and development ("R&D") expenses are primarily composed of personnel-related expenses related to product development. R&D expenses as a percentage of net revenue for the third quarter and first nine months of Fiscal 2018 were approximately 5.5% and 5.8%, respectively. In comparison, R&D expenses as a percentage of net revenue for the third quarter and first nine months of Fiscal 2017 were 5.3% and 3.3%, respectively. The increase in R&D expenses during the first nine months of Fiscal 2018 was attributable to the expansion of our R&D capability through the EMC merger transaction. As our industry continues to change and as the needs of our customers evolve, we intend to support R&D initiatives to innovate and introduce new and enhanced solutions into the market.

We will continue to balance our efforts to drive cost efficiencies in the business with strategic investments in areas that will enable growth, such as our sales force, marketing, and R&D.

Operating Income/Loss

Our operating loss was $0.5 billion during the third quarter of Fiscal 2018, compared to $1.5 billion during the third quarter of Fiscal 2017. Operating loss was $3.0 billion during the first nine months of Fiscal 2018 compared to $1.6 billion during the first nine months of Fiscal 2017. The decrease in operating loss during the third quarter of Fiscal 2018 was primarily attributable to an increase in gross margin. The increase in operating loss during the first nine months of Fiscal 2018 was primarily attributable to amortization of intangible assets and purchase accounting adjustments related to the EMC merger transaction, partially offset by an increase in gross margin from the EMC acquired businesses.

Our operating loss includes the impact of purchase accounting associated with the EMC merger transaction and, to a lesser extent, the going-private transaction, amortization of intangible assets, transaction-related expenses, and other corporate expenses. In aggregate, these items totaled $2.5 billion and $3.5 billion for the third quarter of Fiscal 2018 and Fiscal 2017, respectively, and $7.7 billion and $4.9 billion for the first nine months of Fiscal 2018 and Fiscal 2017, respectively. Excluding these costs, non-GAAP operating income for the third quarter of Fiscal 2018 was relatively unchanged, and non-GAAP operating income for the first nine months of Fiscal 2018 increased 45% to $4.7 billion. Non-GAAP operating income during the third quarter of Fiscal 2018 was relatively flat due to the offsetting impacts of an increase in operating income for CSG and VMware and a decrease in ISG operating income. The increase in non-GAAP operating income for the first nine months of Fiscal 2018 was attributable to an increase in non-GAAP operating income across all three business units, but most significantly by VMware.

Interest and Other, Net

The following table provides information regarding interest and other, net for each of the periods presented:

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
	(in millions)			
Interest and other, net:				
Investment income, primarily interest	$ 57	$ 38	$ 142	$ 62
Gain (loss) on investments, net	(3)	(6)	22	(4)
Interest expense	(607)	(585)	(1,802)	(1,100)
Foreign exchange	(35)	4	(77)	(51)
Other	(94)	(245)	(85)	(269)
Total interest and other, net	$ (682)	$ (794)	$ (1,800)	$ (1,362)

During the third quarter of Fiscal 2018, changes in interest and other, net were favorable by $112 million primarily due to other non-recurring expenses of approximately $245 million incurred in the third quarter of Fiscal 2017 related to debt extinguishment and new borrowings associated with the EMC merger transaction. During the first nine months of Fiscal 2018, changes in interest and other, net were unfavorable by $438 million primarily due to an increase in interest expense from higher average debt balances from debt issued in connection with the EMC merger transaction, partially offset by the decrease in other non-recurring expenses referred to above. See Note 7 of the Notes to the Condensed Consolidated Financial Statements included in this report for further information regarding our debt.

Income and Other Taxes

For the third quarter and first nine months of Fiscal 2018 our effective income tax rates for continuing operations were 22.6% and 31.4%, respectively, on pre-tax losses from continuing operations of $1.2 billion and $4.8 billion, respectively. For the third quarter and first nine months of Fiscal 2017, our effective income tax rates for continuing operations were 29.0% and 21.1%, respectively, on pre-tax losses from continuing operations of $2.3 billion and $2.9 billion, respectively. The changes in our effective income tax rates for the third quarter and first nine months of Fiscal 2018 were primarily attributable to tax benefits from charges incurred associated with the EMC merger transaction, including purchase accounting adjustments, interest charges, and stock-based compensation expense. See Note 2 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information on the EMC merger transaction. The change in our effective income tax rate for the first nine months of Fiscal 2018 was also impacted by tax charges recognized in the prior year during the three and six months ended July 29, 2016 related to the divestiture of Dell Services and DSG. The income tax rate for future quarters of Fiscal 2018 will be impacted by the actual mix of jurisdictions in which income is generated.

Our effective tax rate can fluctuate depending on the geographic distribution of our world-wide earnings, as our foreign earnings are generally taxed at lower rates than in the United States. In certain jurisdictions, our tax rate is significantly less than the applicable statutory rate as a result of tax holidays. The majority of our foreign income that is subject to these tax holidays and lower tax rates is attributable to Singapore, China, and Malaysia. A significant portion of these income tax benefits relate to a tax holiday that expires in January 2019. Our other tax holidays will expire in whole or in part during Fiscal

2019 through Fiscal 2023. Many of these tax holidays and reduced tax rates may be extended when certain conditions are met or may be terminated early if certain conditions are not met. The differences between our effective tax rate and the U.S. federal statutory rate of 35% principally resulted from the geographical distribution of taxable income discussed above and permanent differences between the book and tax treatment of certain items. We continue to assess our business model and its impact in various taxing jurisdictions.

As noted in "Part I — Item 1A — Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended February 3, 2017, changes in tax law (including laws relating to U.S. taxes on foreign operations) could adversely affect our operations and profitability. Pending U.S. tax reform legislation would result in certain changes to U.S. tax laws, specifically U.S. taxation on earnings from international business operations and new restrictions on the deductibility of interest expense, which may materially impact our effective tax rate and the amount of taxes we pay. The ultimate impact of any proposed tax reform legislation will not be known until such legislation is finalized.

For further discussion regarding tax matters, including the status of income tax audits, see Note 13 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Net Income/Loss from Continuing Operations

During the third quarter of Fiscal 2018, net loss from continuing operations decreased 43% to a net loss of $0.9 billion, and during the first nine months of Fiscal 2018 net loss from continuing operations increased 42% to a net loss of $3.3 billion. The decrease in net loss from continuing operations during the third quarter of Fiscal 2018 was attributable to a decrease in operating loss and a decrease in interest and other, net expense, offset partially by a decrease in tax benefit. The increase in net loss from continuing operations during the first nine months of Fiscal 2018 was primarily attributable to an increase in operating loss and to an increase in interest and other, net expense, which was partially offset by an increase in tax benefit. See Note 13 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information regarding our effective tax rate.

Net loss from continuing operations for the third quarter and first nine months of Fiscal 2018 included amortization of intangible assets, the impact of purchase accounting, transaction-related expenses, and other corporate expenses. Excluding these costs, non-GAAP net income from continuing operations increased 14% to $1.1 billion and 61% to $2.6 billion during the third quarter and first nine months of Fiscal 2018, respectively. The increase in non-GAAP net income from continuing operations during the third quarter of Fiscal 2018 was primarily attributable to a decrease in interest and other, net expense. The increase in non-GAAP net income from continuing operations during the first nine months of Fiscal 2018 was primarily attributable to increases in operating income, the effects of which were partially offset by increases in interest and other, net expense.

Non-controlling Interests

During the third quarter and first nine months of Fiscal 2018, net loss attributable to non-controlling interests was $4 million and $85 million, respectively. During the third quarter and first nine months of Fiscal 2017, net loss attributable to non-controlling interest was $11 million and $12 million, respectively. Non-controlling interests primarily consisted of net loss attributable to non-controlling interest in VMware, Inc. For more information about our non-controlling interests, see Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Net Income/Loss Attributable to Dell Technologies Inc.

Net loss attributable to Dell Technologies Inc. represents net income/loss from continuing operations, an adjustment for non-controlling interests, and, in Fiscal 2017, an adjustment for discontinued operations. During the third quarter and first nine months of Fiscal 2018, net loss attributable to Dell Technologies Inc. was $0.9 billion and $3.2 billion, respectively, compared to $2.1 billion and $1.4 billion during the third quarter and first nine months of Fiscal 2017, respectively. The decrease in net loss attributable to Dell Technologies Inc. during the third quarter of Fiscal 2018 was primarily attributable to a decrease in net loss from continuing operations and the absence of loss from our discontinued operations in Fiscal 2018, due to completion of the divestiture transactions in Fiscal 2017. The increase in net loss attributable to Dell Technologies Inc. during the first nine months of Fiscal 2018 was primarily attributable to an increase in net loss from continuing operations and the absence of income from our discontinued operations in Fiscal 2018, due to the completion of the divestiture transactions in Fiscal 2017. For more information regarding our discontinued operations, see Note 3 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Business Unit Results

Our reportable segments are based on the following business units: Client Solutions Group ("CSG"); Infrastructure Solutions Group ("ISG"); and VMware. A description of our three business units is provided under "Introduction." See Note 19 of the Notes to the Condensed Consolidated Financial Statements included in this report for a reconciliation of net revenue and operating income by reportable segment to consolidated net revenue and consolidated operating income, respectively.

Client Solutions Group:

The following table presents net revenue and operating income attributable to CSG for the respective periods:

	Three Months Ended			Nine Months Ended		
	November 3, 2017	% Change	October 28, 2016	November 3, 2017	% Change	October 28, 2016
	(in millions, except percentages)					
Net Revenue:						
Commercial	$ 6,907	8%	$ 6,400	$ 20,453	6%	$ 19,343
Consumer	3,052	10%	2,787	8,413	10%	7,635
Total CSG net revenue	$ 9,959	8%	$ 9,187	$ 28,866	7%	$ 26,978
Operating Income:						
CSG operating income	$ 672	6%	$ 634	$ 1,612	7%	$ 1,503
% of segment net revenue	*6.7%*		*6.9%*	*5.6%*		*5.6%*

Net Revenue — During the third quarter and first nine months of Fiscal 2018, CSG net revenue increased 8% and 7%, respectively, driven by an increase in overall average selling price, as we managed our pricing in response to the cost environment during the periods, in both the commercial and consumer product categories. While demand was relatively flat during the third quarter of Fiscal 2018, during the first nine months of Fiscal 2018, the increases in CSG net revenue benefited from increases in units sold as we experienced a general improvement in customer demand for our products, which favored premium notebooks and workstations.

From a geographical perspective, net revenue attributable to CSG increased across all regions during the third quarter and first nine months of Fiscal 2018.

Operating Income — During the third quarter of Fiscal 2018, CSG operating income as a percentage of net revenue decreased 20 basis points to 6.7%. The decline in our operating income was attributable to an $80 million vendor settlement recorded in the third quarter of Fiscal 2017, which resulted in an incremental 90 basis points to our operating income percentage during the that period which did not recur. Removing the effect of this vendor settlement, CSG operating income increased 70 basis points during the third quarter of Fiscal 2018 due to increases in average selling prices as discussed above as well as favorability in our operating expense percentage as we continue to manage our cost position. Despite this increase, our operating income percentage was negatively impacted by increasing component costs. We expect that component cost increases will moderate but continue to be challenging into Fiscal 2019. We will continue to adjust our pricing practices as needed based upon a multitude of factors including the competitive environment and component costs.

During the first nine months of Fiscal 2018, CSG operating income remained unchanged at 5.6%. The increase in component costs was offset by favorability in our operating expense percentage as we continue to manage our cost position. The impact of the vendor settlements recorded in first nine months of Fiscal 2018 and Fiscal 2017 did not affect comparability for these periods.

Infrastructure Solutions Group:

The following table presents net revenue and operating income attributable to ISG for the respective periods:

	Three Months Ended			Nine Months Ended		
	November 3, 2017	% Change	October 28, 2016	November 3, 2017	% Change	October 28, 2016
	(in millions, except percentages)					
Net Revenue:						
Servers and networking	$ 3,851	32%	$ 2,910	$ 10,822	17%	$ 9,222
Storage	3,667	19%	3,079	11,018	165%	4,159
Total ISG net revenue	$ 7,518	26%	$ 5,989	$ 21,840	63%	$ 13,381
Operating Income:						
ISG operating income	$ 678	(24)%	$ 897	$ 1,431	3%	$ 1,389
% of segment net revenue	*9.0%*		*15.0%*	*6.6%*		*10.4%*

Net Revenue — During the third quarter of Fiscal 2018, ISG net revenue increased 26% driven by revenue growth in both product categories. Servers and networking revenue increased 32% during the third quarter of Fiscal 2018, primarily resulting from an increase in sale of PowerEdge units, and an increase in average selling prices of PowerEdge. Average selling prices increased as we managed our pricing in response to the current component cost environment, and also reflected the sale of servers with higher memory and storage content. Storage revenue increased 19% during the third quarter of Fiscal 2018 due to the incremental revenue from the EMC acquired business, although we are experiencing reduced demand in ISG for certain elements of our storage portfolio, including high-end and traditional midrange storage offerings which are priced greater than $25,000. We are addressing this dynamic through investments in our go-to-market capability and product enhancements.

During the first nine months of Fiscal 2018, ISG net revenue increased 63% primarily due to incremental storage net revenue associated with the acquired EMC storage business, and to a lesser extent, increases in servers and networking. Revenue from servers and networking increased 17% during the first nine months of Fiscal 2018, primarily resulting from an increase in sale of PowerEdge units, and an increase in average selling prices of PowerEdge due to the dynamics mentioned above.

This year we introduced "as-a-service" flexible consumption models that are generally multi-year contracts which typically result in recognition of revenue over the term of the arrangement. We are seeing increased interest in these new models, which will further strengthen our customer relationships. We expect that the impact of these arrangements will vary from quarter to quarter and build over time, but overall the impact to revenue was not significant during the first nine months of Fiscal 2018.

From a geographical perspective, during the third quarter and first nine months of Fiscal 2018, ISG net revenue increased in all regions due to the incremental revenue from the EMC acquired storage business. The EMC acquired storage business operates on a world-wide basis with a geographic mix similar to that of the legacy Dell ISG business.

Operating Income — During the third quarter of Fiscal 2018, ISG operating income as a percentage of net revenue decreased 600 basis points to 9.0%. During the third quarter of Fiscal 2018 we experienced gross margin pressure due to component cost inflation, which we expect to continue into Fiscal 2019. ISG operating income was also affected by increased operating expenses reflecting larger investments in go-to-market capabilities and research and development.

During the first nine months of Fiscal 2018, ISG operating income decreased 380 basis points to 6.6% primarily due to increased operating expenses from the EMC acquired businesses and larger investments in go-to-market capabilities and research and development. While the acquired EMC storage business contributed higher gross margin overall, we experienced gross margin pressure due to changing product mix within ISG as well as component cost inflation, which we expect to continue in the near term.

VMware:

The following table presents net revenue and operating income attributable to VMware for the respective periods:

	Three Months Ended			Nine Months Ended		
	November 3, 2017	**% Change**	**October 28, 2016**	**November 3, 2017**	**% Change**	**October 28, 2016**
	(in millions, except percentages)					
Net Revenue:						
VMware net revenue	$ 1,953	52%	$ 1,289	$ 5,596	334%	$ 1,289
Operating Income:						
VMware operating income	$ 639	17%	$ 548	$ 1,686	208%	$ 548
% of segment net revenue	*32.7%*		*42.5%*	*30.1%*		*42.5%*

Net Revenue — VMware net revenue during the third quarter and first nine months of Fiscal 2018 primarily consisted of revenue from the sale of software licenses under perpetual licenses, related software maintenance and support, training, consulting services, and hosted services. VMware net revenue for the third quarter of Fiscal 2018 grew 2% relative to the second quarter of Fiscal 2018, benefiting from balanced performance in all major geographies and broad strength across the product portfolio, particularly in our emerging product offerings.

From a geographical perspective, approximately half of VMware net revenue during the third quarter and first nine months of Fiscal 2018 was generated from sales to customers in the United States.

Operating Income — During the third quarter and first nine months of Fiscal 2018, VMware operating income as a percentage of net revenue was 32.7% and 30.1%, respectively. VMware operating income as of percentage of net revenue for the third quarter of Fiscal 2018 increased 330 basis points relative to the second quarter of Fiscal 2018 as we effectively managed our cost position.

OTHER BALANCE SHEET ITEMS

Accounts Receivable

We sell products and services directly to customers and through a variety of sales channels, including retail distribution. Our accounts receivable, net, was $9.2 billion and $9.4 billion as of November 3, 2017 and February 3, 2017, respectively. We maintain an allowance for doubtful accounts to cover receivables that may be deemed uncollectible. The allowance for losses is based on a provision for accounts that are collectively evaluated based on historical bad debt experience as well as specific identifiable customer accounts that are deemed at risk. As of November 3, 2017 and February 3, 2017, the allowance for doubtful accounts was $80 million and $57 million, respectively. Based on our assessment, we believe that we are adequately reserved for expected credit losses. We monitor the aging of our accounts receivable and continue to take actions to reduce our exposure to credit losses.

Dell Financial Services and Financing Receivables

Dell Financial Services, referred to as DFS, offers a wide range of financial services, including originating, collecting, and servicing customer receivables primarily related to the purchase of Dell products. Following the closing of the EMC merger transaction, DFS began offering similar financial services related to the purchase of Dell EMC and VMware products. In some cases, we originate financing activities for our commercial customers related to the purchase of third-party technology products that complement our portfolio of products and services. New financing originations, which represent the amounts of financing provided by DFS to customers for equipment and related software and services, including originations of third-party technology products, were $1.6 billion and $1.1 billion for the third quarter of Fiscal 2018 and Fiscal 2017, respectively, and $4.3 billion and $3.0 billion for the first nine months of Fiscal 2018 and Fiscal 2017, respectively. As of November 3, 2017 and February 3, 2017, our financing receivables, net were $7.0 billion and $5.9 billion, respectively.

We have securitization programs to fund revolving loans and fixed-term leases and loans through consolidated special purpose entities, referred to as SPEs, which we account for as secured borrowings. We transfer certain U.S. and European customer financing receivables to these SPEs, whose purpose is to facilitate the funding of customer receivables through financing arrangements with multi-seller conduits that issue asset-backed debt securities in the capital markets and to private investors. During the third quarter of Fiscal 2018 and Fiscal 2017, we transferred $1.0 billion and $0.6 billion, respectively, to these SPEs, and during the first nine months of Fiscal 2018 and Fiscal 2017, we transferred $2.9 billion and $2.0 billion, respectively, to the SPEs. The structured financing debt related to all of our securitization programs included as secured borrowing was $3.9 billion and $3.1 billion as of November 3, 2017 and February 3, 2017, respectively. In addition, the carrying amount of the corresponding financing receivables was $4.4 billion and $3.6 billion as of November 3, 2017 and February 3, 2017, respectively. As a result of the EMC merger transaction, we are expanding our existing securitization programs to allow for additional funding of customer receivables in the capital markets.

We maintain an allowance to cover expected financing receivable credit losses and evaluate credit loss expectations based on our total portfolio. For the third quarter of Fiscal 2018 and Fiscal 2017, the principal charge-off rate for our total portfolio was 1.5% and 2.1%, respectively. For the first nine months of Fiscal 2018 and Fiscal 2017, the principal charge-off rate for our total portfolio was 1.6% and 2.1%, respectively. The decreases in our total portfolio charge-off rates were attributable to growth in our fixed-term, high quality commercial accounts, which generally have lower charge-off rates. This growth in the portfolio resulted from the expansion of commercial originations, subsequent to the EMC merger transaction. We expect that principal charge-off rates will continue to trend favorably over the coming year as DFS expands its volume of commercial originations. The allowance for losses is determined based on several factors, including historical and anticipated experience, past due receivables, receivable type, and customer risk profile. At November 3, 2017 and February 3, 2017, the allowance for financing receivable losses was $131 million and $143 million, respectively. In general, the loss rates on our financing receivables have improved over the periods presented. We expect relatively stable loss rates in future periods, with movements in these rates being primarily driven by seasonality and a continued shift in portfolio composition to lower risk commercial assets. We continue to monitor broader economic indicators and their potential impact on future loss performance. We have an extensive process to manage our exposure to customer credit risk, including active management of credit lines and our collection activities. We also sell selected fixed-term financing receivables to unrelated third parties on a periodic basis, primarily to manage certain concentrations of customer credit exposure. Based on our assessment of the customer financing receivables, we believe that we are adequately reserved.

See Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our financing receivables and the associated allowance.

Deferred Revenue

Deferred revenue is recorded when billings have been generated or payments have been received for undelivered products or services, or in situations where revenue recognition criteria have not been met. Deferred revenue represents amounts received in advance for extended warranty services, software maintenance, unearned license fees, and deferred profit on third-party software offerings. Deferred revenue is recognized on these items when the revenue recognition criteria are met, generally resulting in ratable recognition over the contract term. We also have deferred revenue related to undelivered hardware and professional services, consisting of installations and consulting engagements, which are recognized as our obligations under the contract are completed.

Our total deferred revenue was $20.1 billion and $18.7 billion as of November 3, 2017 and February 3, 2017, respectively. A majority of our deferred revenue as of November 3, 2017 is expected to be recognized over the next two years.

Off-Balance Sheet Arrangements

As of November 3, 2017, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition or results of operations.

MARKET CONDITIONS, LIQUIDITY, AND CAPITAL COMMITMENTS

Market Conditions

We regularly monitor economic conditions and associated impacts on the financial markets and our business. We consistently evaluate the financial health of our supplier base, carefully manage customer credit, diversify counterparty risk, and monitor the concentration risk of our cash and cash equivalents balances globally. We routinely monitor our financial exposure to borrowers and counterparties.

We monitor credit risk associated with our financial counterparties using various market credit risk indicators such as credit ratings issued by nationally recognized rating agencies and changes in market credit default swap levels. We perform periodic evaluations of our positions with these counterparties and may limit exposure to any one counterparty in accordance with our policies. We monitor and manage these activities depending on current and expected market developments.

We use derivative instruments to hedge certain foreign currency exposures. We use forward contracts and purchased options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted transactions denominated in currencies other than the U.S. dollar. In addition, we primarily use forward contracts and may use purchased options to hedge monetary assets and liabilities denominated in a foreign currency. See Note 8 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about our use of derivative instruments.

We are exposed to interest rate risk related to our variable-rate debt and investment portfolio. In the normal course of business, we follow established policies and procedures to manage this risk, including monitoring of our asset and liability mix. As a result, we do not anticipate any material losses from interest rate risk.

The impact of any credit adjustments related to our use of counterparties on our Condensed Consolidated Financial Statements included in this report has been immaterial.

Liquidity and Capital Resources

To support our ongoing business operations, we rely on operating cash flows as our primary source of liquidity. We monitor the efficiency of our balance sheet to ensure that we have adequate liquidity to support our strategic initiatives. In addition to internally generated cash, we have access to other capital sources to finance our strategic initiatives and fund growth in our financing operations. As of November 3, 2017, we had $11.7 billion of total cash and cash equivalents, the majority of which was held outside of the United States. Our strategy is to deploy capital from any potential source, whether internally generated cash or debt, depending on the adequacy and availability of that source of capital and whether it can be accessed in a cost-effective manner.

A significant portion of our income is earned in non-U.S. jurisdictions. Under current law, earnings available to be repatriated to the United States would be subject to U.S. federal income tax, less applicable foreign tax credits. We have provided for the U.S. federal tax liability on these amounts for financial statement purposes, except for foreign earnings that are considered permanently reinvested outside of the United States. We utilize a variety of tax planning and financing strategies with the objective of having our worldwide cash available in the locations where it is needed.

The following table summarizes our cash and cash equivalents as well as our available borrowings as of November 3, 2017 and February 3, 2017:

	November 3, 2017	February 3, 2017
	(in millions)	
Cash and cash equivalents, and available borrowings:		
Cash and cash equivalents (a)	$ 11,706	$ 9,474
Remaining available borrowings under revolving credit facilities (b)	4,895	2,678
Total cash, cash equivalents, and available borrowings	$ 16,601	$ 12,152

(a) Of the $11.7 billion of cash and cash equivalents as of November 3, 2017, $6.0 billion was held by VMware, Inc.
(b) Of the $4.9 billion in remaining available borrowings as of November 3, 2017, $1.0 billion was available under the VMware Revolving Credit Facility and $100 million was available under the Pivotal Revolving Credit Facility.

The Revolving Credit Facility and China Revolving Credit Facility have combined maximum aggregate borrowings of approximately $3.8 billion. Available borrowings under these facilities are reduced by draws on the facility and, under the Revolving Credit Facility, outstanding letters of credit. As of November 3, 2017, there were no borrowings outstanding under either facility and remaining available borrowings totaled approximately $3.8 billion. These available borrowings may be used periodically for general corporate purposes.

The VMware Revolving Credit Facility and Pivotal Revolving Credit Facility have maximum aggregate borrowings of $1.0 billion and $100 million, respectively. None of the net proceeds of such borrowings will be made available to support the operations or satisfy any corporate purposes of Dell Technologies, other than the operations and corporate purposes of VMware, Inc., Pivotal, and their respective subsidiaries.

We believe that our current cash and cash equivalents, along with cash that will be provided by future operations and borrowings expected to be available under the Revolving Credit Facility and China Revolving Credit Facility, will be sufficient over at least the next twelve months to fund our operations, capital expenditures, share repurchases, debt service requirements, and other corporate needs. We expect that our cash balance will increase in the near term as we prepare for upcoming debt maturities in the first half of Fiscal 2019.

Debt

The following table summarizes our outstanding debt as of November 3, 2017 and February 3, 2017:

	November 3, 2017	February 3, 2017
	(in millions)	
Outstanding Debt:		
Structured financing debt	$ 4,348	$ 3,464
Senior Secured Credit Facilities and First Lien Notes	30,888	31,638
Unsecured Notes and Debentures	2,453	2,453
Senior Notes	3,250	3,250
EMC Notes	5,500	5,500
VMware Notes	4,000	—
Margin Loan Facility	2,000	—
Bridge Facilities	—	4,000
Other	83	51
Total debt, principal amount	52,522	50,356
Carrying value adjustments	(871)	(966)
Total debt, carrying value	$ 51,651	$ 49,390

To finance the EMC merger transaction, we issued an aggregate principal amount of $45.9 billion in new debt, which included proceeds from the sale of the First Lien Notes and Senior Notes, as well as borrowings under the Senior Secured Credit Facilities (including the Revolving Credit Facility), the Asset Sale Bridge Facility, the Margin Bridge Facility, and the VMware Bridge Facility at the closing of the transaction. Additionally, on September 7, 2016, EMC had outstanding senior notes (the "EMC Notes") consisting of $2.5 billion aggregate principal amount of its 1.875% Notes due June 2018, $2.0 billion aggregate principal amount of its 2.650% Notes due June 2020 and $1.0 billion aggregate principal amount of its 3.375% Notes due June 2023. The EMC Notes remain outstanding following the closing of the EMC merger transaction.

During the nine months ended November 3, 2017, we completed two refinancing transactions of the Senior Secured Credit Facilities. In the first refinancing transaction, which occurred during the first quarter of Fiscal 2018, we refinanced the Term Loan B Facility to reduce the interest rate margin by 0.75% and to increase the outstanding principal amount by $0.5 billion. We applied the proceeds from the Term Loan B Facility refinancing to repay $0.5 billion principal amount of the Margin Bridge Facility. Additionally, during the first quarter of Fiscal 2018, we entered into the Margin Loan Facility in the principal amount of $2.0 billion, and used the proceeds of the new facility to repay the Margin Bridge Facility.

In the second refinancing transaction, which occurred during the third quarter of Fiscal 2018, we refinanced the Term Loan A-2 Facility, Term Loan A-3 Facility, Term Loan B Facility, and the Revolving Credit Facility. As a result of the refinancing, the interest rate margin under each of these facilities decreased 0.50% and the outstanding principal amount of the Term Loan A-2 Facility increased by $672 million, which was used to pay $212 million principal amount of the Term Loan A-3 Facility and $460 million of principal amount of the Term Loan B Facility, as well as related fees and expenses. Further, the Revolving Credit Facility's borrowing capacity increased by $180 million to $3.3 billion.

During the first nine months of Fiscal 2018, the Company repaid approximately $0.9 billion principal amount of its term loan facilities and $0.4 billion under the Revolving Credit Facility and issued an additional $0.9 billion, net, in structured financing debt to support the expansion of its financing receivables portfolio.

Further, during the third quarter of Fiscal 2018, VMware, Inc. completed a public offering of senior notes in the aggregate principal amount of $4.0 billion (the "VMware Notes"). VMware, Inc. used a portion of the net proceeds from the offering to repay certain intercompany promissory notes previously issued by it to EMC in the aggregate principal amount of $1.2 billion. We applied the proceeds of this repayment, and other cash, to repay $1.5 billion principal amount of the VMware Note Bridge Facility, without premium or penalty. VMware, Inc. has disclosed that it intends to use the remaining net proceeds of the debt issuance to fund additional repurchases of up to $1.0 billion of its Class A common stock over the next 12 months, and for general VMware, Inc. corporate purposes, including mergers and acquisitions and repaying other indebtedness.

VMware, Inc. and its subsidiaries are unrestricted subsidiaries for purposes of the existing debt of Dell Technologies. Neither Dell Technologies nor any of its subsidiaries, other than VMware, Inc., is obligated to make payment on the VMware Notes. None of the net proceeds of the VMware Notes will be made available to support the operations or satisfy any corporate purposes of Dell Technologies, other than the operations and corporate purposes of VMware, Inc. and VMware, Inc.’s subsidiaries.

We balance the use of our securitization programs with working capital and other sources of liquidity to fund growth in DFS. Of the $52.5 billion in outstanding principal debt as of November 3, 2017, $6.1 billion, which includes $4.3 billion in structured financing debt, is used to fund this business.

Our requirements for cash to pay principal and interest have increased significantly due to the borrowings that were required to finance the EMC merger transaction. We or our affiliates, at our or their sole discretion, may purchase, redeem, prepay, refinance, or otherwise retire our outstanding indebtedness under the terms of such indebtedness at any time and from time to time, in open market or negotiated transactions with the holders of such indebtedness, as appropriate market conditions exist.

See Note 7 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about our debt and our unrestricted subsidiaries. See Note 21 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about subsequent events.

Cash Flows

The following table contains a summary of our Condensed Consolidated Statements of Cash Flows for the respective periods:

	Nine Months Ended	
	November 3, 2017	October 28, 2016
	(in millions)	
Net change in cash from:		
Operating activities	$ 3,679	$ 1,569
Investing activities	(1,990)	(38,059)
Financing activities	496	38,787
Effect of exchange rate changes on cash and cash equivalents	47	31
Change in cash and cash equivalents	$ 2,232	$ 2,328

Operating Activities — Cash provided by operating activities was $3.7 billion and $1.6 billion during the first nine months of Fiscal 2018 and Fiscal 2017, respectively. The increase in operating cash flows during the first nine months of Fiscal 2018 was driven by improved profitability, including the incremental profitability from the EMC acquired businesses, and ongoing working capital initiatives. Further, cash paid for transaction costs during the first nine months of Fiscal 2017 did not recur in Fiscal 2018. The increase in operating cash flows was partially offset by the growth in our financing receivables portfolio and cash paid for interest and taxes.

Investing Activities — Investing activities primarily consist of cash used to fund strategic investments, the maturities, sales, and purchases of investments, capital expenditures for property, plant, and equipment, and capitalized software development costs. Cash used by investing activities was $2.0 billion and $38.1 billion during the first nine months of Fiscal 2018 and Fiscal 2017, respectively. The decrease in cash used in investing activities was primarily driven by $37.6 billion, net cash used to fund our acquisition of EMC during the first nine months of Fiscal 2017 that did not recur during Fiscal 2018.

Financing Activities — Financing activities primarily consist of the proceeds and repayments of debt and cash used to repurchase common stock. Cash provided by financing activities was $0.5 billion during the first nine months of Fiscal 2018 driven by net proceeds from debt, primarily due to the issuance of the VMware Notes, partially offset by cash used for share repurchases. In comparison, cash provided by financing activities was $38.8 billion during the first nine months of Fiscal 2017 and primarily consisted of $46.0 billion in cash proceeds from debt, $43.2 billion of which was issued in connection with the EMC merger transaction, and $4.4 billion in proceeds from the sale and issuance of our Class A, Class B, and Class C Common Stock for financing of that transaction. These issuances were partially offset by $9.6 billion in repayments of debt, $0.8 billion in payments for debt issuance costs, $0.8 billion in payments to repurchase common stock, and $0.4 billion in payments related to the appraisal litigation from the going-private transaction. See Note 7 and Note 17 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information about our debt and share repurchase programs, respectively.

Key Performance Metrics

Our key performance metrics are net revenue, operating income, adjusted EBITDA, cash flows from operations, and cash conversion cycle. Net revenue, operating income, adjusted EBITDA, and cash flows from operations are discussed elsewhere in this report. Our cash conversion cycle is presented below.

Cash Conversion Cycle

The following table presents the components of our cash conversion cycle for the periods presented:

	Three Months Ended	
	November 3, 2017	**October 28, 2016**
Days of sales outstanding (a)	46	52
Days of supply in inventory (b)	17	23
Days in accounts payable (c)	(112)	(115)
Cash conversion cycle (d)	(49)	(40)

(a) Days of sales outstanding, referred to as DSO, calculates the average collection period of our receivables. DSO is based on the ending net trade receivables and the most recent quarterly non-GAAP net revenue for each period. DSO also includes the effect of product costs related to customer shipments not yet recognized as revenue that are classified in other current assets, as we believe this provides a more relevant metric that aligns with actual sales activity in the quarter, regardless of revenue recognition under GAAP. DSO is calculated by adding accounts receivable, net of allowance for doubtful accounts, and customer shipments in transit and dividing that sum by average non-GAAP net revenue per day for the current quarter (90 days for the three months ended November 3, 2017 and October 28, 2016). As of November 3, 2017, DSO and days of customer shipments not yet recognized were 42 and 4 days, respectively. As of October 28, 2016, DSO and days of customer shipments not yet recognized were 47 and 5 days, respectively.

(b) Days of supply in inventory, referred to as DSI, measures the average number of days from procurement to sale of our products. DSI is based on ending inventory adjusted to exclude purchase accounting adjustments and non-GAAP cost of goods sold for each period. DSI is calculated by dividing ending inventory by average non-GAAP cost of goods sold per day for the current quarter (90 days for the three months ended November 3, 2017 and October 28, 2016).

(c) Days in accounts payable, referred to as DPO, calculates the average number of days our payables remain outstanding before payment. DPO is based on ending accounts payable and non-GAAP cost of goods sold for each period. DPO is calculated by dividing accounts payable by average non-GAAP cost of goods sold per day for the current quarter (90 days for the three months ended November 3, 2017 and October 28, 2016).

(d) We calculate our cash conversion cycle using non-GAAP net revenue and non-GAAP cost of goods sold because we believe that excluding certain items from the GAAP results facilitates management's understanding of this key performance metric.

The table below provides reconciliations of each non-GAAP financial measure used in calculating the DSO, DSI and DPO metrics to its most directly comparable GAAP financial measure:

	Three Months Ended	
	November 3, 2017	October 28, 2016
	(in millions)	
Cost of goods sold	$ 14,447	$ 12,348
Non-GAAP adjustments:		
Impact of purchase accounting	(12)	(199)
Amortization of intangibles	(914)	(604)
Transaction-related expenses	(5)	(30)
Other corporate expenses	(28)	(62)
Non-GAAP cost of goods sold	$ 13,488	$ 11,453

	November 3, 2017	October 28, 2016
	(in millions)	
Inventory	2,582	3,504
Less: Impact of purchase accounting	—	(565)
Inventory adjusted to exclude purchase accounting adjustments	2,582	2,939

For the three months ended November 3, 2017, the change in our cash conversion cycle was favorable by 9 days when compared to the three months ended October 28, 2016. DSO and DSI both improved 6 days in part due to continued integration of our operations with EMC. Also, the comparison to the prior period was affected by the timing of the EMC merger transaction. DSO and DSI for the three months ended October 28, 2016 were both negatively impacted by the timing of that transaction as we assumed all of EMC's accounts receivable and inventory, but only included the portion of EMC's revenue and cost of goods sold for the period from September 7, 2016 to October 28, 2016.

The improvement in DSO and DSI was partially offset by an unfavorable change in DPO. The unfavorable change in DPO was primarily attributable to a benefit in the prior year driven by the timing dynamic discussed above, as we assumed all of EMC's accounts payable, but only included the portion of EMC's cost of goods sold for the period from September 7, 2016 to October 28, 2016. This unfavorable change in DPO for the three months ended November 3, 2017 was offset partially by alignment of supplier payment terms as part of ongoing integration efforts.

We believe our business model allows us to maintain an efficient cash conversion cycle, which compares favorably with that of others in our industry.

Capital Commitments

Capital Expenditures — During the first nine months of Fiscal 2018 and Fiscal 2017, we spent $902 million and $417 million, respectively, on property, plant, and equipment. These expenditures were primarily incurred in connection with our global expansion efforts and infrastructure investments made to support future growth. Product demand, product mix, and the use of contract manufacturers, as well as ongoing investments in operating and information technology infrastructure, influence the level and prioritization of our capital expenditures. Aggregate capital expenditures for Fiscal 2018, which will be primarily related to infrastructure investments and strategic initiatives, are currently expected to total approximately $1.2 billion.

Repurchases of Common Stock

Class V Common Stock Repurchases — On December 13, 2016, the board of directors approved a stock repurchase program under which we were authorized to use assets of the Class V Group to repurchase up to $500 million of shares of Class V Common Stock over a period of six months. During the first quarter of Fiscal 2018, we repurchased 1.3 million shares of Class V Common Stock for $82 million pursuant to this initial authorization. A total of 8.4 million shares have been repurchased under this program.

On March 27, 2017 and August 18, 2017, the board of directors approved two amendments of the Class V Group Repurchase Program (the "March 2017 Class V Group Repurchase Program" and the “August 2017 Class V Group Repurchase Program,” respectively) which, when combined, authorized us to use assets of the Class V Group to repurchase up to an additional $600 million of shares of Class V Common Stock over additional six month periods from the respective board approval dates. On May 9, 2017, the March 2017 Class V Group Repurchase Program was completed, with us having repurchased 4.6 million shares of Class V Common Stock for $300 million. On October 31, 2017, the August 2017 Class V Group Repurchase Program was completed, with us having repurchased 3.8 million shares of Class V Common Stock for $300 million.

VMware, Inc. Class A Common Stock Repurchases — On December 15, 2016, we entered into a stock purchase agreement with VMware, Inc. (the "December 2016 Stock Purchase Agreement"), pursuant to which VMware, Inc. agreed to repurchase for cash $500 million of shares of VMware, Inc. Class A common stock from a subsidiary of Dell Technologies. During the first quarter of Fiscal 2018, VMware, Inc. repurchased 1.4 million shares pursuant to the December 2016 Stock Purchase Agreement. VMware, Inc. repurchased a total of 6.2 million shares under this agreement. We applied the proceeds from the sale to the repurchase of shares of our Class V Common Stock under the Class V Group Repurchase Program described above. All shares repurchased under VMware, Inc.'s stock repurchase programs are retired.

In January 2017 and August 2017, VMware, Inc.'s board of directors authorized the repurchase of up to $2.2 billion of shares of VMware, Inc. Class A common stock (the "January 2017 Authorization" for up to $1.2 billion through the end of Fiscal 2018, and the "August 2017 Authorization" for up to $1 billion through August 31, 2018). On March 29, 2017 and August 23, 2017, we entered into two new stock purchase agreements with VMware, Inc. (the "March 2017 Stock Purchase Agreement" and the "August 2017 Stock Purchase Agreement," respectively), pursuant to which VMware, Inc. agreed to repurchase for cash a total of $600 million of shares of VMware, Inc. Class A common stock from a subsidiary of Dell Technologies. VMware, Inc. repurchased approximately 6.1 million shares of Class A common stock (consisting of 3.4 million shares pursuant to the March 2017 Stock Purchase Agreement and 2.7 million shares pursuant to the August 2017 Stock Purchase Agreement). We applied the proceeds of the sales to the repurchase of shares of the Class V Common Stock under the March 2017 and August 2017 Class V Group Repurchase Programs described above. As of November 3, 2017, the sale transactions under the March 2017 and August 2017 Stock Purchase Agreements were completed. The purchase prices of the 3.4 million shares and 2.7 million shares repurchased by VMware, Inc. were each based on separate volume-weighted average per share prices of the Class A common stock as reported on the New York Stock Exchange during separate specified reference periods, less a discount of 3.5% from the respective volume-weighted average per share price.

During the three and nine months ended November 3, 2017, VMware, Inc. repurchased 5.1 million shares of Class A common stock in the open market for $555 million.

As of November 3, 2017, the cumulative authorized amount remaining for share repurchases by VMware, Inc. was $1,045 million, which represents the $2.2 billion authorized since January 2017, less the cumulative Class A common stock repurchases from a subsidiary of Dell Technologies of $600 million, and less the cumulative Class A common stock repurchases in the open market of $555 million.

For more information regarding share repurchase programs, see Note 17 and Note 21 of the Notes to the Condensed Consolidated Financial Statements included in this report, and "Part II — Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds."

Purchase Obligations — Purchase obligations are defined as contractual obligations to purchase goods or services that are enforceable and legally binding on us. These obligations specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations do not include contracts that may be canceled without penalty.

We utilize several suppliers to manufacture sub-assemblies for our products. Our efficient supply chain management allows us to enter into flexible and mutually beneficial purchase arrangements with our suppliers in order to minimize inventory risk. Consistent with industry practice, we acquire raw materials or other goods and services, including product components, by issuing to suppliers authorizations to purchase based on our projected demand and manufacturing needs. These purchase orders are typically fulfilled within 30 days and are entered into during the ordinary course of business in order to establish best pricing and continuity of supply for our production. Purchase orders are not included in purchase obligations as they typically represent our authorization to purchase rather than binding purchase obligations.

As of November 3, 2017, we had $3.1 billion, $0.3 billion, and $0.5 billion in purchase obligations for Fiscal 2018 (remaining three months), Fiscal 2019, and Fiscal 2020 and thereafter, respectively.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting us, see "Part II — Item 7A — Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended February 3, 2017. Our exposure to market risks has not changed materially from that set forth in our Annual Report.

ITEM 4 — CONTROLS AND PROCEDURES

This report includes the certifications of our Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 under the Securities Exchange Act of 1934 (the "Exchange Act"). See Exhibits 31.1 and 31.2 filed with this report. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of November 3, 2017. Based on that evaluation, our management has concluded that our disclosure controls and procedures were effective as of November 3, 2017.

Changes in Internal Control over Financial Reporting

On September 7, 2016, we completed our acquisition by merger of EMC Corporation as described elsewhere in this report. We continue to integrate policies, processes, people, technology, and operations relating to this transaction, and will continue to evaluate the impact of any related changes to our internal control over financial reporting. Except for any changes related to the integration of EMC, there were no changes in our internal control over financial reporting during the fiscal quarter ended November 3, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information required by this item is incorporated herein by reference to the information set forth under the caption "Legal Matters" in Note 12 of the Notes to the Condensed Consolidated Financial Statements included in "Part I — Item 1 — Financial Statements."

ITEM 1A — RISK FACTORS

In addition to the other information set forth in this report, the factors discussed in "Part I — Item 1A — Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended February 3, 2017 could materially affect our business, financial condition, or operating results. The risks described in our Annual Report on Form 10-K and our subsequent SEC reports are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial that also may materially adversely affect our business, operating results, financial condition, or prospects.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Sales of Unregistered Securities

From August 5, 2017 through November 3, 2017, we issued to certain employees a total of 87,829 shares of our Class C Common Stock for an aggregate purchase price of approximately $1.3 million pursuant to exercises of stock options granted under the Dell Technologies Inc. 2013 Stock Incentive Plan. In addition, from August 5, 2017 through November 3, 2017, we issued to certain employees and non-employee directors 827,903 shares of our Class C Common Stock. These shares were issued pursuant to vesting of restricted stock units granted under the Dell Technologies Inc. 2013 Stock Incentive Plan. The foregoing transactions were effected in reliance on the exemption from registration under the Securities Act of 1933 afforded by Rule 701 thereunder as transactions pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule.

Purchases of Equity Securities

The following table sets forth information regarding our repurchases of shares of Class V Common Stock during the third quarter of Fiscal 2018 and the remaining authorized amount of future repurchases under the programs.

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs (b)
	(in thousands, except average price paid per share)			
Repurchases from August 5, 2017 to September 1, 2017 (a)	—	$ —	—	$ 976,033
Repurchases from September 2, 2017 to September 29, 2017	1,523	$ 76.88	1,523	$ 858,952
Repurchases from September 30, 2017 to November 3, 2017	2,265	$ 80.75	2,265	$ 676,033
Total	3,788	$ 79.19	3,788	

(a) On August 18, 2017, our board of directors approved an amendment of the Class V Group Repurchase Program (the "August 2017 Class V Group Repurchase Program") which authorized us to use assets of the Class V Group to repurchase up to an additional $300 million of shares of our Class V Common Stock over a period of an additional six months. On October 31, 2017, the August 2017 Class V Group Repurchase Program was completed.

(b) On September 7, 2016, our board of directors approved a stock repurchase program (the "DHI Group Repurchase Program") that authorizes us to use assets of the DHI Group to repurchase up to $1.0 billion of shares of our Class V Common Stock over a two-year period beginning on September 7, 2016. On December 13, 2016, our board of directors approved the suspension of the DHI Group Repurchase Program until such time as the board of directors authorizes the reinstatement of that program. As of November 3, 2017, the approximate dollar value of shares that may yet be purchased included $676 million authorized under the DHI Group Repurchase Program.

ITEM 6 — EXHIBITS

The Company hereby files or furnishes the exhibits listed below:

Exhibit Number	Description
10.1*†	Separation Agreement and Release, dated September 14, 2017, between David I. Goulden and Dell Technologies Inc.
10.2	Second Refinancing Amendment, dated as of October 20, 2017, among Denali Intermediate Inc., Dell Inc., Dell International L.L.C., EMC Corporation, Credit Suisse AG, Cayman Islands Branch, as Term Loan B Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., as Term A/Revolver Administrative Agent, and the lenders party thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Report on Form 8-K filed with the Commission on October 24, 2017)(Commission File No. 001-37867).
10.3	Third Refinancing Amendment, dated as of October 20, 2017, among Denali Intermediate Inc., Dell Inc., Dell International L.L.C., EMC Corporation, Credit Suisse AG, Cayman Islands Branch, as Term Loan B Administrative Agent and Collateral Agent, JPMorgan Chase Bank, N.A., as Term A/Revolver Administrative Agent, and the lenders party thereto. (Incorporated by reference to Exhibit 10.2 to the Company's Report on Form 8-K filed with the Commission on October 24, 2017)(Commission File No. 001-37867).
10.4*†	Dell Technologies Inc. 2012 Long-Term Incentive Plan (formerly known as Dell Inc. 2012 Long-Term Incentive Plan) as amended and restated as of October 6, 2017.
31.1†	Certification of Michael S. Dell, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Thomas W. Sweet, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1††	Certifications of Michael S. Dell, Chairman and Chief Executive Officer, and Thomas W. Sweet, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1†	Unaudited Attributed Financial Information for Class V Group.
101 .INS†	XBRL Instance Document.
101 .SCH†	XBRL Taxonomy Extension Schema Document.
101 .CAL†	XBRL Taxonomy Extension Calculation Linkbase Document.
101 .DEF†	XBRL Taxonomy Extension Definition Linkbase Document.
101 .LAB†	XBRL Taxonomy Extension Label Linkbase Document.
101 .PRE†	XBRL Taxonomy Extension Presentation Linkbase Document.

† Filed with this report.

†† Furnished with this report.

* Management contracts or compensation plans or arrangements in which directors or executive officers participate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DELL TECHNOLOGIES INC.

By: /s/ MAYA MCREYNOLDS

Maya McReynolds

Senior Vice President, Corporate Finance and

Chief Accounting Officer

(On behalf of registrant and as principal accounting officer)

Date: December 12, 2017

Exhibit 10.1

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") sets forth the mutual agreement of Dell Technologies Inc., for itself and its subsidiaries (collectively, "Dell") and **David Goulden** ("Executive") regarding the subject matters addressed below.

1. Separation Date. Dell and Executive agree that Executive's employment with Dell will end on **February 2, 2018** (the "Separation Date"). Until the Separation Date, Executive's responsibilities will be to perform duties and special projects consistent with Executive's current position at Dell and as agreed to by Executive and Steve Price. Executive's agreement shall not be unreasonably withheld. During this period, Executive will act in a professional manner and abide by the Non-Disparagement provision stated below, and shall receive the Base Salary which Executive currently receives and 401(k) and health and welfare benefits consistent with similarly-situated employees, for Executive and his spouse, from the date hereof through the Separation Date. Dell and Executive have agreed that Executive may perform much of his obligations through the Separation Date remotely, and Executive is not expected to be in the office regularly during this period, however Executive shall be available as reasonably required to attend meetings in Hopkinton, Massachusetts or otherwise as mutually agreed. Nothing in this Agreement confers upon Executive a right to be a continuing employee of Dell, or imposes on Dell an obligation to continue Executive's employment relationship, if Executive violates any of the terms of this Agreement, any of the material provisions of Executive's employment or other agreements with Dell, or Dell's Code of Conduct in a manner which is not de minimis. Except as provided in the following sentence, if Executive's employment is terminated by Dell for the reasons set forth in the prior sentence, Executive would be entitled to all consideration set forth in section 2 below, in which event all of the payments due to Executive under section 2 hereof would be paid based upon the number of days after the actual termination date rather than the Separation Date. If Executive's employment is terminated before the Separation Date by Dell for Cause, as that term is defined in Executive's Protection of Sensitive Information, Noncompete and Nonsolicitation Agreement (the "Noncompetition Agreement"), entered into between Executive and Dell on August 12, 2016, the payments set forth in Section 2 will be forfeited (except that any awards under the Dell Technologies Inc. 2013 Stock Incentive Plan (the "2013 Plan") shall be governed in accordance with their terms), and Executive shall only receive those payments under the Noncompetition Agreement, as well as all other agreements with Dell, which Executive would be entitled to following a termination for Cause under the Noncompetition Agreement, including but not limited to any vested rights which Executive may have to any equity or 401k and health and welfare benefits plans, in which case the terms of such awards or plans shall control.

2. Consideration from Dell. If Executive signs this Agreement and does not revoke it, Dell will provide Executive with the following good and valuable consideration.

a. Severance Pay. Within 30 days of the Separation Date, Dell will pay Executive the amount of $1,700,000 (less applicable withholding for taxes) as severance.

b. Additional Severance Pay. On Dell's first payroll date that occurs immediately after the one-year anniversary of the Separation Date, Dell will pay Executive the amount of $850,000 (less applicable withholding for taxes) as severance, assuming full compliance with Executive's obligations under Section 4 of the Executive's Noncompetition Agreement.

c. Accelerated Long Term Incentive Award. As soon as administratively practical after the Separation Date, Dell will pay Executive the amount of $2,666,667 (less applicable withholding for taxes) as accelerated vesting under Executive's Long Term Incentive Award Agreement.

d. Management Equity Plan (MEP). Executive's Dell Time Award, Dell Performance Award and Stock Option Award under the 2013 Plan will be governed by their terms. Without limiting the forgoing, (i) pursuant to the terms of Executive's Dell Time Award Agreement under Dell Technologies Inc. 2013 Stock Incentive Plan, 72,728 shares under such award shall vest on Executive's Separation Date, (for the avoidance of doubt, such shares are in addition to the 145,455 shares which vested on September 14, 2017 pursuant to the terms of Executive's Dell

Time Award), (ii) pursuant to the terms of Executive's Dell Performance Award Agreement under the 2013 Stock Plan, 327,273 shares under such award shall remain outstanding and eligible subsequently to vest in accordance with Section 3.3 thereof, and (iii) pursuant to the terms of Executive's Stock Option Agreement 245,674 shares of which are vested but unexercised stock options will be exercisable during the nine-month period following the Separation Date: in each of the above (i), (ii) and (iii), assuming full compliance with and subject to all terms and conditions applicable to such award and shares. Dell and Executive acknowledge that for all purposes under the Dell Time Award, Dell Performance Award and Stock Option Agreement, Executive's termination from Dell is a "Qualifying Termination" as defined in those Agreements. Executive acknowledges that, except as set forth in this Section 2(d), Executive does not have any other rights to equity awards but is the owner of 72,727 shares of Dell Stock.

e. **Healthcare.** The cost of COBRA continuation coverage for Executive's and his spouse's healthcare and dental coverage under applicable Dell benefit plans, if elected by Executive, will be paid by Dell during the 12-month period following the Separation Date. This payment will be sufficient to allow Executive and his spouse to use the Dell EMC Executive Health program at the Lahey clinic, if it is still available to similarly situated employees.

f. **No Further Payments.** Executive agrees that Executive is not entitled to any payments from Dell not set forth in this Section 2, including without limitation, any bonus payment, whether under Dell's Annual Incentive Bonus Plan or Special Incentive Bonus Plan, other than any payments of Base Salary as provided in Executive's August 12, 2016 Offer Letter and 401(k) and health and welfare benefits consistent with similarly-situated employees which Executive shall continue to receive through the Separation Date. Executive agrees and acknowledges that Executive's right to the payments described in this Section 2 remain subject to the terms of paragraph 8 of the Noncompetition Agreement, entered into between Executive and Dell on August 12, 2016.

3. **409A.** This Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to be exempt from or to comply with Code Section 409A and, if necessary, any such provision shall be deemed amended to comply with the Code Section 409A and regulations thereunder. While this Agreement is intended to be exempt from or to comply with Code Section 409A, neither Dell nor any of its affiliates makes or has made any representation, warranty or guarantee of any federal, state or local tax consequences of Executive's entitlements under this Agreement, including, but not limited to, under Code Section 409A.

4. **Complete Release.** Executive hereby fully releases Dell and all of its owners, partners, shareholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, joint ventures, and affiliates (and agents, directors, officers, employees, representatives, and attorneys of such subsidiaries and affiliates) (collectively, "Released Parties"), from any and all known or unknown claims or demands he may have against any of them. Executive expressly waives any and all claims, whether asserted on an individual or class action basis, against the Released Parties including but not limited to all claims arising out of any contract, express or implied, and whether executory or not, any covenant of good faith and fair dealing, express or implied, any tort (**whether intentional or negligent, including claims arising out of the negligence or gross negligence by the Released Parties and claims of express or implied defamation by the Released Parties**), and any federal, state, or other governmental statute, regulation, or ordinance, including, without limitation, those relating to qui tam, employment discrimination, termination of employment, payment of wages or provision of benefits, Title VII of the Civil Rights Act of 1964 as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Fair Labor Standards Act, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act ("OWBPA"), the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Worker Adjustment and Retraining Notification ("WARN") Act, the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), and the Occupational Safety and Health Act. Executive further releases any and all claims that he may have under State law and any other claim under Federal law. Executive represents that he has not assigned to any other person any of such claims and that he has the full right to grant this release. Nothing in this Agreement, including the Limit on Disclosures or Release of Claims, restricts or prohibits Executive from communicating with, providing testimony before, providing confidential

information to, or filing or cooperating in a claim or investigation directly with a self-regulatory authority or government agency or entity (without the need to seek Dell's prior approval), including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation or receiving an award from any Regulator that provides awards for providing information. However, to the maximum extent permitted by law, Executive is waiving Executive's right to receive any individual monetary relief from the Released Parties resulting from such claims. Notwithstanding any other provision herein, Dell and Executive agree that Executive is not waiving: (a) any claims that may arise in the future under the Age Discrimination in Employment Act; (b) any claim for benefits under any 401(k) retirement plan or employee health plan sponsored by Dell, EMC Corp. or their affiliates; (c) any claims for base pay in connection with Executive's continued employment through the Separation Date; (d) any claims to the vested portions of any equity plans in which the Executive is a participant; (e) any claims to enforce the terms of this Agreement; (f) any rights to indemnification which Executive may have against Dell; or (g) any other claims not waivable under law.

5. Release of Unknown Claims. For the purpose of implementing a full and complete release, Executive expressly acknowledges that the release that he gives in this Agreement is intended to include in its effect, without limitation, claims that he did not know or suspect to exist in his favor at the time of the effective date of this Agreement, regardless of whether knowledge of such claims, or the facts upon which they might be based, would materially have affected the settlement of this matter, and that the consideration given under the Agreement was also for the release of those claims and contemplates the extinguishment of any such unknown claims. In furtherance of this settlement, Executive waives any right he may have under California Civil Code Section 1542 (and other similar statutes and regulations), which section reads as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in her or her favor at the time of executing the release, which if known by him or her must have materially affected her or her settlement with the debtor.**

6. Compensation Paid. Executive represents, warrants, and agrees that all forms of compensation and other monies, including paychecks, paid to Executive by Dell to date have been accurately calculated, have represented the proper amounts due to Executive, and have been based on Dell's merit-based compensation system. The consideration set forth in this Agreement is consistent with what Executive contracted to receive upon execution of a settlement agreement and release in a form substantially the same as this Agreement.

7. Company Documents, Information, or Property. Executive agrees that, on or before the Separation Date, Executive will have returned to Dell any and all documents relating to Dell or its business operations (and any and all copies thereof, whether in paper form or electronic form), computer equipment, badges, credit cards, and any other Dell property in Executive's possession or control. Executive represents and agrees that Executive will not take, nor has Executive taken, any such documents or property from the control or premises of Dell, other than in the ordinary course of business with Dell, and that if, at any time after the Separation Date, Executive should come into possession of any such documents or property, Executive will return such documents or property to Dell immediately, except that Executive may keep his Dell issued laptop, phone and the following items in Executive's home office: two docking stations, two monitors, two printers, two keyboards and two computer mice, so long as those devices are purged of all Dell data and meet all Dell licensing obligations. Executive agrees to promptly comply with all directions from Dell's IT's department to facilitate the preceding sentence.

8. Employment and Other Agreements. Executive agrees that, except as otherwise provided in this Agreement, the provisions of agreements that Executive previously entered into with Dell, that contain post-termination obligations owing from Executive to Dell and that are intended to survive Executive's termination, remain in full force and effect.

9. Confidentiality. Executive agrees that, except as may be required by law, court order, to enforce this Agreement or is already in the public domain, Executive will keep the terms, amount, and fact of this Agreement completely confidential. Notwithstanding the foregoing, Executive may disclose pertinent information concerning this Agreement to Executive's attorneys, tax advisors and financial planners, and Executive's spouse and other close family members, provided they have previously been informed of and have agreed to be bound by this confidentiality clause.

Dell acknowledges that as the general terms of this Agreement are already public knowledge due to the prior disclosure of Executive's Noncompetition Agreement, any inadvertent disclosure of the terms of this Agreement shall not be deemed to be a violation of the terms of this Agreement.

10. **Non-disparagement.** Executive agrees that, except as may be required by law or court order Executive will not make any statement, oral or written, which has or could have a detrimental effect in any material respect to the reputation or goodwill of Dell or any other Released Party. Executive understands that Executive's compliance with a subpoena or other legally compulsive process or Executive's participation as a witness in any lawsuit will not be a violation of this provision. Dell shall instruct members of its Executive Leadership Team and the leadership team members of its Infrastructure Solutions Group to strictly adhere to Dell's policy of not making any statement which has or could have a detrimental effect in any material respect to the reputation or goodwill of Executive.

11. **Cooperation.** Executive agrees that Executive will give Dell Executive's reasonable cooperation in connection with any claims, lawsuits, or proceedings that relate in any manner to Executive's conduct or duties at Dell or that are based on facts about which Executive obtained personal knowledge while employed at Dell. In return, Dell agrees to reimburse Executive for direct and reasonable out of pocket expenses incurred with respect to rendering such cooperation.

12. **Successors.** This Agreement shall be binding upon Executive and Dell and their heirs, representatives, executors, administrators, successors, insurers, and assigns, and shall inure to the benefit of each and all of them and to their heirs, representatives, executors, administrators or assigns.

13. **Applicable Law and Venue.** THIS AGREEMENT SHALL BE INTERPRETED IN ALL RESPECTS BY THE INTERNAL LAWS OF THE STATE OF TEXAS, AND THE VENUE FOR THE RESOLUTION OF ANY DISPUTES (LOCATION OF ANY LAWSUIT) SHALL BE SOLELY IN THE STATE AND FEDERAL COURTS OF WILLIAMSON COUNTY, TEXAS.

14. **Severability.** The fact that one or more paragraphs (or portion thereof) of this Agreement may be deemed invalid or unenforceable by any court shall not invalidate the remaining paragraphs or portions of such paragraphs of this Agreement.

15. **Certain Acknowledgments.** Executive acknowledges that Executive is signing this Agreement voluntarily with full knowledge of its contents. If Executive decides not to sign this Agreement, Dell will not retaliate against Executive. Executive is not relying on any promise or representation not specifically and explicitly made in this Agreement. This Agreement may not be amended or modified except by a written agreement signed by Executive and an authorized officer of Dell. Executive understands that any changes that the parties agree to make to this Agreement after it has been presented to Executive, whether such changes are material or non-material, will not extend the amount of time Executive has to consider the Agreement.

16. **Consideration and Revocation Periods.** Executive understands that Executive may take up to 21 days following Executive's receipt of this Agreement to consider this Agreement. Executive understands that Executive may use as much or as little of this period as Executive chooses before signing the Agreement. Executive is advised to consult with an attorney before signing this Agreement. If Executive accepts this Agreement, Executive must sign it and return it to **Steve Price** on or before the expiration of the 21 day period or Dell's withdrawal of the offer contained in the Agreement. By signing this Agreement, Executive acknowledges that Executive was afforded a period of at least 21 days from the date Dell's proposal was presented to Executive in which to consider it. In addition, Executive understands that Executive has a period of seven days within which to revoke this Agreement after signing it. To revoke this Agreement, Executive understands that Executive must provide written notification of revocation to **Steve Price** within seven days from the date Executive signed it.

If the foregoing accurately sets forth Executive's agreement with Dell, please signify by signing below and returning this Agreement in its entirety to ***Steve Price*** *on or before close of business on the twenty-first day after this Agreement was first presented to you. If Dell has not received a signed copy of this Agreement by that time, the offer reflected in this Agreement will automatically terminate and expire without further notice from Dell.*

For Executive:

Date: September 14, 2017

/s/ David Goulden
Signature

David Goulden
Print Name

For Dell:

Date: September 14, 2017

/s/ Steve Price
Signature

Steve Price
Print Name

Executive Vice President, Human Resources
Title

Exhibit 10.4

DELL TECHNOLOGIES INC.

2012 LONG-TERM INCENTIVE PLAN

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DELL TECHNOLOGIES INC.

2012 LONG-TERM INCENTIVE PLAN

Dell Technologies Inc. (the "Company") sets forth herein the terms of its 2012 Long-Term Incentive Plan (the "Plan"), as follows:

1. PURPOSE

The Plan is intended to (a) provide eligible persons with an incentive to contribute to the long-term success of the Company and to operate and manage the Company's business in a manner that will provide for the Company's long-term growth and profitability to benefit its stockholders and other important stakeholders, including its employees and customers, (b) provide a means of obtaining, rewarding and retaining key personnel and (c) ensure that key personnel act in the best interest of the Company during and after their service to the Company as a condition to enjoying the benefits of such rewards. To this end, the Plan provides for the grant of cash-denominated Awards made as performance incentives to reward the holders of such Awards for the achievement of performance goals or a period of Service in accordance with the terms of the Plan.

The Plan is an amendment and restatement of the Prior Plans. All awards granted under a Prior Plan prior to the Amendment Date will be subject to the terms of such Prior Plan as then in effect. The Plan was amended further as of October 6, 2017.

2. DEFINITIONS

For purposes of interpreting the Plan documents (including any Award Agreements), the following definitions shall apply:

2.1 "Affiliate" means any company or other entity that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary.

2.2 "Amendment Date" means September 7, 2016, which was the date, following the date on which the Plan was approved by the Board, on which the Company consummated a merger transaction with EMC Corporation.

2.3 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders of any jurisdiction applicable to Awards granted to residents therein and (b) the rules of any Stock Exchange on which the Stock is listed.

2.4 "Award" means a grant under the Plan of a Performance-Based Award or a Service-based cash award.

2.5 "Award Agreement" means the agreement between the Company and a Grantee that may be used to evidence and set out the terms and conditions of an Award.

2.6 "Benefit Arrangement" shall have the meaning set forth in Section 8.

2.7 "Board" means the Board of Directors of the Company.

2.8 “Class C Common Stock” means the Class C common stock, par value $0.01 per share, of the Company and any class or series of common stock of the Company into which the Class C Common Stock may be converted or exchanged.

2.9 “Class V Common Stock” means the Class V common stock, par value $0.01 per share, of the Company and any class or series of common stock of the Company into which the Class V Common Stock may be converted or exchanged.

2.10 “Class V Group” shall have the meaning given to such term in the Dell Technologies Inc. Fourth Amended and Restated Certificate of Incorporation, as it may be amended from time to time.

2.11 “Code” means the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.12 “Committee” means a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in Section 3.1 (or, if no Committee has been so designated, the Board).

2.13 “Company” means Dell Technologies Inc.

2.14 “Conduct Detrimental to the Company” with respect to a Grantee shall have the meaning set forth in an applicable agreement between such Grantee and the Company or an Affiliate (and may be referred to as “Repayment Behavior” or “Conduct Detrimental to Dell” therein).

2.15 “Covered Employee” means a Grantee who is a “covered employee” within the meaning of Code Section 162(m)(3).

2.16 “DHI Group” shall have the meaning given to such term in the Dell Technologies Inc. Fourth Amended and Restated Certificate of Incorporation, as it may be amended from time to time.

2.17 “Disability” with respect to a Grantee means that the Committee (1) has determined that the Grantee has a permanent physical or mental impairment of sufficient severity as to prevent the Grantee from performing duties for the Company or any Affiliate and (2) has provided written notice to the Grantee that the Grantee’s employment is terminated due to a permanent “Disability” for purposes of this Plan. The Committee, or its designee, may establish any process or procedure it deems appropriate for determining whether a Grantee has a “Disability.” Whether a Grantee’s employment is terminated due to “Disability” for purposes of this Plan shall be determined by the Committee in the Committee’s complete discretion.

2.18 “Effective Date” means July 13, 2012, the date on which the Dell Inc. 2012 Long-Term Incentive Plan was approved by the Dell Inc. stockholders.

2.19 “Employee” means, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

2.20 “Exchange Act” means the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended.

2.21 "Grantee" means a person who receives or holds an Award under the Plan.

2.22 "MEP" means the Dell Technologies Inc. 2013 Stock Incentive Plan, as amended and restated from time to time.

2.23 "Negative Discretion" means the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance-Based Award consistent with Code Section 162(m).

2.24 "Non-Employee Director" shall have the meaning set forth in Rule 16b-3 promulgated under the Exchange Act.

2.25 "Other Agreement" shall have the meaning set forth in Section 8.

2.26 "Outside Director" shall have the meaning set forth in Code Section 162(m)(4)(C)(i).

2.27 "Parachute Payment" shall have the meaning set forth in Section 8(i).

2.28 "Performance-Based Award" means an Award of cash made subject to the achievement of performance goals (as provided in Section 7) over a Performance Period specified by the Committee.

2.29 "Performance-Based Compensation" means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for "qualified performance-based compensation" paid to Covered Employees and thus also to be a "Performance Compensation Award" under the MEP. Notwithstanding the foregoing, nothing in the Plan shall be construed to mean that an Award which does not satisfy the requirements for "qualified performance-based compensation" within the meaning of and pursuant to Code Section 162(m) does not constitute performance-based compensation for other purposes, including the purposes of Code Section 409A.

2.30 "Performance Measures" means measures as specified in Section 7.5.4 on which the performance goals under Performance-Based Awards are based and which are approved by the Company's stockholders pursuant to, and to the extent required by, the Plan in order to qualify such Performance-Based Awards as Performance-Based Compensation.

2.31 "Performance Period" means the period of time during which the performance goals under Performance-Based Awards must be met in order to determine the degree of payout and/or vesting with respect to any such Performance-Based Awards.

2.32 "Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

2.33 "Plan" means this 2012 Dell Technologies Inc. Long-Term Incentive Plan, as amended from time to time.

2.34 "Prior Plans" means the Dell Inc. 2012 Long-Term Incentive Plan and the Dell Inc. Amended and Restated 2002 Long-Term Incentive Plan, which plans were assumed by the Company in 2013.

2.35 "Securities Act" means the Securities Act of 1933, as amended, as now in effect or as hereafter amended.

2.36 "Service" means service of a Grantee as a Service Provider to the Company or any Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. If a Service Provider's employment or other service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service shall be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other service relationship to the Company or any other Affiliate. Any determination by the Committee whether a termination of Service shall have occurred for purposes of the Plan shall be final, binding and conclusive.

2.37 "Service Provider" means, as of any date of determination, an Employee, officer, or director of the Company or any Affiliate, or a consultant (who is a natural person), a contractor (who is a natural person) or adviser (who is a natural person) to the Company or any Affiliate who provides services to the Company or any Affiliate.

2.38 "Stock" means the Class C Common Stock or the Class V Common Stock, as applicable.

2.39 "Stock Exchange" means The New York Stock Exchange or any successor thereto or another established national or regional stock exchange.

2.40 "Subsidiary" means any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of stock, membership interests or other ownership interests of any class or kind ordinarily having the power to vote for the directors, managers or other voting members of the governing body of such corporation or non-corporate entity. In addition, any other entity may be designated by the Committee as a Subsidiary; provided, that such entity could be considered as a subsidiary according to accounting principles generally accepted in the United States of America.

Unless the context otherwise requires, all references in the Plan to "including" shall mean "including without limitation."

References in the Plan to any Code Section shall be deemed to include, as applicable, regulations promulgated under such Code Section.

3. ADMINISTRATION OF THE PLAN

3.1 Power, Authorities, and Composition of the Committee.

3.1.1 Administration.

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof, and, to the extent required by Applicable Laws, the Committee shall be composed exclusively of members who are independent directors

in accordance with the rules of any stock exchange on which the Stock is listed. To the extent the Company deems it necessary (i) to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan), it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act, be a Non-Employee Director or (ii) to obtain the exception for performance-based compensation under Code Section 162(m), it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify as performance-based compensation under Code Section 162(m), be an Outside Director. However, the fact that a Committee member shall fail to qualify as a Non-Employee Director or as an Outside Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

3.1.2 Power and Authorities.

Subject to the terms of the Plan and each Award Agreement, the Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan, including, but not limited to, the resolution of disputed issues. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, participants and their beneficiaries or successors).

3.1.3 Delegation of Authority.

The Committee may delegate some or all of its authority under the Plan, including, but not limited to, authority to grant Awards under the Plan and to interpret Awards and Award Agreements under the Plan to any Employee or group of Employees of the Company or an Affiliate; provided, that such delegation and, if applicable, grants are consistent with Applicable Laws and guidelines established by the Board from time to time; provided, further, that the Committee may not delegate authority hereunder to (i) make Awards to directors of the Company, or (ii) make Awards to Employees who are officers of the Company or who are delegated authority to make Awards under this Section 3.1.3. Notwithstanding the limitation on delegation in the immediately foregoing clause preventing the Committee's delegation of its authority to make certain grants, nothing in this Plan is intended to prevent the Committee from having the power to delegate the authority to interpret any Award or any Award Agreement, including the interpretation of whether certain actions constitute Conduct Detrimental to the Company.

3.2 Board.

The Board from time to time may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 and other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's certificate of incorporation and bylaws and Applicable Laws.

3.3 Terms of Awards.

3.3.1 Committee Authority.

Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

(i) designate Grantees;

(ii) determine the type or types of Awards to be made to a Grantee;

(iii) establish the terms and conditions of each Award, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, transfer, or forfeiture of an Award, and the treatment of an Award in the event of a change in control of the Company (subject to applicable agreements);

(iv) prescribe the form of any Award Agreement evidencing an Award; and

(v) amend, modify or supplement the terms of any outstanding Award, which authority shall include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural persons who are foreign nationals or are natural persons who are employed outside the United States to reflect differences in local law, tax policy, or custom; provided, that, notwithstanding the foregoing, no amendment, modification or supplement of the terms of any outstanding Award shall, without the consent of the Grantee thereof, impair such Grantee's rights under such Award.

The Committee shall have the right, in its discretion, to make Awards in substitution or exchange for any award granted under another compensatory plan of the Company, any Affiliate, or any business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

3.3.2 Forfeiture; Recoupment.

The Committee may reserve the right in an Award Agreement (or another written agreement) to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee as and to the extent specified in such agreement, including, but not limited to, Conduct Detrimental to the Company or for "cause".

Any Award granted pursuant to the Plan shall be subject to mandatory repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company "clawback" or recoupment policy including, but not limited to, any requirement set forth in this Plan or in any Award Agreement, or (b) any law, rule or regulation which imposes mandatory recoupment, under circumstances set forth in such law, rule or regulation.

3.4 Deferral Arrangement.

The Committee may permit or require a Grantee to defer receipt of any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish. Any such deferrals shall be made in a manner that complies with Code Section 409A.

3.5 No Liability.

No member of the Board or the Committee, and no Employee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

3.6 Registration; Share Certificates.

Notwithstanding any provision of the Plan to the contrary, the ownership of any shares of Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

4. EFFECTIVE DATE; TERM; AMENDMENT AND TERMINATION

4.1 Effective Date.

The Plan shall be effective as of the Amendment Date. Following the Amendment Date, no Awards shall be made under the Prior Plans.

4.2 Term.

The Plan shall terminate automatically ten (10) years after the Amendment Date and may be terminated on any earlier date as provided in Section 4.3.

4.3 Amendment and Termination.

The Board may, at any time and from time to time, amend, suspend or terminate the Plan. The effectiveness of any amendment to the Plan shall be contingent on approval of such amendment by the Company's stockholders to the extent provided by the Board or required by Applicable Laws (including the rules of any Stock Exchange on which the Stock is then listed). No amendment, suspension or termination of the Plan shall impair rights or obligations under any Award theretofore made under the Plan without the consent of the Grantee thereof.

5. AWARD ELIGIBILITY AND LIMITATIONS

5.1 Eligible Grantees.

Subject to this Section 5, Awards may be made under the Plan to any Service Provider, as the Committee shall determine and designate from time to time.

5.2 Limitation on Cash Awards.

During any time when the Company has a class of equity securities registered under Section 12 of the Exchange Act, the maximum amount that may be paid as a Performance-Based Award to any Grantee (other than a member of the Board) for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year) shall not exceed 0.5% of the Company's aggregate consolidated operating income in the fiscal year immediately preceding the date such Performance-Based Award is granted.

6. AWARD AGREEMENT

An Award granted pursuant to the Plan may be evidenced by an Award Agreement, which shall be in such form or forms as the Committee shall from time to time determine to be necessary or

advisable. Award Agreements employed under the Plan from time to time or at the same time need not contain similar provisions, but shall be consistent with the terms of the Plan. Awards under the Plan may be Performance-Based Awards or cash-denominated Awards based on continued Service.

7.TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS

7.1Grant of Performance-Based Awards.

Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance-Based Awards to a Plan participant in such amounts and upon such terms as the Committee shall determine.

7.2Value of Performance-Based Awards.

Each grant of a Performance-Based Award shall have an initial value that is established by the Committee at the time of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are achieved, shall determine the value subject to a Performance-Based Award that will be paid out to the Grantee thereof.

7.3Form and Timing of Payment of Performance-Based Awards.

Payment of earned Performance-Based Awards shall be as determined by the Committee pursuant to the written grant documentation. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance-Based Awards in the form of cash, shares of Stock or other property (or a combination thereof) equal to the value of such earned Performance-Based Awards and shall pay the Awards that have been earned at the close of the applicable Performance Period, or as soon as reasonably practicable after the Committee has determined that the performance goal or goals relating thereto have been achieved; provided, that, unless specifically provided in the Award Agreement for such Awards, such payment shall occur no later than the 15th day of the third month following the end of the calendar year in which such Performance Period ends. Any shares of Stock paid out under such Performance-Based Awards may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Performance-Based Awards shall be set forth in the Award Agreement therefor.

7.4Performance Conditions.

The right of a Grantee to receive a grant or settlement of any Performance-Based Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. If and to the extent required under Code Section 162(m), any power or authority relating to an Award intended to qualify under Code Section 162(m) shall be exercised by the Committee and not by the Board.

7.5Performance-Based Awards Granted to Designated Covered Employees.

If and to the extent that the Committee determines that a Performance-Based Award to be granted to a Grantee should constitute "qualified performance-based compensation" for purposes

of Code Section 162(m), the grant and/or settlement of such Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this Section 7.5.

7.5.1 Performance Goals Generally.

The performance goals for Performance-Based Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7.5. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." The Committee may determine that such Awards shall be granted and/or settled upon achievement of any single performance goal or of two (2) or more performance goals. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

7.5.2 Timing For Establishing Performance Goals.

Performance goals for any Performance-Based Award shall be established not later than the earlier of (a) 90 days after the beginning of any Performance Period applicable to such Award, and (b) the date on which twenty-five percent (25%) of any Performance Period applicable to such Award has expired, or at such other date as may be required or permitted for compensation payable to a Covered Employee to constitute Performance-Based Compensation.

7.5.3 Discretion of Committee with Respect to Performance-Based Awards.

For Performance-Based Awards, the Committee shall have sole discretion to select the length of Performance Periods, the types of Performance-Based Awards to be issued, the Performance Measures that will be used to establish the performance goals, and the kinds and/or levels of the performance goals that is are to apply. Within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Code Section 162(m)), the Committee shall, with regard to the Performance-Based Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing.

7.5.4 Performance Measures.

The Performance Measures that will be used to establish the performance goals for Performance-Based Awards may be based on the attainment of specific levels of performance of the Company (and/or the DHI Group, the Class V Group, one or more of the Company or any of its Affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and shall be limited to the following, which may be determined in accordance with GAAP or on a non-GAAP basis:

(i) net earnings, net income (before or after taxes) or consolidated net income;

(ii) basic or diluted earnings per share (before or after taxes);

(iii) net revenue or net revenue growth;

(iv) gross revenue or gross revenue growth, gross profit or gross profit growth;

(v) net operating profit (before or after taxes);

(vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales);

(vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital), which may but are not required to be measured on a per share basis;

(viii) actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA);

(ix) gross or net operating margins;

(x) productivity ratios;

(xi) share price (including, but not limited to, growth measures and total stockholder return);

(xii) expense targets or cost reduction goals, general and administrative expense savings;

(xiii) operating efficiency;

(xiv) objective measures of customer/client satisfaction;

(xv) working capital targets;

(xvi) measures of economic value added or other “value creation” metrics;

(xvii) enterprise value;

(xviii) sales;

(xix) stockholder return;

(xx) customer/client retention;

(xxi) competitive market metrics;

(xxii) employee retention;

(xxiii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets);

(xxiv) comparisons of continuing operations to other operations;

(xxv) market share;

(xxvi) cost of capital, debt leverage year-end cash position or book value;

(xxvii) strategic objectives; or

(xxviii) any combination of the foregoing.

Any one or more of the Performance Measures may be stated as a percentage of another Performance Measure, or used on an absolute or relative basis to measure the performance of the Company and/or the DHI Group, the Class V Group, one or more of the Company or any of its Affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing, as the Committee may deem appropriate, or any of the above Performance Measures may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Section 7.5.4. To the extent required under Code Section 162(m), the Committee shall, within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Code Section 162(m)), define in an objective fashion the manner of calculating the Performance Measures it selects to use for such Performance Period.

7.5.5 Modifications to Performance.

Unless otherwise determined by the Committee at the time a Performance-Based Award is granted, the Committee shall, during the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Code Section 162(m)), or at any time thereafter to the extent the exercise of such authority at such time would not cause the Performance-Based Awards granted to any participant for such Performance Period to fail to qualify as “performance-based compensation” under Code Section 162(m), specify adjustments or modifications to be made to the calculation of a performance goal for such Performance Period, based on and in order to appropriately reflect the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) acquisitions or divestitures; (vi) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (vii) foreign exchange gains and losses; (viii) discontinued operations and nonrecurring charges; and (ix) a change in the Company’s fiscal year. To the extent such inclusions or exclusions affect Awards to Covered Employees that are intended to qualify as Performance-Based Compensation, such inclusions or exclusions shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

7.5.6 Adjustment of Performance-Based Compensation and Negative Discretion.

The Committee shall have the sole discretion to adjust Awards that are intended to qualify as Performance-Based Compensation, either on a formula or discretionary basis, or on any combination thereof, as the Committee determines consistent with the requirements of Code Section 162(m) for deductibility. In determining the actual amount of an individual participant’s Performance-Based Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance-Based Award earned in the Performance Period through the use of Negative Discretion. Unless otherwise provided in the applicable Award Agreement, the Committee shall not have the

discretion to (A) grant or provide payment in respect of a Performance-Based Award for a Performance Period if the performance goals for such Performance Period have not been attained, or (B) increase a Performance-Based Award above the applicable limitations set forth in Section 5.2 of the Plan.

7.5.7 Committee Discretion.

In the event that Applicable Laws change to permit Committee discretion to alter the governing Performance Measures without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval; provided, that the exercise of such discretion shall not be inconsistent with the requirements of Code Section 162(m). In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in Section 7.5.4.

7.5.8 Status of Awards Under Code Section 162(m).

It is the intent of the Company that Performance-Based Awards under Section 7.5 granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Code Section 162(m) and the regulations promulgated thereunder shall, if so designated by the Committee, constitute "qualified performance-based compensation" within the meaning of Code Section 162(m). Accordingly, the terms of Section 7.5, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m). If any provision of the Plan or any agreement relating to any such Performance-Based Award does not comply or is inconsistent with the requirements of Code Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

8.PARACHUTE LIMITATIONS

If any Grantee is a "disqualified individual," as defined in Code Section 280G(c), then, notwithstanding any other provision of the Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by such Grantee with the Company or an Affiliate, except an agreement, contract, or understanding that expressly addresses Code Section 280G or Code Section 4999 (an "Other Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a "Benefit Arrangement"), any right of the Grantee to any vesting, payment, or benefit under the Plan shall be reduced or eliminated:

(i) to the extent that such right to vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under the Plan, all Other Agreements, and all Benefit Arrangements, would cause any vesting, payment, or benefit to the Grantee under the Plan to be considered a "parachute payment" within the meaning of Code Section 280G(b)(2) as then in effect (a "Parachute Payment"); and

(ii) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under the Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment.

The Company shall accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of Performance-Based Awards, then by reducing or eliminating any other remaining Parachute Payments.

9.REQUIREMENTS OF LAW

9.1General.

The Company shall not be required to offer, sell or issue any shares of Stock under any Award if the offer, sale or issuance of such shares of Stock would constitute a violation by the Grantee, the Company or an Affiliate, or any other person, of any provision of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares of Stock subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, issuance, sale or purchase of shares of Stock in connection with any Award, no shares of Stock may be offered, issued or sold to the Grantee or any other person under such Award, unless such listing, registration or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the delivery of any shares of Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock subject to such Award, the Company shall not be required to offer, sell or issue such shares of Stock unless the Committee shall have received evidence satisfactory to it that the Grantee or any other person accepting delivery of such shares may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company may register, but shall in no event be obligated to register, any shares of Stock or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the issuance of shares of Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws.

9.2Rule 16b-3.

During any time when the Company has a class of equity securities registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards which may be settled in Stock pursuant to the Plan under the MEP shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action shall be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee, and shall not affect the validity of the Plan. In the event that such Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify the Plan in any

respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

10.GENERAL PROVISIONS

10.1No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or engage in any other transaction or activity.

10.2Disclaimer of Rights.

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or Service of the Company or an Affiliate, or to interfere in any way with any contractual or other right or authority of the Company or an Affiliate either to increase or decrease the compensation or other payments to any natural person or entity at any time, or to terminate any employment or other relationship between any natural person or entity and the Company or an Affiliate. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

10.3Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable.

10.4Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of shares of Stock pursuant to an Award. At the time of such vesting or lapse, the Grantee shall pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation.

10.5 Captions.

The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

10.6 Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

10.7 Number and Gender.

With respect to words used in the Plan, the singular form shall include the plural form and the masculine gender shall include the feminine gender, as the context requires.

10.8 Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

10.9 Governing Law.

The validity and construction of the Plan and the instruments evidencing the Awards hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

10.10 Foreign Jurisdictions.

To the extent the Committee determines that the material terms set by the Committee imposed by the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the United States, the Committee will have the authority and discretion to modify those terms and provide for such additional terms and conditions as the Committee determines to be necessary, appropriate, or desirable to accommodate differences in local law, policy or custom or to facilitate administration of the Plan. The Committee may adopt or approve sub-plans, appendices or supplements to, or amendments, restatements or alternative version of the Plan as in effect for any other purposes. The special terms and any appendices, supplements, amendments, restatements or alternative versions, however, shall not include any provisions that are inconsistent with the terms of the Plan as in effect, unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders.

10.11 Resolution of Disputes.

Any controversy arising out of or relating to any Award shall be resolved in accordance with the dispute resolution procedures in the applicable Award Agreement. Such dispute resolution procedures may include binding mandatory arbitration.

10.12 Code Section 409A.

The Company intends to comply with Code Section 409A, or an exemption to Code Section 409A, with regard to Awards hereunder that constitute nonqualified deferred compensation within the meaning of Code Section 409A. To the extent that the Company determines that a Grantee would be subject to the additional twenty percent (20%) tax imposed on certain nonqualified deferred compensation plans pursuant to Code Section 409A as a result of any provision of any Award granted under the Plan, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of any such amendment shall be determined by the Committee.

Exhibit 31.1

CERTIFICATION OF MICHAEL S. DELL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael S. Dell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dell Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 12, 2017

/s/ MICHAEL S. DELL

Michael S. Dell

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THOMAS W. SWEET, EXECTUIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas W. Sweet, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dell Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 12, 2017

/s/ THOMAS W. SWEET

Thomas W. Sweet

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS OF MICHAEL S. DELL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, AND THOMAS W. SWEET, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of Dell Technologies Inc. hereby certify that (a) Dell Technologies Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 3, 2017, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Dell Technologies Inc.

Date: December 12, 2017

/s/ MICHAEL S. DELL

Michael S. Dell
Chairman and Chief Executive Officer

Date: December 12, 2017

/s/ THOMAS W. SWEET

Thomas W. Sweet
Executive Vice President and Chief Financial Officer

Exhibit 99.1

UNAUDITED ATTRIBUTED FINANCIAL INFORMATION
FOR CLASS V GROUP
(continued on next page)

The information presented below is intended solely to show the attribution of assets, liabilities, revenue, and expenses to the Class V Group in accordance with the Tracking Stock Policy of Dell Technologies Inc. ("Dell Technologies" or the "Company"), a copy of which is filed as Exhibit 99.2 to the Company's annual report on Form 10-K for the fiscal year ended February 3, 2017. The individual income and expense line item amounts reflected in the column for VMware, Inc. ("VMware") are for informational purposes and do not represent actual income and expenses of the Class V Group. The Class V stockholders do not have any special rights related to, direct ownership interest in, or recourse against the assets and liabilities attributed to the Class V Group. Holders of the DHI Group Common Stock and the Class V Common Stock are stockholders of the Company and subject to all risks associated with an investment in the Company and all of its businesses, assets, and liabilities. This financial information could change in the future based on allocations or reallocations of assets and liabilities to the Class V Group.

	Three Months Ended November 3, 2017			Nine Months Ended November 3, 2017		
	VMware Reportable Segment	**Adjustments and Eliminations (a)**	**VMware**	**VMware Reportable Segment**	**Adjustments and Eliminations (a)**	**VMware**
	(in millions)					
Net revenue	$ 1,953	$ 23	$ 1,976	$ 5,596	$ 16	$ 5,612
Cost of net revenue	245	33	278	730	107	837
Gross margin	1,708	(10)	1,698	4,866	(91)	4,775
Operating expenses:						
Selling, general, and administrative	718	66	784	2,154	282	2,436
Research and development	351	98	449	1,026	272	1,298
Total operating expenses	1,069	164	1,233	3,180	554	3,734
Operating income (loss)	$ 639	$ (174)	465	$ 1,686	$ (645)	1,041
Interest and other income (expense), net attributable to VMware			3			92
Income before income taxes attributable to VMware			468			1,133
Income tax provision attributable to VMware			25			124
Net income attributable to VMware			$ 443			$ 1,009

(a) Adjustments and eliminations primarily consist of intercompany sales and allocated expenses, as well as expenses that are excluded from the VMware reportable segment, such as amortization of intangible assets, stock-based compensation expense, severance, and integration and acquisition-related costs.

UNAUDITED ATTRIBUTED FINANCIAL INFORMATION
FOR CLASS V GROUP
(continued)

Reconciliation of net income attributable to VMware to Class V Common Stock economic interest in Class V Group:

	Three Months Ended November 3, 2017	Nine Months Ended November 3, 2017
	(in millions)	
Net income attributable to VMware	$ 443	$ 1,009
Less: Net income attributable to non-controlling interests	(81)	(183)
Net income attributable to Class V Group	362	826
Less: DHI Group's 38.50% and 38.35%, respectively, weighted average retained interest in Class V Group	(139)	(317)
Class V Common Stock allocated interest in Class V Group	$ 223	$ 509

Reconciliation of VMware total net assets to Class V Common Stock allocated interest in Class V Group:

	VMware November 3, 2017
	(in millions)
VMware balance sheet information	
Total assets (1)(2)	$ 19,594
Total liabilities (1)(2)	11,320
VMware total net assets	$ 8,274

	Class V Group November 3, 2017
	(in millions)
VMware total net assets	$ 8,274
Less: Net assets attributable to non-controlling interests (3)	(1,499)
Net assets attributable to Class V Group	6,775
Less: DHI Group's 38.90% retained interest in Class V Group	(2,636)
Class V Common Stock allocated interest in Class V Group	$ 4,139
Inter-group assets (4)	$ —
Inter-group liabilities (4)	$ —

(1) Represents VMware's unadjusted assets and liabilities as of November 3, 2017 as consolidated into the Company's Condensed Consolidated Statements of Financial Position.
(2) As determined by Dell Technologies' board of directors, the Company has not allocated any assets or liabilities between the DHI Group and the Class V Group.
(3) Reflects the impact of non-controlling interests on net assets attributable to the Company, which had an ownership interest of 81.9% of VMware's outstanding shares of common stock as of November 3, 2017.
(4) Represents inter-group assets/liabilities between the Class V Group and the DHI Group in accordance with the Tracking Stock Policy. The Tracking Stock Policy states that any ordinary course commercial inter-group transactions are intended, to the extent practicable, to be on terms consistent with terms that would be applicable to arm's-length dealings with unrelated third parties.