

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Nine Months Ended		% Growth Rates Yr. to Yr.
	October 28, 2016	October 30, 2015		October 28, 2016	October 30, 2015	
Net revenue:						
Products	\$ 12,366	\$ 10,638	16%	\$ 33,510	\$ 32,100	4%
Services	3,881	2,036	91%	8,058	6,132	31%
Total net revenue	<u>16,247</u>	<u>12,674</u>	28%	<u>41,568</u>	<u>38,232</u>	9%
Cost of net revenue:						
Products	10,562	9,328	13%	28,856	28,355	2%
Services	1,786	1,214	47%	4,284	3,744	14%
Total cost of net revenue	<u>12,348</u>	<u>10,542</u>	17%	<u>33,140</u>	<u>32,099</u>	3%
Gross margin	3,899	2,132	83%	8,428	6,133	37%
Operating expenses:						
Selling, general, and administrative	4,556	1,943	134%	8,647	5,849	48%
Research and development	855	267	220%	1,365	772	77%
Total operating expenses	<u>5,411</u>	<u>2,210</u>	145%	<u>10,012</u>	<u>6,621</u>	51%
Operating loss	(1,512)	(78)		(1,584)	(488)	
Interest and other, net	(794)	(203)		(1,362)	(600)	
Loss from continuing operations before income taxes	(2,306)	(281)		(2,946)	(1,088)	
Income tax benefit	(669)	(17)		(623)	(88)	
Net loss from continuing operations	(1,637)	(264)		(2,323)	(1,000)	
Income (loss) from discontinued operations, net of income taxes	(438)	84		875	51	
Net loss	(2,075)	(180)		(1,448)	(949)	
Less: Net loss attributable to non-controlling interests	(11)	-		(12)	-	
Net loss attributable to Dell Technologies Inc.	<u>\$ (2,064)</u>	<u>\$ (180)</u>		<u>\$ (1,436)</u>	<u>\$ (949)</u>	
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Continuing operations - Class V Common Stock - basic	\$ 0.79	\$ -		\$ 0.79	\$ -	
Continuing operations - DHI Group - basic	\$ (3.62)	\$ (0.65)		\$ (5.70)	\$ (2.47)	
Discontinued operations - DHI Group - basic	\$ (0.88)	\$ 0.21		\$ 2.01	\$ 0.13	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Continuing operations - Class V Common Stock - diluted	\$ 0.78	\$ -		\$ 0.78	\$ -	
Continuing operations - DHI Group - diluted	\$ (3.63)	\$ (0.65)		\$ (5.70)	\$ (2.47)	
Discontinued operations - DHI Group - diluted	\$ (0.88)	\$ 0.21		\$ 2.01	\$ 0.13	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	222	-		222	-	
Diluted - Class V Common Stock	222	-		222	-	
Basic - DHI Group	497	405		436	405	
Diluted - DHI Group	497	405		436	405	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	24.0%	16.8%		20.3%	16.0%	
Selling, general, and administrative	28.0%	15.3%		20.8%	15.3%	
Research, development, and engineering	5.3%	2.1%		3.3%	2.0%	
Operating expenses	33.3%	17.4%		24.1%	17.3%	
Operating loss	(9.3%)	(0.6%)		(3.8%)	(1.3%)	
Loss from continuing operations before income taxes	(14.2%)	(2.2%)		(7.1%)	(2.8%)	
Net loss from continuing operations	(10.1%)	(2.1%)		(5.6%)	(2.6%)	
Income tax rate	29.0%	6.0%		21.1%	8.1%	

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

	October 28, 2016	January 29, 2016
<u>Assets:</u>		
Current assets:		
Cash and cash equivalents	\$ 8,822	\$ 6,322
Short-term investments	1,857	-
Accounts receivable, net	8,830	4,887
Short-term financing receivables, net	3,049	2,915
Inventories, net	3,504	1,619
Other current assets	4,441	3,497
Current assets held for sale	5,904	4,333
Total current assets	36,407	23,573
Property, plant, and equipment, net	5,805	1,649
Long-term investments	4,285	114
Long-term financing receivables, net	2,390	2,177
Goodwill	38,840	8,406
Intangible assets, net	36,571	8,577
Other non-current assets	1,334	626
Total assets	\$ 125,632	\$ 45,122
<u>Liabilities, Redeemable Shares, and Stockholders' Equity:</u>		
Current liabilities:		
Short-term debt	\$ 8,388	\$ 2,981
Accounts payable	14,644	12,881
Accrued and other	7,445	4,217
Short-term deferred revenue	9,215	3,632
Current liabilities held for sale	1,677	1,599
Total current liabilities	41,369	25,310
Long-term debt	47,284	10,650
Long-term deferred revenue	7,907	4,089
Other non-current liabilities	9,066	3,501
Total liabilities	105,626	43,550
Redeemable shares	187	106
Total Dell Technologies Inc. stockholders' equity	13,880	1,466
Non-controlling interests	5,939	-
Total stockholders' equity	19,819	1,466
Total liabilities, redeemable shares, and stockholders' equity	\$ 125,632	\$ 45,122

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

	Three Months Ended		Nine Months Ended	
	October 28, 2016	October 30, 2015	October 28, 2016	October 30, 2015
Cash flows from operating activities:				
Net loss	\$ (2,075)	\$ (180)	\$ (1,448)	\$ (949)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Change in cash from operating activities	1,806	639	2,994	2,140
	<u>(269)</u>	<u>459</u>	<u>1,546</u>	<u>1,191</u>
Cash flows from investing activities:				
Investments:				
Purchases	(503)	-	(511)	(26)
Maturities and sales	543	-	561	1
Capital expenditures	(182)	(110)	(417)	(340)
Proceeds from sale of facilities, land, and other assets	5	3	24	88
Capitalized software development costs	(85)	-	(85)	-
Collections on purchased financing receivables	6	22	31	71
Acquisition of businesses, net of cash acquired	(37,614)	-	(37,614)	-
Divestitures of businesses, net of cash transferred	-	-	-	8
Other	(8)	-	(48)	-
Change in cash from investing activities	<u>(37,838)</u>	<u>(85)</u>	<u>(38,059)</u>	<u>(198)</u>
Cash flows from financing activities:				
Payment of dissenting shares obligation	-	-	(446)	-
Proceeds from the issuance of DHI Group common stock	4,404	-	4,404	-
Proceeds from the issuance of common stock of subsidiaries	1	-	1	-
Repurchases of DHI Group common stock	(8)	-	(10)	-
Repurchases of Class V Group common stock	(132)	-	(132)	-
Repurchases of common stock of subsidiaries	(611)	-	(611)	-
Contributions from non-controlling interests, net	-	-	100	-
Issuance of common stock under employee plans	-	-	-	2
Payments for debt issuance costs	(834)	(3)	(849)	(10)
Proceeds from debt	43,838	1,815	45,986	4,893
Repayments of debt	(7,000)	(2,459)	(9,638)	(5,208)
Other	1	(1)	5	2
Change in cash from financing activities	<u>39,659</u>	<u>(648)</u>	<u>38,810</u>	<u>(321)</u>
Effect of exchange rate changes on cash and cash equivalents	(21)	(38)	31	(88)
Change in cash and cash equivalents	1,531	(312)	2,328	584
Cash and cash equivalents at beginning of the period	7,373	6,294	6,576	5,398
Cash and cash equivalents at end of the period	\$ 8,904	\$ 5,982	\$ 8,904	\$ 5,982
Less: Cash included in assets held for sale	82	328	82	328
Cash and cash equivalents from continuing operations	<u>\$ 8,822</u>	<u>\$ 5,654</u>	<u>\$ 8,822</u>	<u>\$ 5,654</u>

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

These tables present information about the Company's 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, which are non-GAAP financial measures provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America ("GAAP"). A detailed discussion of Dell Technologies' reasons for including the non-GAAP financial measures, the limitations associated with those measures, the items excluded from non-GAAP metrics, and our reason for excluding those items are presented in "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in Dell Technologies' quarterly report on Form 10-Q for the quarterly period ended October 28, 2016. Dell Technologies encourages investors to review the non-GAAP discussion in conjunction with the presentation of non-GAAP financial measures.

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Nine Months Ended		% Growth Rates Yr. to Yr.
	October 28, 2016	October 30, 2015		October 28, 2016	October 30, 2015	
Product net revenue	\$ 12,366	\$ 10,638	16%	\$ 33,510	\$ 32,100	4%
Non-GAAP adjustments:						
Impact of purchase accounting	261	(6)		260	(20)	
Non-GAAP product net revenue	<u>\$ 12,627</u>	<u>\$ 10,632</u>	19%	<u>\$ 33,770</u>	<u>\$ 32,080</u>	5%
Services net revenue	\$ 3,881	\$ 2,036	91%	\$ 8,058	\$ 6,132	31%
Non-GAAP adjustments:						
Impact of purchase accounting	269	113		413	390	
Non-GAAP services net revenue	<u>\$ 4,150</u>	<u>\$ 2,149</u>	93%	<u>\$ 8,471</u>	<u>\$ 6,522</u>	30%
Net revenue	\$ 16,247	\$ 12,674	28%	\$ 41,568	\$ 38,232	9%
Non-GAAP adjustments:						
Impact of purchase accounting	530	107		673	370	
Non-GAAP net revenue	<u>\$ 16,777</u>	<u>\$ 12,781</u>	31%	<u>\$ 42,241</u>	<u>\$ 38,602</u>	9%
Product gross margin	\$ 1,804	\$ 1,310	38%	\$ 4,654	\$ 3,745	24%
Non-GAAP adjustments:						
Impact of purchase accounting	437	12		461	22	
Amortization of intangibles	604	98		806	295	
Transaction-related expenses	18	-		16	1	
Other corporate expenses	10	3		14	6	
Non-GAAP product gross margin	<u>\$ 2,873</u>	<u>\$ 1,423</u>	102%	<u>\$ 5,951</u>	<u>\$ 4,069</u>	46%
Services gross margin	\$ 2,095	\$ 822	155%	\$ 3,774	\$ 2,388	58%
Non-GAAP adjustments:						
Impact of purchase accounting	292	112		436	386	
Amortization of intangibles	-	-		-	-	
Transaction-related expenses	12	2		9	5	
Other corporate expenses	52	-		54	1	
Non-GAAP services gross margin	<u>\$ 2,451</u>	<u>\$ 936</u>	162%	<u>\$ 4,273</u>	<u>\$ 2,780</u>	54%
Gross margin	\$ 3,899	\$ 2,132	83%	\$ 8,428	\$ 6,133	37%
Non-GAAP adjustments:						
Impact of purchase accounting	729	124		897	408	
Amortization of intangibles	604	98		806	295	
Transaction-related expenses	30	2		25	6	
Other corporate expenses	62	3		68	7	
Non-GAAP gross margin	<u>\$ 5,324</u>	<u>\$ 2,359</u>	126%	<u>\$ 10,224</u>	<u>\$ 6,849</u>	49%
Operating expenses	\$ 5,411	\$ 2,210	145%	\$ 10,012	\$ 6,621	51%
Non-GAAP adjustments:						
Impact of purchase accounting	(121)	(25)		(157)	(67)	
Amortization of intangibles	(560)	(394)		(1,340)	(1,183)	
Transaction-related expenses	(1,170)	(25)		(1,304)	(61)	
Other corporate expenses	(211)	(14)		(257)	(31)	
Non-GAAP operating expenses	<u>\$ 3,349</u>	<u>\$ 1,752</u>	91%	<u>\$ 6,954</u>	<u>\$ 5,279</u>	32%

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Nine Months Ended		% Growth Rates Yr. to Yr.
	October 28, 2016	October 30, 2015		October 28, 2016	October 30, 2015	
Operating loss	\$ (1,512)	\$ (78)	NM	\$ (1,584)	\$ (488)	(225%)
Non-GAAP adjustments:						
Impact of purchase accounting	850	149		1,054	475	
Amortization of intangibles	1,164	492		2,146	1,478	
Transaction-related expenses	1,200	27		1,329	67	
Other corporate expenses	273	17		325	38	
Non-GAAP operating income	<u>\$ 1,975</u>	<u>\$ 607</u>	225%	<u>\$ 3,270</u>	<u>\$ 1,570</u>	108%
Net loss from continuing operations	\$ (1,637)	\$ (264)	(520%)	\$ (2,323)	\$ (1,000)	(132%)
Non-GAAP adjustments:						
Impact of purchase accounting	850	149		1,054	475	
Amortization of intangibles	1,164	492		2,146	1,478	
Transaction-related expenses	1,200	21		1,326	41	
Other corporate expenses	273	23		325	58	
Aggregate adjustment for income taxes	(880)	(127)		(932)	(381)	
Non-GAAP net income from continuing operations	<u>\$ 970</u>	<u>\$ 294</u>	230%	<u>\$ 1,596</u>	<u>\$ 671</u>	138%
Net loss from continuing operations	\$ (1,637)	\$ (264)	(520%)	\$ (2,323)	\$ (1,000)	(132%)
Adjustments:						
Interest and other, net	794	203		1,362	600	
Income tax benefit	(669)	(17)		(623)	(88)	
Depreciation and amortization	1,576	627		2,799	1,871	
EBITDA	<u>\$ 64</u>	<u>\$ 549</u>	(88%)	<u>\$ 1,215</u>	<u>\$ 1,383</u>	(12%)
EBITDA	\$ 64	\$ 549	(88%)	\$ 1,215	\$ 1,383	(12%)
Adjustments:						
Stock based compensation expense	144	17		177	46	
Impact of purchase accounting	693	118		851	392	
Transaction-related expenses	1,200	21		1,366	41	
Other corporate expenses	129	6		148	18	
Adjusted EBITDA	<u>\$ 2,230</u>	<u>\$ 711</u>	214%	<u>\$ 3,757</u>	<u>\$ 1,880</u>	100%

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Nine Months Ended		% Growth Rates Yr. to Yr.
	October 28, 2016	October 30, 2015		October 28, 2016	October 30, 2015	
<u>Client Solutions Group (CSG):</u>						
Net Revenue:						
Commercial	\$ 6,400	\$ 6,437	(1%)	\$ 19,343	\$ 19,778	(2%)
Consumer	2,787	2,499	12%	7,635	7,262	5%
Total CSG net revenue	<u>\$ 9,187</u>	<u>\$ 8,936</u>	3%	<u>\$ 26,978</u>	<u>\$ 27,040</u>	0%
Operating Income:						
CSG operating income	<u>\$ 634</u>	<u>\$ 384</u>	65%	<u>\$ 1,503</u>	<u>\$ 926</u>	62%
% of CSG net revenue	6.9%	4.3%		5.6%	3.4%	
% of total segment operating income	30.5%	59.9%		43.7%	54.4%	
<u>Infrastructure Solutions Group (ISG):</u>						
Net Revenue:						
Servers and networking	\$ 2,910	\$ 3,163	(8%)	\$ 9,222	\$ 9,527	(3%)
Storage	3,079	548	462%	4,159	1,655	151%
Total ISG net revenue	<u>\$ 5,989</u>	<u>\$ 3,711</u>	61%	<u>\$ 13,381</u>	<u>\$ 11,182</u>	20%
Operating Income:						
ISG operating income	<u>\$ 897</u>	<u>\$ 257</u>	249%	<u>\$ 1,389</u>	<u>\$ 776</u>	79%
% of ISG net revenue	15.0%	6.9%		10.4%	6.9%	
% of total segment operating income	43.1%	40.1%		40.4%	45.6%	
<u>VMware:</u>						
Total VMware net revenue	<u>\$ 1,289</u>	<u>\$ -</u>	NA	<u>\$ 1,289</u>	<u>\$ -</u>	NA
Operating Income:						
VMware operating income	<u>\$ 548</u>	<u>\$ -</u>	NA	<u>\$ 548</u>	<u>\$ -</u>	NA
% of VMware net revenue	42.5%	NA		42.5%	NA	
% of total segment operating income	26.4%	NA		15.9%	NA	
<u>Reconciliation to consolidated net revenue:</u>						
Reportable segment net revenue	\$ 16,465	\$ 12,647		\$ 41,648	\$ 38,222	
Other businesses (a)	312	104		530	279	
Unallocated transactions (b)	-	30		63	101	
Impact of purchase accounting (c)	(530)	(107)		(673)	(370)	
Total consolidated net revenue	<u>\$ 16,247</u>	<u>\$ 12,674</u>		<u>\$ 41,568</u>	<u>\$ 38,232</u>	
<u>Reconciliation to consolidated operating income (loss):</u>						
Reportable segment operating income	\$ 2,079	\$ 641		\$ 3,440	\$ 1,702	
Other businesses (a)	(13)	(15)		(48)	(50)	
Unallocated transactions (b)	(91)	(19)		(122)	(82)	
Impact of purchase accounting (c)	(850)	(149)		(1,054)	(475)	
Amortization of intangibles	(1,164)	(492)		(2,146)	(1,478)	
Transaction-related expenses (d)	(1,200)	(27)		(1,329)	(67)	
Other corporate expenses (e)	(273)	(17)		(325)	(38)	
Total operating loss	<u>\$ (1,512)</u>	<u>\$ (78)</u>		<u>\$ (1,584)</u>	<u>\$ (488)</u>	

(a) Other businesses consist of RSA Information Security, SecureWorks, Pivotal, and Boomi offerings, and do not constitute 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 related to the EMC merger transaction, as well as the going-private transaction.

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

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