

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.	Six Months Ended		% Growth Rates Yr. to Yr.
	July 29, 2016	July 31, 2015		July 29, 2016	July 31, 2015	
Net revenue:						
Products	\$ 10,961	\$ 10,938	0%	\$ 21,144	\$ 21,462	(1%)
Services, including software related	2,089	2,037	3%	4,119	4,038	2%
Total net revenue	<u>13,050</u>	<u>12,975</u>	1%	<u>25,263</u>	<u>25,500</u>	(1%)
Cost of net revenue:						
Products	9,495	9,663	(2%)	18,294	19,027	(4%)
Services, including software related	1,226	1,233	(1%)	2,453	2,482	(1%)
Total cost of net revenue	<u>10,721</u>	<u>10,896</u>	(2%)	<u>20,747</u>	<u>21,509</u>	(4%)
Gross margin	2,329	2,079	12%	4,516	3,991	13%
Operating expenses:						
Selling, general, and administrative	2,020	1,932	5%	4,086	3,900	5%
Research, development, and engineering	246	250	(2%)	510	505	1%
Total operating expenses	<u>2,266</u>	<u>2,182</u>	4%	<u>4,596</u>	<u>4,405</u>	4%
Operating income (loss)	63	(103)		(80)	(414)	
Interest and other, net	(349)	(222)		(568)	(397)	
Loss from continuing operations before income taxes	(286)	(325)		(648)	(811)	
Income tax provision (benefit)	(22)	(33)		42	(73)	
Net loss from continuing operations	(264)	(292)		(690)	(738)	
Income (loss) from discontinued operations, net of income taxes	836	27		1,317	(31)	
Net income (loss)	572	(265)		627	(769)	
Less: Net loss attributable to non-controlling interests	(1)	-		(1)	-	
Net income (loss) attributable to Dell Technologies Inc.	<u>\$ 573</u>	<u>\$ (265)</u>		<u>\$ 628</u>	<u>\$ (769)</u>	
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Continuing operations	\$ (0.65)	\$ (0.72)		\$ (1.70)	\$ (1.82)	
Discontinued operations	2.06	0.07		3.25	(0.08)	
Earnings (loss) per share - basic	<u>\$ 1.41</u>	<u>\$ (0.65)</u>		<u>\$ 1.55</u>	<u>\$ (1.90)</u>	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Continuing operations	\$ (0.65)	\$ (0.72)		\$ (1.70)	\$ (1.82)	
Discontinued operations	2.06	0.07		3.25	(0.08)	
Earnings (loss) per share - diluted	<u>\$ 1.41</u>	<u>\$ (0.65)</u>		<u>\$ 1.55</u>	<u>\$ (1.90)</u>	
Weighted-average shares outstanding:						
Basic	405	405		405	405	
Diluted	405	405		405	405	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	17.8%	16.0%		17.9%	15.7%	
Selling, general, and administrative	15.5%	14.9%		16.2%	15.3%	
Research, development, and engineering	1.9%	1.9%		2.0%	2.0%	
Operating expenses	17.4%	16.8%		18.2%	17.3%	
Operating income (loss)	0.5%	(0.8%)		(0.3%)	(1.6%)	
Loss from continuing operations before income taxes	(2.2%)	(2.5%)		(2.6%)	(3.2%)	
Net loss from continuing operations	(2.0%)	(2.3%)		(2.7%)	(2.9%)	
Income tax rate	7.7%	10.2%		(6.5%)	9.0%	

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

	July 29, 2016	January 29, 2016
<u>Assets:</u>		
Current assets:		
Cash and cash equivalents	\$ 7,226	\$ 6,322
Accounts receivable, net	5,257	4,848
Short-term financing receivables, net	2,867	2,915
Inventories, net	1,446	1,619
Other current assets	3,326	3,497
Current assets held for sale	4,125	4,372
Total current assets	24,247	23,573
Restricted cash	23,285	—
Property, plant, and equipment, net	1,562	1,649
Long-term investments	104	114
Long-term financing receivables, net	2,271	2,177
Goodwill	8,406	8,406
Intangible assets, net	7,595	8,577
Other non-current assets	1,446	626
Total assets	\$ 68,916	\$ 45,122
<u>Liabilities, Redeemable Shares, and Stockholders' Equity:</u>		
Current liabilities:		
Short-term debt	\$ 2,500	\$ 2,981
Accounts payable	14,050	12,746
Accrued and other	3,835	4,217
Short-term deferred revenue	3,916	3,632
Current liabilities held for sale	1,522	1,829
Total current liabilities	25,823	25,405
Long-term debt	33,836	10,650
Long-term deferred revenue	4,154	4,089
Other non-current liabilities	2,733	3,406
Total liabilities	66,546	43,550
Redeemable shares	179	106
Total Dell Technologies Inc. stockholders' equity	2,065	1,466
Non-controlling interest	126	-
Total stockholders' equity	2,191	1,466
Total liabilities, redeemable shares, and stockholders' equity	\$ 68,916	\$ 45,122

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

	Six Months Ended	
	July 29, 2016	July 31, 2015
Cash flows from operating activities:		
Net income (loss)	\$ 627	\$ (769)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Change in cash from operating activities	1,188	1,501
	<u>1,815</u>	<u>732</u>
Cash flows from investing activities:		
Investments:		
Purchases	(8)	(26)
Maturities and sales	18	1
Capital expenditures	(235)	(230)
Proceeds from sale of facilities, land, and other assets	19	85
Collections on purchased financing receivables	25	49
Divestitures of businesses, net of cash transferred	—	8
Other	(40)	—
Change in cash from investing activities	<u>(221)</u>	<u>(113)</u>
Cash flows from financing activities:		
Payment of dissenting shares obligation	(446)	—
Repurchases of common stock	(2)	—
Contributions from non-controlling interests, net	100	—
Issuance of common stock under employee plans	—	2
Payments for debt issuance costs	(15)	(7)
Proceeds from debt	2,148	3,078
Repayments of debt	(2,638)	(2,749)
Other	4	3
Change in cash from financing activities	<u>(849)</u>	<u>327</u>
Effect of exchange rate changes on cash and cash equivalents	52	(50)
Change in cash and cash equivalents	797	896
Cash and cash equivalents at beginning of the period	6,576	5,398
Cash and cash equivalents at end of the period	\$ 7,373	\$ 6,294
Less: Cash included in assets held for sale	147	295
Cash and cash equivalents from continuing operations	<u>\$ 7,226</u>	<u>\$ 5,999</u>

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Six Months Ended		% Growth Rates Yr. to Yr.
	July 29, 2016	July 31, 2015		July 29, 2016	July 31, 2015	
Product net revenue	\$ 10,961	\$ 10,938	0%	\$ 21,144	\$ 21,462	(1%)
Non-GAAP adjustments:						
Impact of purchase accounting	—	(8)		(1)	(14)	
Non-GAAP product net revenue	<u>\$ 10,961</u>	<u>\$ 10,930</u>	0%	<u>\$ 21,143</u>	<u>\$ 21,448</u>	(1%)
Services net revenue	\$ 2,089	\$ 2,037	3%	\$ 4,119	\$ 4,038	2%
Non-GAAP adjustments:						
Impact of purchase accounting	65	131		144	277	
Non-GAAP services net revenue	<u>\$ 2,154</u>	<u>\$ 2,168</u>	(1%)	<u>\$ 4,263</u>	<u>\$ 4,315</u>	(1%)
Net revenue	\$ 13,050	\$ 12,975	1%	\$ 25,263	\$ 25,500	(1%)
Non-GAAP adjustments:						
Impact of purchase accounting	65	123		143	263	
Non-GAAP net revenue	<u>\$ 13,115</u>	<u>\$ 13,098</u>	0%	<u>\$ 25,406</u>	<u>\$ 25,763</u>	(1%)
Product gross margin	\$ 1,466	\$ 1,275	15%	\$ 2,850	\$ 2,435	17%
Non-GAAP adjustments:						
Impact of purchase accounting	12	5		24	10	
Amortization of intangibles	101	98		202	197	
Other corporate expenses	1	3		2	4	
Non-GAAP product gross margin	<u>\$ 1,580</u>	<u>\$ 1,381</u>	14%	<u>\$ 3,078</u>	<u>\$ 2,646</u>	16%
Services gross margin	\$ 863	\$ 804	7%	\$ 1,666	\$ 1,556	7%
Non-GAAP adjustments:						
Impact of purchase accounting	67	128		144	274	
Amortization of intangibles	—	—		—	—	
Other corporate expenses	(2)	3		(1)	4	
Non-GAAP services gross margin	<u>\$ 928</u>	<u>\$ 935</u>	(1%)	<u>\$ 1,809</u>	<u>\$ 1,834</u>	(1%)
Gross margin	\$ 2,329	\$ 2,079	12%	\$ 4,516	\$ 3,991	13%
Non-GAAP adjustments:						
Impact of purchase accounting	79	133		168	284	
Amortization of intangibles	101	98		202	197	
Other corporate expenses	(1)	6		1	8	
Non-GAAP gross margin	<u>\$ 2,508</u>	<u>\$ 2,316</u>	8%	<u>\$ 4,887</u>	<u>\$ 4,480</u>	9%
Operating expenses	\$ 2,266	\$ 2,182	4%	\$ 4,596	\$ 4,405	4%
Non-GAAP adjustments:						
Impact of purchase accounting	(19)	(21)		(36)	(42)	
Amortization of intangibles	(390)	(394)		(780)	(789)	
Other corporate expenses	(101)	(19)		(180)	(53)	
Non-GAAP operating expenses	<u>\$ 1,756</u>	<u>\$ 1,748</u>	0%	<u>\$ 3,600</u>	<u>\$ 3,521</u>	2%
Operating income (loss)	\$ 63	\$ (103)	NM	\$ (80)	\$ (414)	NM
Non-GAAP adjustments:						
Impact of purchase accounting	98	154		204	326	
Amortization of intangibles	491	492		982	986	
Other corporate expenses	100	25		181	61	
Non-GAAP operating income	<u>\$ 752</u>	<u>\$ 568</u>	32%	<u>\$ 1,287</u>	<u>\$ 959</u>	34%

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Six Months Ended		% Growth Rates Yr. to Yr.
	July 29, 2016	July 31, 2015		July 29, 2016	July 31, 2015	
Net loss from continuing operations	\$ (264)	\$ (292)	NM	\$ (690)	\$ (738)	NM
Non-GAAP adjustments:						
Impact of purchase accounting	98	154		204	326	
Amortization of intangibles	491	492		982	986	
Other corporate expenses	97	22		178	55	
Aggregate adjustment for income taxes	(62)	(124)		(52)	(254)	
Non-GAAP net income from continuing operations	<u>\$ 360</u>	<u>\$ 252</u>	43%	<u>\$ 622</u>	<u>\$ 375</u>	66%
Earnings (loss) from continuing operations attributable to Dell Technologies Inc. per share - diluted	\$ (0.65)	\$ (0.72)	NM	\$ (1.70)	\$ (1.82)	NM
Non-GAAP adjustments per share - diluted	1.52	1.33		3.21	2.73	
Non-GAAP earnings from continuing operations attributable to Dell Technologies Inc. per share - diluted	<u>\$ 0.87</u>	<u>\$ 0.61</u>	43%	<u>\$ 1.51</u>	<u>\$ 0.91</u>	66%
Net loss from continuing operations	\$ (264)	\$ (292)	NM	\$ (690)	\$ (738)	NM
Adjustments:						
Interest and other, net (a)	349	222		568	397	
Income tax provision (benefit)	(22)	(33)		42	(73)	
Depreciation and amortization	605	622		1,223	1,244	
EBITDA	<u>\$ 668</u>	<u>\$ 519</u>	29%	<u>\$ 1,143</u>	<u>\$ 830</u>	38%
EBITDA	\$ 668	\$ 519	29%	\$ 1,143	\$ 830	38%
Adjustments:						
Stock based compensation expense	19	14		33	29	
Impact of purchase accounting (b)	75	128		158	274	
Other corporate expenses (c)	118	12		185	32	
Adjusted EBITDA	<u>\$ 880</u>	<u>\$ 673</u>	31%	<u>\$ 1,519</u>	<u>\$ 1,165</u>	30%

(a) See "Results of Operations – Interest and Other, Net" in "Item 2. Management's Discussion and Analysis" of Dell Technologies Inc.'s Form 10-Q for the period ending July 29, 2016 for more information on the components of interest and other, net.

(b) This amount includes the non-cash purchase accounting adjustments related to the going-private transaction.

(c) Consists of severance and facility action costs and acquisition, integration, and divestiture related costs.

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

	Three Months Ended		% Growth Rates Yr. to Yr.	Six Months Ended		% Growth Rates Yr. to Yr.
	July 29, 2016	July 31, 2015		July 29, 2016	July 31, 2015	
<u>Client Solutions (a):</u>						
Net Revenue:						
Commercial	\$ 6,798	\$ 6,913	(2%)	\$ 12,943	\$ 13,341	(3%)
Consumer	2,422	2,322	4%	4,848	4,763	2%
Total Client Solutions net revenue	\$ 9,220	\$ 9,235	(0%)	\$ 17,791	\$ 18,104	(2%)
Operating Income:						
Client Solutions operating income	\$ 484	\$ 323	50%	\$ 869	\$ 542	60%
<i>% of segment net revenue</i>	5.2%	3.5%		4.9%	3.0%	
<i>% of total segment operating income</i>	61.7%	53.6%		63.9%	51.1%	
<u>Enterprise Solutions Group:</u>						
Net Revenue:						
Servers and networking	\$ 3,237	\$ 3,212	1%	\$ 6,312	\$ 6,364	(1%)
Storage	542	557	(3%)	1,080	1,107	(2%)
Total ESG net revenue	\$ 3,779	\$ 3,769	0%	\$ 7,392	\$ 7,471	(1%)
Operating Income:						
ESG operating income	\$ 300	\$ 280	7%	\$ 492	\$ 519	(5%)
<i>% of segment net revenue</i>	7.9%	7.4%		6.7%	6.9%	
<i>% of total segment operating income</i>	38.3%	46.4%		36.1%	48.9%	
<u>Reconciliation to consolidated net revenue:</u>						
Total segment net revenue	\$ 12,999	\$ 13,004		\$ 25,183	\$ 25,575	
Corporate (b)	116	94		223	188	
Impact of purchase accounting (c)	(65)	(123)		(143)	(263)	
Total consolidated net revenue	\$ 13,050	\$ 12,975		\$ 25,263	\$ 25,500	
<u>Reconciliation to consolidated operating income (loss):</u>						
Total segment operating income	\$ 784	\$ 603		\$ 1,361	\$ 1,061	
Impact of purchase accounting (c)	(98)	(154)		(204)	(326)	
Amortization of intangible assets	(491)	(492)		(982)	(986)	
Corporate (b)	(32)	(35)		(74)	(102)	
Other (d)	(100)	(25)		(181)	(61)	
Total operating income (loss)	\$ 63	\$ (103)		\$ (80)	\$ (414)	

(a) During the six months ended July 29, 2016, the Company redefined the categories within the Client Solutions business unit. None of these changes impacted the Company's consolidated or total business unit results.

(b) Corporate consists of SecureWorks and unallocated transactions, which include long-term incentives, certain short-term incentive compensation expenses, and other corporate items that are not allocated to the Company's reportable segments.

(c) Impact of purchase accounting includes non-cash purchase accounting adjustments related to the going-private transaction.

(d) Other includes severance and facility action costs, acquisition, integration, and divestiture related costs, and stock-based compensation expenses.