

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

	Three Months Ended			Fiscal Year Ended		
	February 3, 2017	January 29, 2016	Change	February 3, 2017	January 29, 2016	Change
Net revenue:						
Products	\$ 15,196	\$ 10,642	43 %	\$ 48,706	\$ 42,742	14 %
Services	4,878	2,037	139 %	12,936	8,169	58 %
Total net revenue	20,074	12,679	58 %	61,642	50,911	21 %
Cost of net revenue:						
Products	13,313	9,208	45 %	42,169	37,563	12 %
Services	2,230	1,217	83 %	6,514	4,961	31 %
Total cost of net revenue	15,543	10,425	49 %	48,683	42,524	14 %
Gross margin	4,531	2,254	101 %	12,959	8,387	55 %
Operating expenses:						
Selling, general, and administrative	4,928	2,001	146 %	13,575	7,850	73 %
Research and development	1,271	279	356 %	2,636	1,051	151 %
Total operating expenses	6,199	2,280	172 %	16,211	8,901	82 %
Operating loss	(1,668)	(26)	NM	(3,252)	(514)	(533)%
Interest and other, net	(742)	(172)	(331)%	(2,104)	(772)	(173)%
Loss from continuing operations before income taxes	(2,410)	(198)	NM	(5,356)	(1,286)	(316)%
Income tax benefit	(96)	(30)	NM	(1,619)	(118)	NM
Net loss from continuing operations	(1,414)	(168)	(742)%	(3,737)	(1,168)	(220)%
Income from discontinued operations, net of income taxes	1,144	13	NM	2,019	64	NM
Net loss	(270)	(155)	(74)%	(1,718)	(1,104)	(56)%
Less: Net loss attributable to non-controlling interests	(34)	—	NA	(46)	—	NA
Net loss attributable to Dell Technologies Inc.	\$ (236)	\$ (155)	(52)%	\$ (1,672)	\$ (1,104)	(51)%
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Continuing operations - Class V Common Stock - basic	\$ 0.64	\$ —		\$ 1.44	\$ —	
Continuing operations - DHI Group - basic	(2.68)	(0.41)		(8.52)	(2.88)	
Discontinued operations - DHI Group - basic	2.02	0.03		4.30	0.16	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Continuing operations - Class V Common Stock - diluted	\$ 0.64	\$ —		\$ 1.43	\$ —	
Continuing operations - DHI Group - diluted	(2.68)	(0.41)		(8.52)	(2.88)	
Discontinued operations - DHI Group - diluted	2.02	0.03		4.30	0.16	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	215	—		217	—	
Diluted - Class V Common Stock	215	—		217	—	
Basic - DHI Group	566	405		470	405	
Diluted - DHI Group	566	405		470	405	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	23 %	18 %		21 %	16 %	
Selling, general, and administrative	25 %	16 %		22 %	15 %	
Research and development	6 %	2 %		4 %	2 %	
Operating expenses	31 %	18 %		26 %	17 %	
Operating loss	(8)%	(0)%		(5)%	(1)%	
Loss from continuing operations before income taxes	(12)%	(2)%		(9)%	(3)%	
Net loss from continuing operations	(7)%	(1)%		(6)%	(2)%	
Income tax rate	41 %	15 %		30 %	9 %	

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

	February 3, 2017	January 29, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,474	\$ 6,322
Short-term investments	1,975	—
Accounts receivable, net	9,420	4,887
Short-term financing receivables, net	3,222	2,915
Inventories, net	2,538	1,619
Other current assets	4,144	3,497
Current assets held for sale	—	4,333
Total current assets	30,773	23,573
Property, plant, and equipment, net	5,653	1,649
Long-term investments	3,802	114
Long-term financing receivables, net	2,651	2,177
Goodwill	38,910	8,406
Intangible assets, net	35,053	8,577
Other non-current assets	1,364	626
Total assets	\$ 118,206	\$ 45,122
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 6,329	\$ 2,981
Accounts payable	14,422	12,881
Accrued and other	7,119	4,217
Short-term deferred revenue	10,265	3,632
Current liabilities held for sale	—	1,599
Total current liabilities	38,135	25,310
Long-term debt	43,061	10,650
Long-term deferred revenue	8,431	4,089
Other non-current liabilities	9,339	3,501
Total liabilities	98,966	43,550
Redeemable shares	231	106
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	13,243	1,466
Non-controlling interests	5,766	—
Total stockholders' equity	19,009	1,466
Total liabilities, redeemable shares, and stockholders' equity	\$ 118,206	\$ 45,122

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

	Three Months Ended		Fiscal Year Ended	
	February 3, 2017	January 29, 2016	February 3, 2017	January 29, 2016
Cash flows from operating activities:				
Net loss	\$ (270)	\$ (155)	\$ (1,718)	\$ (1,104)
Adjustments to reconcile net loss to net cash provided by operating activities	946	1,126	3,940	3,266
Change in cash from operating activities	<u>676</u>	<u>971</u>	<u>2,222</u>	<u>2,162</u>
Cash flows from investing activities:				
Investments:				
Purchases	(267)	(1)	(778)	(27)
Maturities and sales	612	6	1,173	7
Capital expenditures	(282)	(142)	(699)	(482)
Proceeds from sale of facilities, land, and other assets	—	—	24	88
Capitalized software development costs	(122)	—	(207)	—
Collections on purchased financing receivables	4	14	35	85
Acquisition of businesses, net of cash acquired	(15)	—	(37,629)	—
Divestitures of businesses, net of cash transferred	6,873	—	6,873	8
Other	—	—	(48)	—
Change in cash from investing activities	<u>6,803</u>	<u>(123)</u>	<u>(31,256)</u>	<u>(321)</u>
Cash flows from financing activities:				
Payment of dissenting shares obligation	—	—	(446)	—
Proceeds from the issuance of DHI Group Common Stock	18	—	4,422	—
Proceeds from the issuance of common stock of subsidiaries	63	—	164	—
Repurchases of DHI Group Common Stock	—	—	(10)	—
Repurchases of Class V Common Stock	(569)	—	(701)	—
Repurchases of VMware Class A Common Stock	—	—	(611)	—
Issuance of common stock under employee plans	—	—	—	2
Payments for debt issuance costs	(4)	—	(853)	(10)
Proceeds from debt	907	567	46,893	5,460
Repayments of debt	(7,322)	(742)	(16,960)	(5,950)
Other	5	—	10	2
Change in cash from financing activities	<u>(6,902)</u>	<u>(175)</u>	<u>31,908</u>	<u>(496)</u>
Effect of exchange rate changes on cash and cash equivalents	(7)	(79)	24	(167)
Change in cash and cash equivalents	570	594	2,898	1,178
Cash and cash equivalents at beginning of the period, including amounts held for sale	8,904	5,982	6,576	5,398
Cash and cash equivalents at end of the period	\$ 9,474	\$ 6,576	\$ 9,474	\$ 6,576
Less: Cash included in current assets held for sale	—	254	—	254
Cash and cash equivalents from continuing operations	<u>\$ 9,474</u>	<u>\$ 6,322</u>	<u>\$ 9,474</u>	<u>\$ 6,322</u>

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

	Three Months Ended			Fiscal Year Ended		
	February 3, 2017	January 29, 2016	Change	February 3, 2017	January 29, 2016	Change
<u>Client Solutions Group (CSG):</u>						
Net Revenue:						
Commercial	\$ 6,663	\$ 5,969	12 %	\$ 26,006	\$ 25,747	1 %
Consumer	3,113	2,868	9 %	10,748	10,130	6 %
Total CSG net revenue	<u>\$ 9,776</u>	<u>\$ 8,837</u>	11 %	<u>\$ 36,754</u>	<u>\$ 35,877</u>	2 %
Operating Income:						
CSG operating income	\$ 342	\$ 484	(29)%	\$ 1,845	\$ 1,410	31 %
% of CSG net revenue	3 %	5 %		5 %	4 %	
% of total segment operating income	18 %	64 %		34 %	57 %	
<u>Infrastructure Solutions Group (ISG):</u>						
Net Revenue:						
Servers and networking	\$ 3,612	\$ 3,234	12 %	\$ 12,834	\$ 12,761	1 %
Storage	4,783	562	751 %	8,942	2,217	303 %
Total ISG net revenue	<u>\$ 8,395</u>	<u>\$ 3,796</u>	121 %	<u>\$ 21,776</u>	<u>\$ 14,978</u>	45 %
Operating Income:						
ISG operating income	\$ 1,004	\$ 276	264 %	\$ 2,393	\$ 1,052	127 %
% of ISG net revenue	12 %	7 %		11 %	7 %	
% of total segment operating income	53 %	36 %		45 %	43 %	
<u>VMware:</u>						
Net Revenue:						
Total VMware net revenue	<u>\$ 1,936</u>	<u>\$ —</u>	NA	<u>\$ 3,225</u>	<u>\$ —</u>	NA
Operating Income:						
VMware operating income	\$ 565	\$ —	NA	\$ 1,113	\$ —	NA
% of VMware net revenue	29 %	NA		35 %	NA	
% of total segment operating income	30 %	NA		21 %	NA	
<u>Reconciliation to consolidated net revenue:</u>						
Reportable segment net revenue	\$ 20,107	\$ 12,633		\$ 61,755	\$ 50,855	
Other businesses (a)	480	107		1,026	382	
Unallocated transactions (b)	(6)	28		41	133	
Impact of purchase accounting (c)	(507)	(89)		(1,180)	(459)	
Total net revenue	<u>\$ 20,074</u>	<u>\$ 12,679</u>		<u>\$ 61,642</u>	<u>\$ 50,911</u>	
<u>Reconciliation to consolidated operating income (loss):</u>						
Reportable segment operating income	\$ 1,911	\$ 760		\$ 5,351	\$ 2,462	
Other businesses (a)	(3)	(16)		(39)	(78)	
Unallocated transactions (b)	(65)	(89)		(199)	(159)	
Impact of purchase accounting (c)	(1,240)	(129)		(2,294)	(604)	
Amortization of intangibles	(1,535)	(491)		(3,681)	(1,969)	
Transaction-related expenses (d)	(159)	(42)		(1,488)	(109)	
Other corporate expenses (e)	(577)	(19)		(902)	(57)	
Total operating loss	<u>\$ (1,668)</u>	<u>\$ (26)</u>		<u>\$ (3,252)</u>	<u>\$ (514)</u>	

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

SUPPLEMENTAL SELECTED NON-GAAP FINANCIAL MEASURES

These tables present information about the Company's non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income 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 these non-GAAP financial measures, the limitations associated with these measures, the items excluded from these measures, and our reason for excluding those items are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures" in our periodic reports filed with the SEC. Dell Technologies encourages investors to review the non-GAAP discussion in conjunction with the presentation of non-GAAP financial measures.

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

	<u>Three Months Ended</u>			<u>Fiscal Year Ended</u>		
	<u>February 3, 2017</u>	<u>January 29, 2016</u>	<u>Change</u>	<u>February 3, 2017</u>	<u>January 29, 2016</u>	<u>Change</u>
Non-GAAP net revenue	\$ 20,581	\$ 12,768	61 %	\$ 62,822	\$ 51,370	22 %
Non-GAAP gross margin	\$ 6,595	\$ 2,458	168 %	\$ 16,819	\$ 9,307	81 %
<i>% of non-GAAP net revenue</i>	<i>32 %</i>	<i>19 %</i>		<i>27 %</i>	<i>18 %</i>	
Non-GAAP operating expenses	\$ 4,752	\$ 1,803	164 %	\$ 11,706	\$ 7,082	65 %
<i>% of non-GAAP net revenue</i>	<i>23 %</i>	<i>14 %</i>		<i>19 %</i>	<i>14 %</i>	
Non-GAAP operating income	\$ 1,843	\$ 655	181 %	\$ 5,113	\$ 2,225	130 %
<i>% of non-GAAP net revenue</i>	<i>9 %</i>	<i>5 %</i>		<i>8 %</i>	<i>4 %</i>	
Non-GAAP net income from continuing operations	\$ 1,091	\$ 382	186 %	\$ 2,687	\$ 1,053	155 %
<i>% of non-GAAP net revenue</i>	<i>5 %</i>	<i>3 %</i>		<i>4 %</i>	<i>2 %</i>	
Adjusted EBITDA	\$ 2,184	\$ 753	190 %	\$ 5,941	\$ 2,633	126 %
<i>% of non-GAAP net revenue</i>	<i>11 %</i>	<i>6 %</i>		<i>9 %</i>	<i>5 %</i>	

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

	Three Months Ended			Fiscal Year Ended		
	February 3, 2017	January 29, 2016	Change	February 3, 2017	January 29, 2016	Change
Net revenue	\$ 20,074	\$ 12,679	58 %	\$ 61,642	\$ 50,911	21 %
Non-GAAP adjustments:						
Impact of purchase accounting	507	89		1,180	459	
Non-GAAP net revenue	<u>\$ 20,581</u>	<u>\$ 12,768</u>	61 %	<u>\$ 62,822</u>	<u>\$ 51,370</u>	22 %
Gross margin	\$ 4,531	\$ 2,254	101 %	\$ 12,959	\$ 8,387	55 %
Non-GAAP adjustments:						
Impact of purchase accounting	1,110	104		2,007	512	
Amortization of intangibles	847	97		1,653	392	
Transaction-related expenses	18	—		43	6	
Other corporate expenses	89	3		157	10	
Non-GAAP gross margin	<u>\$ 6,595</u>	<u>\$ 2,458</u>	168 %	<u>\$ 16,819</u>	<u>\$ 9,307</u>	81 %
Operating expenses	\$ 6,199	\$ 2,280	172 %	\$ 16,211	\$ 8,901	82 %
Non-GAAP adjustments:						
Impact of purchase accounting	(130)	(25)		(287)	(92)	
Amortization of intangibles	(688)	(394)		(2,028)	(1,577)	
Transaction-related expenses	(141)	(42)		(1,445)	(103)	
Other corporate expenses	(488)	(16)		(745)	(47)	
Non-GAAP operating expenses	<u>\$ 4,752</u>	<u>\$ 1,803</u>	164 %	<u>\$ 11,706</u>	<u>\$ 7,082</u>	65 %
Operating loss	\$ (1,668)	\$ (26)	NM	\$ (3,252)	\$ (514)	(533)%
Non-GAAP adjustments:						
Impact of purchase accounting	1,240	129		2,294	604	
Amortization of intangibles	1,535	491		3,681	1,969	
Transaction-related expenses	159	42		1,488	109	
Other corporate expenses	577	19		902	57	
Non-GAAP operating income	<u>\$ 1,843</u>	<u>\$ 655</u>	181 %	<u>\$ 5,113</u>	<u>\$ 2,225</u>	130 %
Net loss from continuing operations	\$ (1,414)	\$ (168)	(742)%	\$ (3,737)	\$ (1,168)	(220)%
Non-GAAP adjustments:						
Impact of purchase accounting	1,240	129		2,294	604	
Amortization of intangibles	1,535	491		3,681	1,969	
Transaction-related expenses	159	42		1,485	83	
Other corporate expenses	577	19		902	77	
Aggregate adjustment for income taxes	(1,006)	(131)		(1,938)	(512)	
Non-GAAP net income from continuing operations	<u>\$ 1,091</u>	<u>\$ 382</u>	186 %	<u>\$ 2,687</u>	<u>\$ 1,053</u>	155 %
Net loss from continuing operations	\$ (1,414)	\$ (168)	(742)%	\$ (3,737)	\$ (1,168)	(220)%
Adjustments:						
Interest and other, net	742	172		2,104	772	
Income tax benefit	(996)	(30)		(1,619)	(118)	
Depreciation and amortization	2,041	623		4,840	2,494	
EBITDA	<u>\$ 373</u>	<u>\$ 597</u>	(38)%	<u>\$ 1,588</u>	<u>\$ 1,980</u>	(20)%
EBITDA	\$ 373	\$ 597	(38)%	\$ 1,588	\$ 1,980	(20)%
Adjustments:						
Stock-based compensation expense	215	17		392	63	
Impact of purchase accounting	1,075	95		1,926	487	
Transaction-related expenses	159	42		1,525	83	
Other corporate expenses	362	2		510	20	
Adjusted EBITDA	<u>\$ 2,184</u>	<u>\$ 753</u>	190 %	<u>\$ 5,941</u>	<u>\$ 2,633</u>	126 %