

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			Six Months Ended		
	August 4, 2017	July 29, 2016	Change	August 4, 2017	July 29, 2016	Change
Net revenue:						
Products	\$ 14,355	\$ 10,961	31 %	\$ 27,323	\$ 21,144	29 %
Services	4,944	2,119	133 %	9,792	4,177	134 %
Total net revenue	19,299	13,080	48 %	37,115	25,321	47 %
Cost of net revenue:						
Products	12,378	9,495	30 %	23,837	18,294	30 %
Services	2,112	1,249	69 %	4,167	2,498	67 %
Total cost of net revenue	14,490	10,744	35 %	28,004	20,792	35 %
Gross margin	4,809	2,336	106 %	9,111	4,529	101 %
Operating expenses:						
Selling, general, and administrative	4,695	2,023	132 %	9,364	4,091	129 %
Research and development	1,093	246	344 %	2,226	510	336 %
Total operating expenses	5,788	2,269	155 %	11,590	4,601	152 %
Operating income (loss)	(979)	67	NM	(2,479)	(72)	NM
Interest and other, net	(545)	(349)	(56)%	(1,118)	(568)	(97)%
Loss from continuing operations before income taxes	(1,524)	(282)	(440)%	(3,597)	(640)	(462)%
Income tax provision (benefit)	(546)	(20)	NM	(1,236)	46	NM
Net loss from continuing operations	(978)	(262)	(273)%	(2,361)	(686)	(244)%
Income from discontinued operations, net of income taxes	-	834	NA	-	1,313	NA
Net income (loss)	(978)	572	(271)%	(2,361)	627	(477)%
Less: Net loss attributable to non-controlling interests	(32)	(1)	NM	(81)	(1)	NM
Net income (loss) attributable to Dell Technologies Inc.	\$ (946)	\$ 573	(265)%	\$ (2,280)	\$ 628	(463)%
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Continuing operations - Class V Common Stock - basic	\$ 0.83	\$ -		\$ 1.40	\$ -	
Continuing operations - DHI Group - basic	\$ (1.97)	\$ (0.64)		\$ (4.53)	\$ (1.69)	
Discontinued operations - DHI Group - basic	\$ -	\$ 2.06		\$ -	\$ 3.24	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Continuing operations - Class V Common Stock - diluted	\$ 0.82	\$ -		\$ 1.38	\$ -	
Continuing operations - DHI Group - diluted	\$ (1.97)	\$ (0.64)		\$ (4.54)	\$ (1.69)	
Discontinued operations - DHI Group - diluted	\$ -	\$ 2.06		\$ -	\$ 3.24	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	203	-		205	-	
Diluted - Class V Common Stock	203	-		205	-	
Basic - DHI Group	566	405		566	405	
Diluted - DHI Group	566	405		566	405	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	25 %	18 %		25 %	18 %	
Selling, general, and administrative	24 %	15 %		25 %	16 %	
Research and development	6 %	2 %		6 %	2 %	
Operating expenses	30 %	17 %		31 %	18 %	
Operating income (loss)	(5)%	1 %		(7)%	(0)%	
Loss from continuing operations before income taxes	(8)%	(2)%		(10)%	(3)%	
Net loss from continuing operations	(5)%	(2)%		(6)%	(3)%	
Income tax rate	36 %	7 %		34 %	(7)%	

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

	August 4, 2017	February 3, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,213	\$ 9,474
Short-term investments	2,015	1,975
Accounts receivable, net	9,716	9,420
Short-term financing receivables, net	3,473	3,222
Inventories, net	2,594	2,538
Other current assets	5,194	4,144
Total current assets	32,205	30,773
Property, plant, and equipment, net	5,400	5,653
Long-term investments	4,022	3,802
Long-term financing receivables, net	3,199	2,651
Goodwill	39,407	38,910
Intangible assets, net	31,580	35,053
Other non-current assets	1,681	1,364
Total assets	\$ 117,494	\$ 118,206
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 7,686	\$ 6,329
Accounts payable	16,916	14,422
Accrued and other	6,798	7,119
Short-term deferred revenue	10,726	10,265
Total current liabilities	42,126	38,135
Long-term debt	41,374	43,061
Long-term deferred revenue	8,878	8,431
Other non-current liabilities	7,847	9,339
Total liabilities	100,225	98,966
Redeemable shares	333	231
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	10,947	13,243
Non-controlling interests	5,989	5,766
Total stockholders' equity	16,936	19,009
Total liabilities, redeemable shares, and stockholders' equity	\$ 117,494	\$ 118,206

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

	Three Months Ended		Six Months Ended	
	August 4, 2017	July 29, 2016	August 4, 2017	July 29, 2016
Cash flows from operating activities:				
Net income (loss)	\$ (978)	\$ 572	\$ (2,361)	\$ 627
Adjustments to reconcile net loss to net cash provided by operating activities	2,794	1,306	4,417	1,188
Change in cash from operating activities	<u>1,816</u>	<u>1,878</u>	<u>2,056</u>	<u>1,815</u>
Cash flows from investing activities:				
Investments:				
Purchases	(1,701)	(8)	(2,260)	(8)
Maturities and sales	1,085	6	2,058	18
Capital expenditures	(316)	(143)	(561)	(235)
Proceeds from sale of facilities, land, and other assets	-	15	-	19
Capitalized software development costs	(98)	-	(187)	-
Collections on purchased financing receivables	7	9	10	25
Acquisition of businesses, net	(211)	-	(223)	-
Divestitures of businesses, net	20	-	-	-
Asset acquisitions, net	(86)	-	(86)	-
Asset dispositions, net	(41)	-	(41)	-
Other	-	(40)	-	(40)
Change in cash from investing activities	<u>(1,341)</u>	<u>(161)</u>	<u>(1,290)</u>	<u>(221)</u>
Cash flows from financing activities:				
Payment of dissenting shares obligation	-	(446)	-	(446)
Proceeds from the issuance of common stock of subsidiaries	72	(2)	80	100
Repurchases of DHI Group Common Stock	-	(2)	(2)	(2)
Repurchases of Class V Common Stock	(54)	-	(422)	-
Issuance of common stock under employee plans	-	-	1	-
Payments for debt issuance costs	-	(13)	(5)	(15)
Proceeds from debt	1,335	1,596	4,776	2,148
Repayments of debt	(2,155)	(1,597)	(5,309)	(2,638)
Repurchases for tax withholdings on vesting of equity awards	(68)	(1)	(194)	(2)
Other	-	3	-	6
Change in cash from financing activities	<u>(870)</u>	<u>(462)</u>	<u>(1,075)</u>	<u>(849)</u>
Effect of exchange rate changes on cash and cash equivalents	54	(21)	48	52
Change in cash and cash equivalents	(341)	1,234	(261)	797
Cash and cash equivalents at beginning of the period, including amounts held for sale	9,554	6,139	9,474	6,576
Cash and cash equivalents at end of the period	\$ 9,213	\$ 7,373	\$ 9,213	\$ 7,373
Less: Cash included in current assets held for sale	-	147	-	147
Cash and cash equivalents from continuing operations	<u>\$ 9,213</u>	<u>\$ 7,226</u>	<u>\$ 9,213</u>	<u>\$ 7,226</u>

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

	Three Months Ended			Six Months Ended		
	August 4, 2017	July 29, 2016	Change	August 4, 2017	July 29, 2016	Change
<u>Client Solutions Group (CSG):</u>						
Net Revenue:						
Commercial	\$ 7,196	\$ 6,798	6 %	\$ 13,546	\$ 12,943	5 %
Consumer	2,655	2,422	10 %	5,361	4,848	11 %
Total CSG net revenue	\$ 9,851	\$ 9,220	7 %	\$ 18,907	\$ 17,791	6 %
Operating Income:						
CSG operating income	\$ 566	\$ 484	17 %	\$ 940	\$ 869	8 %
% of CSG net revenue	6 %	5 %		5 %	5 %	
% of total segment operating income	36 %	62 %		34 %	64 %	
<u>Infrastructure Solutions Group (ISG):</u>						
Net Revenue:						
Servers and networking	\$ 3,740	\$ 3,237	16 %	\$ 6,971	\$ 6,312	10 %
Storage	3,666	542	576 %	7,351	1,080	581 %
Total ISG net revenue	\$ 7,406	\$ 3,779	96 %	\$ 14,322	\$ 7,392	94 %
Operating Income:						
ISG operating income	\$ 430	\$ 300	43 %	\$ 753	\$ 492	53 %
% of ISG net revenue	6 %	8 %		5 %	7 %	
% of total segment operating income	28 %	38 %		27 %	36 %	
<u>VMware:</u>						
Net Revenue:						
Total VMware net revenue	\$ 1,907	\$ —	NA	\$ 3,643	\$ —	NA
Operating Income:						
VMware operating income	\$ 561	\$ —	NA	\$ 1,047	\$ —	NA
% of VMware net revenue	29 %	NA		29 %	NA	
% of total segment operating income	36 %	NA		38 %	NA	
<u>Reconciliation to consolidated net revenue:</u>						
Reportable segment net revenue	\$ 19,164	\$ 12,999		\$ 36,872	\$ 25,183	
Other businesses (a)	472	118		934	228	
Unallocated transactions (b)	(2)	28		(1)	53	
Impact of purchase accounting (c)	(335)	(65)		(690)	(143)	
Total net revenue	\$ 19,299	\$ 13,080		\$ 37,115	\$ 25,321	
<u>Reconciliation to consolidated operating income (loss):</u>						
Reportable segment operating income	\$ 1,557	\$ 784		\$ 2,740	\$ 1,361	
Other businesses (a)	1	(11)		4	(27)	
Unallocated transactions (b)	(6)	(17)		5	(39)	
Impact of purchase accounting (c)	(406)	(98)		(829)	(204)	
Amortization of intangibles	(1,740)	(491)		(3,516)	(982)	
Transaction-related expenses (d)	(138)	(72)		(329)	(129)	
Other corporate expenses (e)	(247)	(28)		(554)	(52)	
Total operating income (loss)	\$ (979)	\$ 67		\$ (2,479)	\$ (72)	

(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.

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)

	Three Months Ended			Six Months Ended		
	August 4, 2017	July 29, 2016	Change	August 4, 2017	July 29, 2016	Change
Non-GAAP net revenue	\$ 19,634	\$ 13,145	49 %	\$ 37,805	\$ 25,464	48 %
Non-GAAP gross margin	\$ 6,100	\$ 2,515	143 %	\$ 11,746	\$ 4,900	140 %
<i>% of non-GAAP net revenue</i>	<i>31 %</i>	<i>19 %</i>		<i>31 %</i>	<i>19 %</i>	
Non-GAAP operating expenses	\$ 4,548	\$ 1,759	159 %	\$ 8,997	\$ 3,605	150 %
<i>% of non-GAAP net revenue</i>	<i>23 %</i>	<i>13 %</i>		<i>24 %</i>	<i>14 %</i>	
Non-GAAP operating income	\$ 1,552	\$ 756	105 %	\$ 2,749	\$ 1,295	112 %
<i>% of non-GAAP net revenue</i>	<i>8 %</i>	<i>6 %</i>		<i>7 %</i>	<i>5 %</i>	
Non-GAAP net income from continuing operations	\$ 873	\$ 362	141 %	\$ 1,454	\$ 626	132 %
<i>% of non-GAAP net revenue</i>	<i>4 %</i>	<i>3 %</i>		<i>4 %</i>	<i>2 %</i>	
Adjusted EBITDA	\$ 1,866	\$ 884	111 %	\$ 3,433	\$ 1,527	125 %
<i>% of non-GAAP net revenue</i>	<i>10 %</i>	<i>7 %</i>		<i>9 %</i>	<i>6 %</i>	

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

	Three Months Ended			Six Months Ended		
	August 4, 2017	July 29, 2016	Change	August 4, 2017	July 29, 2016	Change
Net revenue	\$ 19,299	\$ 13,080	48 %	\$ 37,115	\$ 25,321	47 %
Non-GAAP adjustments:						
Impact of purchase accounting	335	65		690	143	
Non-GAAP net revenue	\$ 19,634	\$ 13,145	49 %	\$ 37,805	\$ 25,464	48 %
Gross margin	\$ 4,809	\$ 2,336	106 %	\$ 9,111	\$ 4,529	101 %
Non-GAAP adjustments:						
Impact of purchase accounting	348	79		713	168	
Amortization of intangibles	920	101		1,870	202	
Transaction-related expenses	10	(4)		17	(5)	
Other corporate expenses	13	3		35	6	
Non-GAAP gross margin	\$ 6,100	\$ 2,515	143 %	\$ 11,746	\$ 4,900	140 %
Operating expenses	\$ 5,788	\$ 2,269	155 %	\$ 11,590	\$ 4,601	152 %
Non-GAAP adjustments:						
Impact of purchase accounting	(58)	(19)		(116)	(36)	
Amortization of intangibles	(820)	(390)		(1,646)	(780)	
Transaction-related expenses	(128)	(76)		(312)	(134)	
Other corporate expenses	(234)	(25)		(519)	(46)	
Non-GAAP operating expenses	\$ 4,548	\$ 1,759	159 %	\$ 8,997	\$ 3,605	150 %
Operating income (loss)	\$ (979)	\$ 67	NM	\$ (2,479)	\$ (72)	NM
Non-GAAP adjustments:						
Impact of purchase accounting	406	98		829	204	
Amortization of intangibles	1,740	491		3,516	982	
Transaction-related expenses	138	72		329	129	
Other corporate expenses	247	28		554	52	
Non-GAAP operating income	\$ 1,552	\$ 756	105 %	\$ 2,749	\$ 1,295	112 %
Net loss from continuing operations	\$ (978)	\$ (262)	(273)%	\$ (2,361)	\$ (686)	(244)%
Non-GAAP adjustments:						
Impact of purchase accounting	406	98		829	204	
Amortization of intangibles	1,740	491		3,516	982	
Transaction-related expenses	138	69		329	126	
Other corporate expenses	247	28		554	52	
Aggregate adjustment for income taxes	(680)	(62)		(1,413)	(52)	
Non-GAAP net income from continuing operations	\$ 873	\$ 362	141 %	\$ 1,454	\$ 626	132 %
Net loss from continuing operations	\$ (978)	\$ (262)	(273)%	\$ (2,361)	\$ (686)	(244)%
Adjustments:						
Interest and other, net	545	349		1,118	568	
Income tax provision (benefit)	(546)	(20)		(1,236)	46	
Depreciation and amortization	2,142	605		4,354	1,223	
EBITDA	\$ 1,163	\$ 672	73 %	\$ 1,875	\$ 1,151	63 %
EBITDA	\$ 1,163	\$ 672	73 %	\$ 1,875	\$ 1,151	63 %
Adjustments:						
Stock-based compensation expense	208	19		409	33	
Impact of purchase accounting	335	75		692	158	
Transaction-related expenses	138	109		329	166	
Other corporate expenses	22	9		128	19	
Adjusted EBITDA	\$ 1,866	\$ 884	111 %	\$ 3,433	\$ 1,527	125 %