

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

	<u>Three Months Ended</u>		<u>Change</u>
	<u>May 4, 2018</u>	<u>May 5, 2017</u>	
Net revenue:			
Products	\$ 16,671	\$ 13,634	22 %
Services	4,685	4,366	7 %
Total net revenue	<u>21,356</u>	<u>18,000</u>	19 %
Cost of net revenue:			
Products	13,606	11,823	15 %
Services	1,872	1,720	9 %
Total cost of net revenue	<u>15,478</u>	<u>13,543</u>	14 %
Gross margin	5,878	4,457	32 %
Operating expenses:			
Selling, general, and administrative	4,944	4,596	8 %
Research and development	1,087	1,133	(4)%
Total operating expenses	<u>6,031</u>	<u>5,729</u>	5 %
Operating loss	(153)	(1,272)	88 %
Interest and other, net	(470)	(572)	18 %
Loss before income taxes	(623)	(1,844)	66 %
Income tax benefit	(85)	(641)	87 %
Net loss	(538)	(1,203)	55 %
Less: Net income (loss) attributable to non-controlling interests	98	(32)	406 %
Net loss attributable to Dell Technologies Inc.	<u>\$ (636)</u>	<u>\$ (1,171)</u>	46 %
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:			
Class V Common Stock - basic	\$ 2.36	\$ 0.60	
DHI Group - basic	\$ (1.95)	\$ (2.29)	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:			
Class V Common Stock - diluted	\$ 2.33	\$ 0.59	
DHI Group - diluted	\$ (1.95)	\$ (2.29)	
Weighted-average shares outstanding:			
Basic - Class V Common Stock	199	207	
Diluted - Class V Common Stock	199	207	
Basic - DHI Group	568	566	
Diluted - DHI Group	568	566	
<u>Percentage of Total Net Revenue:</u>			
Gross margin	28 %	25 %	
Selling, general, and administrative	23 %	26 %	
Research and development	5 %	6 %	
Operating expenses	28 %	32 %	
Operating loss	(1)%	(7)%	
Loss before income taxes	(3)%	(10)%	
Net loss	(3)%	(7)%	
Income tax rate	14 %	35 %	

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

	May 4, 2018	February 2, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,324	\$ 13,942
Short-term investments	2,402	2,187
Accounts receivable, net	10,561	11,721
Short-term financing receivables, net	3,962	3,919
Inventories, net	2,933	2,678
Other current assets	6,049	5,881
Total current assets	41,231	40,328
Property, plant, and equipment, net	5,303	5,390
Long-term investments	3,943	4,163
Long-term financing receivables, net	3,799	3,724
Goodwill	39,656	39,920
Intangible assets, net	26,737	28,265
Other non-current assets	2,548	2,403
Total assets	\$ 123,217	\$ 124,193
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 7,133	\$ 7,873
Accounts payable	18,534	18,334
Accrued and other	6,952	8,026
Short-term deferred revenue	11,495	11,606
Total current liabilities	44,114	45,839
Long-term debt	44,770	43,998
Long-term deferred revenue	9,464	9,210
Other non-current liabilities	7,045	7,277
Total liabilities	105,393	106,324
Redeemable shares	844	384
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	10,485	11,719
Non-controlling interests	6,495	5,766
Total stockholders' equity	16,980	17,485
Total liabilities, redeemable shares, and stockholders' equity	\$ 123,217	\$ 124,193

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

	Three Months Ended	
	May 4, 2018	May 5, 2017
Cash flows from operating activities:		
Net loss	\$ (538)	\$ (1,203)
Adjustments to reconcile net loss to net cash provided by operating activities	1,697	1,488
Change in cash from operating activities	<u>1,159</u>	<u>285</u>
Cash flows from investing activities:		
Investments:		
Purchases	(439)	(559)
Maturities and sales	531	973
Capital expenditures	(273)	(245)
Proceeds from sale of facilities, land, and other assets	10	—
Capitalized software development costs	(89)	(89)
Collections on purchased financing receivables	10	3
Acquisition of businesses, net	—	(12)
Divestitures of businesses, net	142	(20)
Asset acquisitions, net	(38)	—
Asset dispositions, net	(3)	—
Change in cash from investing activities	<u>(149)</u>	<u>51</u>
Cash flows from financing activities:		
Share repurchases for tax withholdings of equity awards	(100)	(126)
Proceeds from the issuance of common stock of subsidiaries	642	8
Repurchases of DHI Group Common Stock	(37)	(2)
Repurchases of Class V Common Stock	—	(368)
Payments for debt issuance costs	(3)	(5)
Proceeds from debt	1,863	3,421
Repayments of debt	(1,822)	(3,116)
Other	—	1
Change in cash from financing activities	<u>543</u>	<u>(187)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(86)	(6)
Change in cash, cash equivalents, and restricted cash	1,467	143
Cash, cash equivalents, and restricted cash at beginning of the period	14,378	9,832
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 15,845</u>	<u>\$ 9,975</u>

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

	Three Months Ended		Change
	May 4, 2018	May 5, 2017	
<u>Infrastructure Solutions Group (ISG):</u>			
Net Revenue:			
Servers and networking	\$ 4,585	\$ 3,256	41 %
Storage	4,082	3,705	10 %
Total ISG net revenue	<u>\$ 8,667</u>	<u>\$ 6,961</u>	25 %
Operating Income:			
ISG operating income	<u>\$ 939</u>	<u>\$ 506</u>	86 %
% of ISG net revenue	11 %	7 %	
% of total segment operating income	45 %	35 %	
<u>Client Solutions Group (CSG):</u>			
Net Revenue:			
Commercial	\$ 7,363	\$ 6,342	16 %
Consumer	2,908	2,706	7 %
Total CSG net revenue	<u>\$ 10,271</u>	<u>\$ 9,048</u>	14 %
Operating Income:			
CSG operating income	<u>\$ 533</u>	<u>\$ 325</u>	64 %
% of CSG net revenue	5 %	4 %	
% of total segment operating income	26 %	23 %	
<u>VMware:</u>			
Net Revenue:			
Total VMware net revenue	<u>\$ 2,028</u>	<u>\$ 1,818</u>	12 %
Operating Income:			
VMware operating income	<u>\$ 613</u>	<u>\$ 611</u>	0 %
% of VMware net revenue	30 %	34 %	
% of total segment operating income	29 %	42 %	
<u>Reconciliation to consolidated net revenue:</u>			
Reportable segment net revenue	\$ 20,966	\$ 17,827	
Other businesses (a)	579	529	
Unallocated transactions (b)	(2)	(1)	
Impact of purchase accounting (c)	(187)	(355)	
Total net revenue	<u>\$ 21,356</u>	<u>\$ 18,000</u>	
<u>Reconciliation to consolidated operating income (loss):</u>			
Reportable segment operating income	\$ 2,085	\$ 1,442	
Other businesses (a)	(50)	(23)	
Unallocated transactions (b)	(9)	6	
Impact of purchase accounting (c)	(222)	(423)	
Amortization of intangibles	(1,522)	(1,776)	
Transaction-related expenses (d)	(166)	(191)	
Other corporate expenses (e)	(269)	(307)	
Total operating loss	<u>\$ (153)</u>	<u>\$ (1,272)</u>	

(a) Other businesses consist of RSA Information Security, Pivotal, SecureWorks, Virtustream, 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, 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		Change
	May 4, 2018	May 5, 2017	
Non-GAAP net revenue	\$ 21,543	\$ 18,355	17 %
Non-GAAP gross margin	\$ 6,919	\$ 5,801	19 %
<i>% of non-GAAP net revenue</i>	<i>32 %</i>	<i>32 %</i>	
Non-GAAP operating expenses	\$ 4,893	\$ 4,376	12 %
<i>% of non-GAAP net revenue</i>	<i>23 %</i>	<i>24 %</i>	
Non-GAAP operating income	\$ 2,026	\$ 1,425	42 %
<i>% of non-GAAP net revenue</i>	<i>9 %</i>	<i>8 %</i>	
Non-GAAP net income	\$ 1,174	\$ 761	54 %
<i>% of non-GAAP net revenue</i>	<i>5 %</i>	<i>4 %</i>	
Adjusted EBITDA	\$ 2,383	\$ 1,795	33 %
<i>% of non-GAAP net revenue</i>	<i>11 %</i>	<i>10 %</i>	

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

	Three Months Ended		Change
	May 4, 2018	May 5, 2017	
Net revenue	\$ 21,356	\$ 18,000	19 %
Non-GAAP adjustments:			
Impact of purchase accounting	187	355	
Non-GAAP net revenue	<u>\$ 21,543</u>	<u>\$ 18,355</u>	17 %
Gross margin	\$ 5,878	\$ 4,457	32 %
Non-GAAP adjustments:			
Amortization of intangibles	710	950	
Impact of purchase accounting	193	365	
Transaction related	116	7	
Other corporate expenses	22	22	
Non-GAAP gross margin	<u>\$ 6,919</u>	<u>\$ 5,801</u>	19 %
Operating expenses	\$ 6,031	\$ 5,729	5 %
Non-GAAP adjustments:			
Amortization of intangibles	(812)	(826)	
Impact of purchase accounting	(29)	(58)	
Transaction related	(50)	(184)	
Other corporate expenses	(247)	(285)	
Non-GAAP operating expenses	<u>\$ 4,893</u>	<u>\$ 4,376</u>	12 %
Operating loss	\$ (153)	\$ (1,272)	88 %
Non-GAAP adjustments:			
Amortization of intangibles	1,522	1,776	
Impact of purchase accounting	222	423	
Transaction related	166	191	
Other corporate expenses	269	307	
Non-GAAP operating income	<u>\$ 2,026</u>	<u>\$ 1,425</u>	42 %
Net loss	\$ (538)	\$ (1,203)	55 %
Non-GAAP adjustments:			
Amortization of intangibles	1,522	1,776	
Impact of purchase accounting	222	423	
Transaction related	166	191	
Other corporate expenses	269	307	
Aggregate adjustment for income taxes	(467)	(733)	
Non-GAAP net income	<u>\$ 1,174</u>	<u>\$ 761</u>	54 %
Net loss	\$ (538)	\$ (1,203)	55 %
Adjustments:			
Interest and other, net	470	572	
Income tax benefit	(85)	(641)	
Depreciation and amortization	1,914	2,212	
EBITDA	<u>\$ 1,761</u>	<u>\$ 940</u>	87 %
EBITDA	\$ 1,761	\$ 940	87 %
Adjustments:			
Stock-based compensation expense	199	201	
Impact of purchase accounting	222	357	
Transaction-related expenses	166	191	
Other corporate expenses	35	106	
Adjusted EBITDA	<u>\$ 2,383</u>	<u>\$ 1,795</u>	33 %