

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			Nine Months Ended		
	November 3, 2017	October 28, 2016	Change	November 3, 2017	October 28, 2016	Change
Net revenue:						
Products	\$ 14,680	\$ 12,366	19 %	\$ 42,003	\$ 33,510	25 %
Services	4,930	3,881	27 %	14,722	8,058	83 %
Total net revenue	19,610	16,247	21 %	56,725	41,568	36 %
Cost of net revenue:						
Products	12,369	10,562	17 %	36,206	28,856	25 %
Services	2,078	1,786	16 %	6,245	4,284	46 %
Total cost of net revenue	14,447	12,348	17 %	42,451	33,140	28 %
Gross margin	5,163	3,899	32 %	14,274	8,428	69 %
Operating expenses:						
Selling, general, and administrative	4,625	4,556	2 %	13,989	8,647	62 %
Research and development	1,071	855	25 %	3,297	1,365	142 %
Total operating expenses	5,696	5,411	5 %	17,286	10,012	73 %
Operating loss	(533)	(1,512)	65 %	(3,012)	(1,584)	(90)%
Interest and other, net	(682)	(794)	14 %	(1,800)	(1,362)	(32)%
Loss from continuing operations before income taxes	(1,215)	(2,306)	47 %	(4,812)	(2,946)	(63)%
Income tax benefit	(274)	(669)	59 %	(1,510)	(623)	(142)%
Net loss from continuing operations	(941)	(1,637)	43 %	(3,302)	(2,323)	(42)%
Income (loss) from discontinued operations, net of income taxes	—	(438)	100 %	—	875	(100)%
Net loss	(941)	(2,075)	55 %	(3,302)	(1,448)	(128)%
Less: Net loss attributable to non-controlling interests	(4)	(11)	64 %	(85)	(12)	(608)%
Net loss attributable to Dell Technologies Inc.	\$ (937)	\$ (2,064)	55 %	\$ (3,217)	\$ (1,436)	(124)%
Earnings (loss) per share attributable to Dell Technologies Inc. - basic:						
Continuing operations - Class V Common Stock - basic	\$ 1.10	\$ 0.79		\$ 2.50	\$ 0.79	
Continuing operations - DHI Group - basic	\$ (2.05)	\$ (3.62)		\$ (6.57)	\$ (5.70)	
Discontinued operations - DHI Group - basic	\$ —	\$ (0.88)		\$ —	\$ 2.01	
Earnings (loss) per share attributable to Dell Technologies Inc. - diluted:						
Continuing operations - Class V Common Stock - diluted	\$ 1.09	\$ 0.78		\$ 2.46	\$ 0.78	
Continuing operations - DHI Group - diluted	\$ (2.05)	\$ (3.63)		\$ (6.58)	\$ (5.70)	
Discontinued operations - DHI Group - diluted	\$ —	\$ (0.88)		\$ —	\$ 2.01	
Weighted-average shares outstanding:						
Basic - Class V Common Stock	202	222		204	222	
Diluted - Class V Common Stock	202	222		204	222	
Basic - DHI Group	567	497		567	436	
Diluted - DHI Group	567	497		567	436	
<u>Percentage of Total Net Revenue:</u>						
Gross margin	26 %	24 %		25 %	20 %	
Selling, general, and administrative	24 %	28 %		25 %	21 %	
Research and development	5 %	5 %		6 %	3 %	
Operating expenses	29 %	33 %		30 %	24 %	
Operating loss	(3)%	(9)%		(5)%	(4)%	
Loss from continuing operations before income taxes	(6)%	(14)%		(8)%	(7)%	
Net loss from continuing operations	(5)%	(10)%		(6)%	(6)%	
Income tax rate	23 %	29 %		31 %	21 %	

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

	November 3, 2017	February 3, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,706	\$ 9,474
Short-term investments	2,008	1,975
Accounts receivable, net	9,189	9,420
Short-term financing receivables, net	3,643	3,222
Inventories, net	2,582	2,538
Other current assets	5,397	4,144
Total current assets	34,525	30,773
Property, plant, and equipment, net	5,378	5,653
Long-term investments	4,273	3,802
Long-term financing receivables, net	3,317	2,651
Goodwill	39,330	38,910
Intangible assets, net	29,846	35,053
Other non-current assets	1,725	1,364
Total assets	\$ 118,394	\$ 118,206
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 6,235	\$ 6,329
Accounts payable	16,711	14,422
Accrued and other	6,901	7,119
Short-term deferred revenue	10,895	10,265
Total current liabilities	40,742	38,135
Long-term debt	45,416	43,061
Long-term deferred revenue	9,161	8,431
Other non-current liabilities	7,487	9,339
Total liabilities	102,806	98,966
Redeemable shares	362	231
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	9,519	13,243
Non-controlling interests	5,707	5,766
Total stockholders' equity	15,226	19,009
Total liabilities, redeemable shares, and stockholders' equity	\$ 118,394	\$ 118,206

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

	Three Months Ended		Nine Months Ended	
	November 3, 2017	October 28, 2016	November 3, 2017	October 28, 2016
Cash flows from operating activities:				
Net loss	\$ (941)	\$ (2,075)	\$ (3,302)	\$ (1,448)
Adjustments to reconcile net loss to net cash provided by operating activities	2,564	1,829	6,981	3,017
Change in cash from operating activities	1,623	(246)	3,679	1,569
Cash flows from investing activities:				
Investments:				
Purchases	(1,194)	(503)	(3,454)	(511)
Maturities and sales	935	543	2,993	561
Capital expenditures	(341)	(182)	(902)	(417)
Proceeds from sale of facilities, land, and other assets	—	5	—	24
Capitalized software development costs	(94)	(85)	(281)	(85)
Collections on purchased financing receivables	15	6	25	31
Acquisition of businesses, net	—	(37,614)	(223)	(37,614)
Divestitures of businesses, net	—	—	—	—
Asset acquisitions, net	(9)	—	(95)	—
Asset dispositions, net	(12)	—	(53)	—
Other	—	(8)	—	(48)
Change in cash from investing activities	(700)	(37,838)	(1,990)	(38,059)
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	30	1	110	101
Repurchases of DHI Group Common Stock	(4)	(8)	(6)	(10)
Repurchases of Class V Common Stock	(300)	(132)	(722)	(132)
Repurchases of common stock of subsidiaries	(555)	(611)	(555)	(611)
Issuance of common stock under employee plans	—	—	1	—
Payments for debt issuance costs	(39)	(834)	(44)	(849)
Proceeds from debt	8,416	43,838	13,192	45,986
Repayments of debt	(5,872)	(7,000)	(11,181)	(9,638)
Share repurchases for tax withholdings on vesting of equity awards	(105)	(26)	(299)	(28)
Other	—	4	—	10
Change in cash from financing activities	1,571	39,636	496	38,787
Effect of exchange rate changes on cash and cash equivalents	(1)	(21)	47	31
Change in cash and cash equivalents	2,493	1,531	2,232	2,328
Cash and cash equivalents at beginning of period, including amounts held for sale	9,213	7,373	9,474	6,576
Cash and cash equivalents at end of the period	\$ 11,706	\$ 8,904	\$ 11,706	\$ 8,904
Less: Cash included in current assets held for sale	—	82	—	82
Cash and cash equivalents from continuing operations	\$ 11,706	\$ 8,822	\$ 11,706	\$ 8,822

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

	Three Months Ended			Nine Months Ended		
	November 3, 2017	October 28, 2016	Change	November 3, 2017	October 28, 2016	Change
<u>Client Solutions Group (CSG):</u>						
Net Revenue:						
Commercial	\$ 6,907	\$ 6,400	8 %	\$ 20,453	\$ 19,343	6 %
Consumer	3,052	2,787	10 %	8,413	7,635	10 %
Total CSG net revenue	\$ 9,959	\$ 9,187	8 %	\$ 28,866	\$ 26,978	7 %
Operating Income:						
CSG operating income	\$ 672	\$ 634	6 %	\$ 1,612	\$ 1,503	7 %
% of CSG net revenue	7 %	7 %		6 %	6 %	
% of total segment operating income	34 %	30 %		34 %	44 %	
<u>Infrastructure Solutions Group (ISG):</u>						
Net Revenue:						
Servers and networking	\$ 3,851	\$ 2,910	32 %	\$ 10,822	\$ 9,222	17 %
Storage	3,667	3,079	19 %	11,018	4,159	165 %
Total ISG net revenue	\$ 7,518	\$ 5,989	26 %	\$ 21,840	\$ 13,381	63 %
Operating Income:						
ISG operating income	\$ 678	\$ 897	(24)%	\$ 1,431	\$ 1,389	3 %
% of ISG net revenue	9 %	15 %		7 %	10 %	
% of total segment operating income	34 %	43 %		30 %	40 %	
<u>VMware:</u>						
Net Revenue:						
Total VMware net revenue	\$ 1,953	\$ 1,289	52 %	\$ 5,596	\$ 1,289	334 %
Operating Income:						
VMware operating income	\$ 639	\$ 548	17 %	\$ 1,686	\$ 548	208 %
% of VMware net revenue	33 %	43 %		30 %	43 %	
% of total segment operating income	32 %	26 %		36 %	16 %	
<u>Reconciliation to consolidated net revenue:</u>						
Reportable segment net revenue	\$ 19,430	\$ 16,465		\$ 56,302	\$ 41,648	
Other businesses (a)	475	312		1,409	530	
Unallocated transactions (b)	—	—		(1)	63	
Impact of purchase accounting (c)	(295)	(530)		(985)	(673)	
Total net revenue	\$ 19,610	\$ 16,247		\$ 56,725	\$ 41,568	
<u>Reconciliation to consolidated operating income (loss):</u>						
Reportable segment operating income	\$ 1,989	\$ 2,079		\$ 4,729	\$ 3,440	
Other businesses (a)	6	(13)		10	(48)	
Unallocated transactions (b)	(9)	(91)		(4)	(122)	
Impact of purchase accounting (c)	(366)	(850)		(1,195)	(1,054)	
Amortization of intangibles	(1,734)	(1,164)		(5,250)	(2,146)	
Transaction-related expenses (d)	(86)	(1,200)		(415)	(1,329)	
Other corporate expenses (e)	(333)	(273)		(887)	(325)	
Total operating loss	\$ (533)	\$ (1,512)		\$ (3,012)	\$ (1,584)	

(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			Nine Months Ended		
	November 3, 2017	October 28, 2016	Change	November 3, 2017	October 28, 2016	Change
Non-GAAP net revenue	\$ 19,905	\$ 16,777	19 %	\$ 57,710	\$ 42,241	37 %
Non-GAAP gross margin	\$ 6,417	\$ 5,324	21 %	\$ 18,163	\$ 10,224	78 %
<i>% of non-GAAP net revenue</i>	32 %	32 %		31 %	24 %	
Non-GAAP operating expenses	\$ 4,431	\$ 3,349	32 %	\$ 13,428	\$ 6,954	93 %
<i>% of non-GAAP net revenue</i>	22 %	20 %		23 %	16 %	
Non-GAAP operating income	\$ 1,986	\$ 1,975	1 %	\$ 4,735	\$ 3,270	45 %
<i>% of non-GAAP net revenue</i>	10 %	12 %		8 %	8 %	
Non-GAAP net income from continuing operations	\$ 1,109	\$ 970	14 %	\$ 2,563	\$ 1,596	61 %
<i>% of non-GAAP net revenue</i>	6 %	6 %		4 %	4 %	
Adjusted EBITDA	\$ 2,318	\$ 2,230	4 %	\$ 5,751	\$ 3,757	53 %
<i>% of non-GAAP net revenue</i>	12 %	13 %		10 %	9 %	

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

	Three Months Ended			Nine Months Ended		
	November 3, 2017	October 28, 2016	Change	November 3, 2017	October 28, 2016	Change
Net revenue	\$ 19,610	\$ 16,247	21 %	\$ 56,725	\$ 41,568	36 %
Non-GAAP adjustments:						
Impact of purchase accounting	295	530		985	673	
Non-GAAP net revenue	\$ 19,905	\$ 16,777	19 %	\$ 57,710	\$ 42,241	37 %
Gross margin	\$ 5,163	\$ 3,899	32 %	\$ 14,274	\$ 8,428	69 %
Non-GAAP adjustments:						
Impact of purchase accounting	307	729		1,020	897	
Amortization of intangibles	914	604		2,784	806	
Transaction-related expenses	5	30		22	25	
Other corporate expenses	28	62		63	68	
Non-GAAP gross margin	\$ 6,417	\$ 5,324	21 %	\$ 18,163	\$ 10,224	78 %
Operating expenses	\$ 5,696	\$ 5,411	5 %	\$ 17,286	\$ 10,012	73 %
Non-GAAP adjustments:						
Impact of purchase accounting	(59)	(121)		(175)	(157)	
Amortization of intangibles	(820)	(560)		(2,466)	(1,340)	
Transaction-related expenses	(81)	(1,170)		(393)	(1,304)	
Other corporate expenses	(305)	(211)		(824)	(257)	
Non-GAAP operating expenses	\$ 4,431	\$ 3,349	32 %	\$ 13,428	\$ 6,954	93 %
Operating loss	\$ (533)	\$ (1,512)	65 %	\$ (3,012)	\$ (1,584)	(90)%
Non-GAAP adjustments:						
Impact of purchase accounting	366	850		1,195	1,054	
Amortization of intangibles	1,734	1,164		5,250	2,146	
Transaction-related expenses	86	1,200		415	1,329	
Other corporate expenses	333	273		887	325	
Non-GAAP operating income	\$ 1,986	\$ 1,975	1 %	\$ 4,735	\$ 3,270	45 %
Net loss from continuing operations	\$ (941)	\$ (1,637)	43 %	\$ (3,302)	\$ (2,323)	(42)%
Non-GAAP adjustments:						
Impact of purchase accounting	366	850		1,195	1,054	
Amortization of intangibles	1,734	1,164		5,250	2,146	
Transaction-related expenses	86	1,200		415	1,326	
Other corporate expenses	333	273		887	325	
Aggregate adjustment for income taxes	(469)	(880)		(1,882)	(932)	
Non-GAAP net income from continuing operations	\$ 1,109	\$ 970	14 %	\$ 2,563	\$ 1,596	61 %
Net loss from continuing operations	\$ (941)	\$ (1,637)	43 %	\$ (3,302)	\$ (2,323)	(42)%
Adjustments:						
Interest and other, net	682	794		1,800	1,362	
Income tax benefit	(274)	(669)		(1,510)	(623)	
Depreciation and amortization	2,137	1,576		6,491	2,799	
EBITDA	\$ 1,604	\$ 64	NM	\$ 3,479	\$ 1,215	186 %
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Adjustments:						
Stock-based compensation expense	221	144		630	177	
Impact of purchase accounting	298	693		990	851	
Transaction-related expenses	86	1,200		415	1,366	
Other corporate expenses	109	129		237	148	
Adjusted EBITDA	\$ 2,318	\$ 2,230	4 %	\$ 5,751	\$ 3,757	53 %