

**DELL INC.**

**Condensed Consolidated Statement of Income and Related Financial Highlights**

(in millions, except per share data or as otherwise noted)

(unaudited)

	Three Months Ended			% Growth Rates	
	November 2, 2007	August 3, 2007	November 3, 2006	Sequential	Yr. to Yr.
Net revenue .....	\$ 15,646	\$ 14,776	\$ 14,419	6%	9%
Cost of revenue.....	12,758	11,825	12,028	8%	6%
Gross margin .....	2,888	2,951	2,391	(2%)	21%
Selling, general and administrative .....	1,900	1,894	1,531	0%	24%
Research, development and engineering .....	159	155	126	3%	27%
Total operating expenses.....	2,059	2,049	1,657	0%	24%
Operating income .....	829	902	734	(8%)	13%
Investment and other income, net .....	107	96	66	11%	62%
Income before income taxes .....	936	998	800	(6%)	17%
Income tax provision .....	170	252	199	(33%)	(14%)
Net income .....	\$ 766	\$ 746	\$ 601	3%	27%
Earnings per common share:					
Basic .....	\$ 0.34	\$ 0.33	\$ 0.27	3%	26%
Diluted .....	\$ 0.34	\$ 0.33	\$ 0.27	3%	26%
Weighted average shares outstanding:					
Basic .....	2,236	2,237	2,229		
Diluted .....	2,266	2,264	2,238		
<b><u>Percentage of Total Net Revenue:</u></b>					
Gross margin	18.5%	19.9%	16.6%		
Selling, general and administrative	12.2%	12.8%	10.6%		
Research, development and engineering	1.0%	1.0%	0.9%		
Operating expenses	13.2%	13.8%	11.5%		
Operating income	5.3%	6.1%	5.1%		
Income before income taxes	6.0%	6.8%	5.6%		
Net income	4.9%	5.1%	4.2%		
Income tax rate	18.2%	25.3%	24.9%		
<b><u>Net Revenue by Geographic Region (in billions):</u></b>					
Americas	\$ 9.7	\$ 9.2	\$ 9.2	5%	5%
Europe	3.8	3.5	3.4	10%	14%
Asia Pacific - Japan	2.1	2.1	1.8	2%	18%
<b><u>Percentage of Total Net Revenue:</u></b>					
Americas	62%	62%	64%		
Europe	24%	24%	23%		
Asia Pacific - Japan	14%	14%	13%		
<b><u>Net Revenue by Product Category (in billions):</u></b>					
Desktop PCs	\$ 4.8	\$ 5.0	\$ 4.8	(5%)	(1%)
Mobility	4.7	3.9	3.9	22%	19%
Servers and Networking	1.6	1.6	1.5	2%	8%
Storage	0.6	0.6	0.6	2%	8%
Enhanced Services	1.4	1.3	1.3	6%	7%
Software and Peripherals	2.5	2.4	2.3	6%	11%
<b><u>Percentage of Total Net Revenue:</u></b>					
Desktop PCs	30%	34%	33%		
Mobility	30%	26%	27%		
Servers and Networking	11%	11%	11%		
Storage	4%	4%	4%		
Enhanced Services	9%	9%	9%		
Software and Peripherals	16%	16%	16%		

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands.

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Condensed Consolidated Statement of Operations and Related Financial Highlights  
(in millions, except per share data or as otherwise noted)  
(unaudited)

	Nine Months Ended		% Growth Rates Yr. to Yr.
	November 2, 2007	November 3, 2006	
Net revenue.....	\$ 45,144	\$ 42,950	5%
Cost of revenue.....	36,467	35,913	2%
Gross margin.....	8,677	7,037	23%
Selling, general and administrative.....	5,557	4,414	26%
Research, development and engineering.....	456	380	20%
Total operating expenses.....	6,013	4,794	25%
Operating income.....	2,664	2,243	19%
Investment and other income, net.....	281	170	65%
Income before income taxes.....	2,945	2,413	22%
Income tax provision.....	677	556	22%
Net income.....	\$ 2,268	\$ 1,857	22%
Earnings per common share:			
Basic.....	\$ 1.01	\$ 0.82	23%
Diluted.....	\$ 1.00	\$ 0.82	22%
Weighted average shares outstanding:			
Basic.....	2,236	2,263	
Diluted.....	2,262	2,278	
<b><u>Percentage of Total Net Revenue:</u></b>			
Gross margin	19.2%	16.4%	
Selling, general and administrative	12.3%	10.3%	
Research, development and engineering	1.0%	0.9%	
Operating expenses	13.3%	11.2%	
Operating income	5.9%	5.2%	
Income before income taxes	6.5%	5.6%	
Net income	5.0%	4.3%	
Income tax rate	23.0%	23.0%	
<b><u>Net Revenue by Geographic Region (in billions):</u></b>			
Americas	\$ 27.8	\$ 27.6	1%
Europe	11.1	9.8	13%
Asia Pacific - Japan	6.2	5.6	11%
<b><u>Percentage of Total Net Revenue:</u></b>			
Americas	62%	64%	
Europe	24%	23%	
Asia Pacific - Japan	14%	13%	
<b><u>Net Revenue by Product Category (in billions):</u></b>			
Desktop PCs	\$ 14.7	\$ 15.1	(2%)
Mobility	12.6	11.6	9%
Servers	4.9	4.2	15%
Storage	1.8	1.6	10%
Enhanced Services	3.9	3.8	4%
Software and peripherals	7.2	6.7	8%
<b><u>Percentage of Total Net Revenue:</u></b>			
Desktop PCs	32%	35%	
Mobility	28%	27%	
Servers	11%	10%	
Storage	4%	4%	
Enhanced Services	9%	9%	
Software and peripherals	16%	15%	

Note: Percentage growth rates and ratios are calculated based on underlying data in thousands.

**DELL INC.**

Condensed Consolidated Statement of Financial Position and Related Financial Highlights

(in millions, except for "Ratios" and "Other information")

(unaudited)

	November 2, 2007	August 3, 2007	November 3, 2006
<b><u>Assets:</u></b>			
Current assets:			
Cash and cash equivalents .....	\$ 12,236	\$ 11,204	\$ 7,998
Short-term investments .....	369	658	1,320
Accounts receivable, net .....	6,156	5,296	4,804
Financing receivables, net .....	1,560	1,531	1,529
Inventories, net .....	1,102	973	680
Other .....	2,925	2,552	2,676
Total current assets .....	24,348	22,214	19,007
Property, plant and equipment, net .....	2,631	2,608	2,215
Investments .....	1,980	1,960	2,219
Long-term financing receivables, net .....	389	375	311
Other non-current assets .....	1,032	897	711
Total assets .....	<u>\$ 30,380</u>	<u>\$ 28,054</u>	<u>\$ 24,463</u>
<b><u>Liabilities and Stockholders' Equity:</u></b>			
Current liabilities:			
Short-term borrowings	\$ 266	\$ 328	\$ 322
Accounts payable .....	11,411	10,578	10,335
Accrued and other .....	6,373	6,160	6,958
Total current liabilities .....	18,050	17,066	17,615
Long-term debt .....	392	378	579
Other non-current liabilities .....	4,993	4,566	2,789
Total liabilities .....	23,435	22,010	20,983
Redeemable common stock .....	101	116	88
Stockholders' equity .....	6,844	5,928	3,392
Total liabilities and stockholders' equity .....	<u>\$ 30,380</u>	<u>\$ 28,054</u>	<u>\$ 24,463</u>
<b><u>Ratios:</u></b>			
Days supply in inventory	8	7	5
Days of sales outstanding <sup>(1)</sup>	38	35	33
Days in accounts payable	81	80	78
Cash conversion cycle	(35)	(38)	(40)
<b><u>Other Information:</u></b>			
Regular headcount (approximate)	81,900	84,000	79,100
Temporary headcount	7,200	7,100	8,500
Total headcount	89,100	91,100	87,600
Average total revenue/unit (approximate)	\$ 1,520	\$ 1,520	\$ 1,530

Note: Ratios are calculated based on underlying data in thousands.

<sup>(1)</sup> Days of sales outstanding ("DSO") is based on the ending net trade receivables and most recent quarterly revenue for each period. DSO includes the effect of product costs related to customer shipments not yet recognized as revenue that are classified in other current assets. At November 2, 2007, August 3, 2007 and November 3, 2006, DSO and days of customer shipments not yet recognized were 35 and 3 days, 32 and 3 days and 30 and 3 days, respectively.

**DELL INC.**

Condensed Consolidated Statement of Cash Flows

(in millions)

(unaudited)

	Three Months Ended	Nine Months Ended
	November 2, 2007	
Cash flows from operating activities:		
Net income .....	\$ 766	\$ 2,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	153	424
Stock-based compensation expense .....	97	398
Tax benefits from stock-based compensation .....	-	(12)
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies .....	9	40
Other .....	48	76
Changes in:		
Operating working capital .....	(340)	(2,072)
Non-current assets and liabilities .....	265	1,630
Net cash provided by operating activities .....	<u>998</u>	<u>2,752</u>
Cash flows from investing activities:		
Investments:		
Purchases .....	(323)	(2,088)
Maturities and sales .....	618	2,745
Acquisition of business, net of cash acquired .....	(87)	(106)
Capital expenditures .....	(172)	(636)
Net cash provided by (used in) investing activities .....	<u>36</u>	<u>(85)</u>
Cash flows from financing activities:		
Purchases of common stock .....	(1)	(1)
Issuance of common stock under employee plans .....	-	21
Excess tax benefits from stock-based compensation .....	-	12
Payment of commercial paper, net .....	(60)	(100)
Other .....	(9)	(18)
Net cash used in financing activities .....	<u>(70)</u>	<u>(86)</u>
Effect of exchange rate changes on cash and cash equivalents .....	68	109
Net increase in cash and cash equivalents .....	<u>1,032</u>	<u>2,690</u>
Cash and cash equivalents at beginning of period .....	11,204	9,546
Cash and cash equivalents at end of period .....	<u>\$ 12,236</u>	<u>\$ 12,236</u>

Additional supplemental information is available on our website at <http://www.dell.com/investor>