

DELL INC.

Condensed Consolidated Statement of Income and Related Financial Highlights

(in millions, except per share data)

(unaudited)

	Three Months Ended			% Growth Rates	
	February 1,	November 2,	February 2,	Sequential	Yr. to Yr.
	2008	2007	2007		
Net revenue	\$ 15,989	\$ 15,646	\$ 14,470	2%	10%
Cost of revenue.....	12,995	12,758	11,991	2%	8%
Gross margin.....	2,994	2,888	2,479	4%	21%
Selling, general and administrative.....	1,981	1,900	1,534	4%	29%
<i>Research and Development:</i>					
Research, development and engineering	154	159	118	(3%)	30%
In-process research and development	83	-	-	N/A	N/A
Total research and development	237	159	118	49%	100%
Total operating expenses.....	2,218	2,059	1,652	8%	34%
Operating income.....	776	829	827	(6%)	(6%)
Investment and other income, net.....	106	107	105	(1%)	1%
Income before income taxes.....	882	936	932	(6%)	(5%)
Income tax provision	203	170	206	19%	(2%)
Net income.....	\$ 679	\$ 766	\$ 726	(11%)	(6%)
Earnings per common share:					
Basic.....	\$ 0.31	\$ 0.34	\$ 0.33	(9%)	(6%)
Diluted.....	\$ 0.31	\$ 0.34	\$ 0.32	(9%)	(3%)
Weighted average shares outstanding:					
Basic.....	2,184	2,236	2,230	(2%)	(2%)
Diluted.....	2,201	2,266	2,251	(3%)	(2%)
<u>Percentage of Total Net Revenue:</u>					
Gross margin.....	18.8%	18.5%	17.1%		
Selling, general and administrative.....	12.4%	12.2%	10.6%		
Total research and development.....	1.5%	1.0%	0.8%		
Operating expenses.....	13.9%	13.2%	11.4%		
Operating income.....	4.9%	5.3%	5.7%		
Income before income taxes.....	5.5%	6.0%	6.4%		
Net income.....	4.2%	4.9%	5.0%		
Income tax rate	23.0%	18.2%	22.1%		
<u>Net Revenue by Geographic Region (in billions):</u>					
Americas.....	\$ 9.5	\$ 9.7	\$ 8.8	(2%)	8%
Europe.....	4.2	3.8	3.9	9%	8%
Asia Pacific - Japan.....	2.3	2.1	1.8	9%	28%
<u>Percentage of Total Net Revenue:</u>					
Americas.....	60%	62%	61%		
Europe.....	26%	24%	27%		
Asia Pacific - Japan.....	14%	14%	12%		
<u>Net Revenue by Product Category (in billions):</u>					
Desktop PCs	\$ 4.9	\$ 4.8	\$ 4.8	2%	2%
Mobility	4.8	4.7	3.9	2%	24%
Servers and Networking.....	1.6	1.6	1.6	(2%)	2%
Storage	0.6	0.6	0.6	4%	2%
Services	1.4	1.4	1.3	3%	7%
Software and Peripherals	2.7	2.5	2.3	5%	15%
<u>Percentage of Total Net Revenue:</u>					
Desktop PCs	30%	30%	33%		
Mobility	30%	30%	27%		
Servers and Networking.....	10%	11%	11%		
Storage	4%	4%	4%		
Services	9%	9%	9%		
Software and Peripherals	17%	16%	16%		
<u>Consolidated Operating Income</u>					
Americas	\$ 452	\$ 630	\$ 586		
EMEA	314	211	227		
APJ	142	85	89		
Consolidated segment operating income.....	908	926	902		
Stock-based compensation expense.....	(38)	(97)	(75)		
In-process research and development	(83)	-	-		
Amortization of purchased intangible assets.....	(11)	-	-		
Consolidated operating income	\$ 776	\$ 829	\$ 827		

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

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(in millions, except per share data)

(unaudited)

	Fiscal Year Ended		% Growth Rates Yr. to Yr.
	February 1, 2008	February 2, 2007	
Net revenue	\$ 61,133	\$ 57,420	6%
Cost of revenue.....	49,462	47,904	3%
Gross margin.....	11,671	9,516	23%
Selling, general and administrative.....	7,538	5,948	27%
<i>Research and Development:</i>			
Research, development and engineering	610	498	22%
In-process research and development	83	-	N/A
Total research and development	693	498	39%
Total operating expenses.....	8,231	6,446	28%
Operating income.....	3,440	3,070	12%
Investment and other income, net.....	387	275	41%
Income before income taxes.....	3,827	3,345	14%
Income tax provision	880	762	16%
Net income.....	<u>\$ 2,947</u>	<u>\$ 2,583</u>	14%
Earnings per common share:			
Basic.....	<u>\$ 1.33</u>	<u>\$ 1.15</u>	16%
Diluted	<u>\$ 1.31</u>	<u>\$ 1.14</u>	15%
Weighted average shares outstanding:			
Basic.....	2,223	2,255	(1%)
Diluted.....	2,247	2,271	(1%)
<u>Percentage of Total Net Revenue:</u>			
Gross margin.....	19.1%	16.6%	
Selling, general and administrative.....	12.3%	10.3%	
Total research and development.....	1.2%	0.9%	
Operating expenses.....	13.5%	11.2%	
Operating income.....	5.6%	5.4%	
Income before income taxes.....	6.3%	5.8%	
Net income.....	4.8%	4.5%	
Income tax rate	23.0%	22.8%	
<u>Net Revenue by Geographic Region (in billions):</u>			
Americas.....	\$ 37.4	\$ 36.4	3%
Europe.....	15.2	13.7	12%
Asia Pacific - Japan.....	8.5	7.3	15%
<u>Percentage of Total Net Revenue:</u>			
Americas.....	61%	63%	
Europe.....	25%	24%	
Asia Pacific - Japan.....	14%	13%	
<u>Net Revenue by Product Category (in billions):</u>			
Desktop PCs	\$ 19.6	\$ 19.8	(1%)
Mobility	17.4	15.5	13%
Servers and Networking.....	6.5	5.8	12%
Storage	2.4	2.2	8%
Services	5.3	5.1	5%
Software and Peripherals	9.9	9.0	10%
<u>Percentage of Total Net Revenue:</u>			
Desktop PCs	32%	34%	
Mobility	28%	27%	
Servers and Networking.....	11%	10%	
Storage	4%	4%	
Services	9%	9%	
Software and Peripherals	16%	16%	
<u>Consolidated Operating Income:</u>			
Americas	\$ 2,490	\$ 2,523	
EMEA	1,009	583	
APJ	471	332	
Consolidated segment operating income.....	3,970	3,438	
Stock-based compensation expense	(436)	(368)	
In-process research and development	(83)	-	
Amortization of purchased intangible assets.....	(11)	-	
Consolidated operating income	<u>\$ 3,440</u>	<u>\$ 3,070</u>	

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)

	February 1, 2008	November 2, 2007	February 2, 2007
<u>Assets:</u>			
Current assets:			
Cash and cash equivalents	\$ 7,764	\$ 12,236	\$ 9,546
Short-term investments	208	369	752
Accounts receivable, net	5,961	6,156	4,622
Financing receivables, net	1,732	1,560	1,530
Inventories, net	1,180	1,102	660
Other	3,035	2,925	2,829
Total current assets	19,880	24,348	19,939
Property, plant and equipment, net	2,668	2,631	2,409
Investments	1,560	1,980	2,147
Long-term financing receivables, net	407	389	323
Goodwill.....	1,648	204	110
Purchased intangibles assets, net.....	780	69	45
Other non-current assets	618	759	662
Total assets	\$ 27,561	\$ 30,380	\$ 25,635
<u>Liabilities and Stockholders' Equity:</u>			
Current liabilities:			
Short-term borrowings.....	\$ 225	\$ 266	\$ 188
Accounts payable	11,492	11,411	10,430
Accrued and other	4,323	4,269	5,141
Short-term deferred service revenue..	2,486	2,385	2,032
Total current liabilities	18,526	18,331	17,791
Long-term debt	362	392	569
Long-term deferred service revenue.....	2,774	2,635	2,189
Other non-current liabilities	2,070	2,077	647
Total liabilities	23,732	23,435	21,196
Redeemable common stock	94	101	111
Stockholders' equity	3,735	6,844	4,328
Total liabilities and stockholders' equity	\$ 27,561	\$ 30,380	\$ 25,635
<u>Ratios</u>			
Days supply in inventory.....	8	8	5
Days of sales outstanding ^(a)	36	38	31
Days in accounts payable	80	81	78
Cash conversion cycle	(36)	(35)	(42)
<u>Other Information:</u>			
Regular headcount (approximate)	82,700	81,900	83,100
Temporary headcount.....	5,500	7,100	7,200
Total headcount.....	88,200	89,000	90,300
Average total revenue/unit (approximate) .	\$ 1,480	\$ 1,520	\$ 1,600

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

^(a) 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 February 1, 2008, November 2, 2007, and February 2, 2007, DSO and days of customer shipments not yet recognized were 33 and 3 days, 35 and 3 days and 28 and 3 days, respectively.

DELL INC.
Condensed Consolidated Statement of Cash Flows
(in millions)
(unaudited)

	Three Months Ended	Twelve Months Ended
	February 1, 2008	
Cash flows from operating activities:		
Net income	\$ 679	\$ 2,947
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	183	607
Stock-based compensation expense	38	329
In-process research and development charges.....	83	83
Tax benefits from stock-based compensation	-	(12)
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies	(10)	30
Other	57	133
Changes in:		
Operating working capital	65	(1,619)
Non-current assets and liabilities	102	1,451
Net cash provided by operating activities	1,197	3,949
Cash flows from investing activities:		
Investments:		
Purchases	(306)	(2,394)
Maturities and sales	934	3,679
Acquisition of businesses, net of cash and cash equivalents acquired.....	(2,111)	(2,217)
Capital expenditures	(195)	(831)
Net cash used in investing activities	(1,678)	(1,763)
Cash flows from financing activities:		
Purchases of common stock	(4,003)	(4,004)
Issuance of common stock under employee plans	115	136
Excess tax benefits from stock-based compensation	-	12
Payment of commercial paper, net	-	(100)
Repayments of borrowings.....	(121)	(165)
Proceeds from borrowings.....	28	66
Other	(53)	(65)
Net cash used in financing activities	(4,034)	(4,120)
Effect of exchange rate changes on cash and cash equivalents	43	152
Net decrease in cash and cash equivalents	(4,472)	(1,782)
Cash and cash equivalents at beginning of period	12,236	9,546
Cash and cash equivalents at end of period	\$ 7,764	\$ 7,764

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

DELL INC.
Supplementary Items
(in millions, except per share data)
(unaudited)

The following supplemental data is provided for additional information.
All items are included in Dell's U.S. GAAP results.

	Three Months Ended February 1, 2008	
	Pre-Tax \$M	Est. EPS Impact
In-Process Research and Development ^(a)	\$ (83)	\$ (0.04)
Severance & Facility Closures	\$ (54)	\$ (0.02)
Investigation Related Costs	\$ (27)	\$ (0.01)
Amortization of Purchased Intangibles	\$ (11)	\$ (0.00)
Copyright Levy Litigation Reserves ^(b)	\$ 58	\$ 0.03
Stock Award Forfeitures ^(c)	\$ 44	\$ 0.01

	Twelve Months Ended February 1, 2008	
	Pre-Tax \$M	Est. EPS Impact
Investigation Related Costs	\$ (160)	\$ (0.05)
Severance & Facility Closures	\$ (120)	\$ (0.04)
Expired Stock Option Payments ^(d)	\$ (107)	\$ (0.03)
In-Process Research and Development ^(a)	\$ (83)	\$ (0.04)
Amortization of Purchased Intangibles	\$ (21)	\$ (0.01)
Copyright Levy Litigation Reserves ^(b)	\$ 58	\$ 0.03

- ^(a) Write-off of purchased technology that was in the development stage from the acquisitions of EqualLogic and Everdream.
- ^(b) A reduction in litigation reserves related to copyright levies.
- ^(c) Annual true-up of estimated forfeitures related to SFAS No. 123R.
- ^(d) Purchase of expired in-the-money stock options due to delay in filing FY07 10-K.

These items are recognized in different tax jurisdictions and therefore are tax-effected at different rates.