

**DELL INC.**  
Condensed Consolidated Statement of Income and Related Financial Highlights  
(in millions, except per share data and percentages)  
(unaudited)

	Three Months Ended			% Growth Rates	
	July 31, 2009	May 1, 2009	August 1, 2008	Sequential	Yr. to Yr.
Net revenue					
Products.....	\$ 10,623	\$ 10,232	\$ 14,147	4%	(25%)
Services, including software related .....	2,141	2,110	2,287	2%	(6%)
Net revenue .....	<u>12,764</u>	<u>12,342</u>	<u>16,434</u>	3%	(22%)
Cost of net revenue					
Products.....	8,978	8,786	12,161	2%	(26%)
Services, including software related .....	1,395	1,388	1,446	1%	(3%)
Total cost of net revenue.....	<u>10,373</u>	<u>10,174</u>	<u>13,607</u>	2%	(24%)
Gross margin .....	2,391	2,168	2,827	10%	(15%)
Selling, general and administrative .....	1,571	1,613	1,840	(3%)	(15%)
Research, development and engineering .....	149	141	168	5%	(12%)
Total operating expenses.....	<u>1,720</u>	<u>1,754</u>	<u>2,008</u>	(2%)	(14%)
Operating income .....	671	414	819	62%	(18%)
Investment and other income (expense), net .....	(42)	(2)	18	N/M	(337%)
Income before income taxes .....	629	412	837	53%	(25%)
Income tax provision .....	157	122	221	29%	(29%)
Net income .....	<u>\$ 472</u>	<u>\$ 290</u>	<u>\$ 616</u>	63%	(23%)
Earnings per common share:					
Basic .....	\$ 0.24	\$ 0.15	\$ 0.31	60%	(23%)
Diluted .....	<u>\$ 0.24</u>	<u>\$ 0.15</u>	<u>\$ 0.31</u>	60%	(23%)
Weighted average shares outstanding:					
Basic .....	1,955	1,949	1,991	0%	(2%)
Diluted .....	1,960	1,952	1,999	0%	(2%)
<b><u>Percentage of Total Net Revenue:</u></b>					
Gross margin.....	18.7%	17.6%	17.2%		
Selling, general and administrative.....	12.3%	13.1%	11.2%		
Total research and development.....	1.2%	1.1%	1.0%		
Operating expenses.....	13.5%	14.2%	12.2%		
Operating income.....	5.2%	3.4%	5.0%		
Income before income taxes.....	4.9%	3.3%	5.1%		
Net income.....	3.7%	2.3%	3.7%		
Income tax rate.....	25.0%	29.6%	26.4%		
<b><u>Net Revenue by Product Category:</u></b>					
Mobility.....	\$ 3,891	\$ 3,875	\$ 4,895	0%	(21%)
Desktop PCs.....	3,319	3,163	4,954	5%	(33%)
Software and Peripherals .....	2,382	2,246	2,790	6%	(15%)
Servers and Networking .....	1,403	1,286	1,733	9%	(19%)
Enhanced Services .....	1,218	1,238	1,372	(2%)	(11%)
Storage.....	551	534	690	3%	(20%)
Consolidated net revenue.....	<u>\$ 12,764</u>	<u>\$ 12,342</u>	<u>\$ 16,434</u>	3%	(22%)
<b><u>Percentage of Total Net Revenue:</u></b>					
Mobility.....	30%	32%	30%		
Desktop PCs.....	26%	26%	30%		
Software and Peripherals .....	19%	18%	17%		
Servers and Networking .....	11%	10%	11%		
Enhanced Services .....	10%	10%	8%		
Storage.....	4%	4%	4%		
<b><u>Net Revenue by Global Segments:</u></b>					
Large Enterprise.....	\$ 3,285	\$ 3,400	\$ 4,806	(3%)	(32%)
Public.....	3,798	3,171	4,510	20%	(16%)
Small and Medium Business.....	2,820	2,967	3,958	(5%)	(29%)
Consumer .....	2,861	2,804	3,160	2%	(9%)
Consolidated net revenue.....	<u>\$ 12,764</u>	<u>\$ 12,342</u>	<u>\$ 16,434</u>	3%	(22%)
<b><u>Percentage of Total Net Revenue:</u></b>					
Large Enterprise.....	26%	27%	29%		
Public.....	30%	26%	28%		
Small and Medium Business.....	22%	24%	24%		
Consumer .....	22%	23%	19%		
<b><u>Consolidated Operating Income:</u></b>					
Large Enterprise.....	\$ 172	\$ 192	\$ 259		
Public.....	383	293	331		
Small and Medium Business.....	246	230	330		
Consumer .....	89	(1)	29		
Consolidated segment operating income.....	890	714	949		
Severance and facility actions .....	(87)	(185)	(25)		
Broad based long-term incentives .....	(92)	(76)	(78)		
Amortization of intangible assets.....	(40)	(39)	(27)		
Consolidated operating income .....	<u>\$ 671</u>	<u>\$ 414</u>	<u>\$ 819</u>		

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

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

	<b>Six Months Ended</b>		<b>% Growth Rates</b>
	<b>July 31, 2009</b>	<b>August 1, 2008</b>	<b>Yr. to Yr.</b>
<b>Net revenue</b>			
Products.....	\$ 20,855	\$ 28,103	(26%)
Services, including software related .....	4,251	4,408	(4%)
<b>Net revenue</b> .....	<u>25,106</u>	<u>32,511</u>	(23%)
<b>Cost of net revenue</b>			
Products.....	17,764	24,008	(26%)
Services, including software related .....	2,783	2,711	3%
<b>Total cost of net revenue</b> .....	<u>20,547</u>	<u>26,719</u>	(23%)
<b>Gross margin</b> .....	4,559	5,792	(21%)
<b>Selling, general and administrative</b> .....	3,184	3,752	(15%)
<b>Research, development and engineering</b> .....	290	320	(9%)
<b>In-process research and development</b> .....	-	2	(100%)
<b>Total operating expenses</b> .....	<u>3,474</u>	<u>4,074</u>	(15%)
<b>Operating income</b> .....	1,085	1,718	(37%)
<b>Investment and other income (expense), net</b> .....	(44)	143	(131%)
<b>Income before income taxes</b> .....	1,041	1,861	(44%)
<b>Income tax provision</b> .....	279	461	(39%)
<b>Net income</b> .....	<u>\$ 762</u>	<u>\$ 1,400</u>	(46%)
<b>Earnings per common share:</b>			
Basic .....	<u>\$ 0.39</u>	<u>\$ 0.70</u>	(44%)
Diluted .....	<u>\$ 0.39</u>	<u>\$ 0.69</u>	(43%)
<b>Weighted average shares outstanding:</b>			
Basic .....	1,952	2,013	(3%)
Diluted .....	1,956	2,019	(3%)
<b><u>Percentage of Total Net Revenue:</u></b>			
Gross margin.....	18.2%	17.8%	
Selling, general and administrative.....	12.7%	11.5%	
Total research and development .....	1.1%	1.0%	
Operating expenses.....	13.8%	12.5%	
Operating income.....	4.3%	5.3%	
Income before income taxes.....	4.1%	5.7%	
Net income.....	3.0%	4.3%	
Income tax rate .....	26.8%	24.8%	
<b><u>Net Revenue by Product Category:</u></b>			
Mobility.....	\$ 7,766	\$ 9,744	(20%)
Desktop PCs.....	6,482	9,735	(33%)
Software and Peripherals .....	4,628	5,531	(16%)
Servers and Networking .....	2,689	3,451	(22%)
Enhanced Services .....	2,456	2,716	(10%)
Storage.....	1,085	1,334	(19%)
<b>Consolidated net revenue</b> .....	<u>\$ 25,106</u>	<u>\$ 32,511</u>	(23%)
<b><u>Percentage of Total Net Revenue:</u></b>			
Mobility.....	31%	30%	
Desktop PCs.....	26%	30%	
Software and Peripherals .....	18%	17%	
Servers and Networking .....	11%	11%	
Enhanced Services .....	10%	8%	
Storage.....	4%	4%	
<b><u>Net Revenue by Global Segments:</u></b>			
Large Enterprise.....	\$ 6,685	\$ 9,727	(31%)
Public.....	6,969	8,091	(14%)
Small and Medium Business.....	5,787	8,202	(29%)
Consumer .....	5,665	6,491	(13%)
<b>Consolidated net revenue</b> .....	<u>\$ 25,106</u>	<u>\$ 32,511</u>	(23%)
<b><u>Percentage of Total Net Revenue:</u></b>			
Large Enterprise.....	27%	30%	
Public.....	28%	25%	
Small and Medium Business.....	23%	25%	
Consumer .....	22%	20%	
<b><u>Consolidated Operating Income:</u></b>			
Large Enterprise.....	\$ 364	\$ 645	
Public.....	676	608	
Small and Medium Business.....	476	660	
Consumer .....	88	117	
<b>Consolidated segment operating income</b> .....	<u>1,604</u>	<u>2,030</u>	
Severance and facility actions .....	(272)	(131)	
Broad based long-term incentives .....	(168)	(128)	
In-process research and development .....	-	(2)	
Amortization of intangible assets.....	(79)	(51)	
<b>Consolidated operating income</b> .....	<u>\$ 1,085</u>	<u>\$ 1,718</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)

	<u>July 31,</u> <u>2009</u>	<u>May 1,</u> <u>2009</u>	<u>August 1,</u> <u>2008</u>
<b><u>Assets:</u></b>			
Current assets:			
Cash and cash equivalents .....	\$ 11,699	\$ 9,691	\$ 8,623
Short-term investments .....	299	434	410
Accounts receivable, net .....	5,403	4,278	6,451
Financing receivables, net .....	2,252	1,775	1,629
Inventories, net .....	839	842	1,104
Other .....	3,348	2,890	3,559
Total current assets .....	<u>23,840</u>	<u>19,910</u>	<u>21,776</u>
Property, plant and equipment, net .....	2,117	2,181	2,588
Investments .....	746	568	501
Long-term financing receivables, net .....	263	445	348
Goodwill .....	1,748	1,742	1,753
Purchased intangible assets, net .....	646	684	781
Other non-current assets .....	698	659	660
Total assets .....	<u>\$ 30,058</u>	<u>\$ 26,189</u>	<u>\$ 28,407</u>
<b><u>Liabilities and Equity:</u></b>			
Current liabilities:			
Short-term debt .....	\$ 49	\$ 101	\$ 129
Accounts payable .....	9,698	7,844	11,215
Accrued and other .....	3,765	3,513	4,271
Short-term deferred enhanced services revenue ...	2,775	2,683	2,572
Total current liabilities .....	<u>16,287</u>	<u>14,141</u>	<u>18,187</u>
Long-term debt .....	3,394	2,396	1,840
Long-term deferred enhanced services revenue .....	3,051	2,954	3,117
Other non-current liabilities .....	2,701	2,468	2,357
Total liabilities .....	<u>25,433</u>	<u>21,959</u>	<u>25,501</u>
Redeemable common stock .....	-	-	83
Stockholders' equity .....	4,625	4,230	2,823
Total liabilities and equity .....	<u>\$ 30,058</u>	<u>\$ 26,189</u>	<u>\$ 28,407</u>
<b><u>Ratios:</u></b>			
Days of sales outstanding <sup>(1)</sup> .....	42	34	38
Days supply in inventory .....	7	7	7
Days in accounts payable .....	84	69	74
Cash conversion cycle .....	<u>(35)</u>	<u>(28)</u>	<u>(29)</u>
 Average total revenue/unit (approximate)	 \$ 1,280	 \$ 1,360	 \$ 1,420

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 the other current assets. At July 31, 2009, May 1, 2009, and August 1, 2008, DSO and days of customer shipments not yet recognized were 38 and 4 days, 31 and 3 days, 35 and 3 days, respectively.

**DELL INC.**  
Condensed Consolidated Statements of Cashflows  
(in millions, unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>July 31, 2009</b>	<b>August 1, 2008</b>	<b>July 31, 2009</b>	<b>August 1, 2008</b>
<b>Cash flows from operating activities:</b>				
Net income .....	\$ 472	\$ 616	\$ 762	\$ 1,400
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization .....	201	196	402	379
Stock-based compensation .....	79	78	146	128
In-process research and development charges .....	-	-	-	2
Effects of exchange rate changes on monetary assets and liabilities denominated in foreign currencies .....	26	(20)	26	(110)
Deferred income taxes .....	(101)	(53)	(91)	(19)
Other .....	81	47	173	85
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable.....	(948)	(495)	(537)	(392)
Financing receivables.....	(352)	(135)	(379)	19
Inventories.....	5	153	29	77
Other assets .....	(571)	(281)	(24)	(473)
Accounts payable .....	1,801	324	1,318	(328)
Deferred enhanced services revenue .....	62	264	40	405
Accrued and other liabilities .....	321	414	(28)	78
Change in cash from operating activities .....	<u>1,076</u>	<u>1,108</u>	<u>1,837</u>	<u>1,251</u>
<b>Cash flows from investing activities:</b>				
Investments:				
Purchases .....	(348)	(616)	(776)	(788)
Maturities and sales.....	340	1,318	982	1,752
Capital expenditures.....	(99)	(142)	(179)	(264)
Proceeds from sale of facility and land .....	16	44	16	44
Acquisition of business, net of cash received.....	-	5	(3)	(165)
Change in cash from investing activities .....	<u>(91)</u>	<u>609</u>	<u>40</u>	<u>579</u>
<b>Cash flows from financing activities:</b>				
Repurchase of common stock .....	-	(1,420)	-	(2,451)
Issuance of common stock under employee plans.....	-	47	-	68
Issuance (Payment) of commercial paper, net .....	(100)	(1)	(100)	100
Net proceeds from debt.....	994	-	1,491	1,519
Repayments of debt.....	-	-	(12)	(223)
Change in cash from financing activities .....	<u>894</u>	<u>(1,374)</u>	<u>1,379</u>	<u>(987)</u>
Effect of exchange rate changes on cash and cash equivalents.....	129	7	91	16
Change in cash and cash equivalents.....	2,008	350	3,347	859
Cash and cash equivalents at beginning of period.....	9,691	8,273	8,352	7,764
Cash and cash equivalents at end of period.....	<u>\$ 11,699</u>	<u>\$ 8,623</u>	<u>\$ 11,699</u>	<u>\$ 8,623</u>