

# DELL INC.

## Condensed Consolidated Statement of Operations

(in millions)  
(unaudited)

	Prior Quarter Results <sup>3</sup>					Prior Annual Results (As Restated)			
	Q4-FY08	Q1-FY09	Q2-FY09	Q3-FY09	Q4-FY09	FY06 <sup>1,2,5</sup>	FY07 <sup>3,5</sup>	FY08	FY09
<b>Income Statement:</b>									
<b>Net revenue</b>	\$ 15,989	\$ 16,077	\$ 16,434	\$ 15,162	\$ 13,428	\$ 55,788	\$ 57,420	\$ 61,133	\$ 61,101
Sequential Growth	2%	1%	2%	-8%	-11%	14%	3%	6%	0%
Y/Y Growth	10%	9%	11%	-3%	-16%	45,897	47,904	49,462	50,144
Cost of revenue	12,995	13,112	13,607	12,309	11,116	9,891	9,516	11,671	10,957
<b>Gross margin</b>	<b>2,994</b>	<b>2,965</b>	<b>2,827</b>	<b>2,853</b>	<b>2,312</b>	<b>5,051</b>	<b>5,948</b>	<b>7,538</b>	<b>7,102</b>
SG&A	1,981	1,912	1,840	1,671	1,679	458	498	693	665
R&D	237	154	168	167	176	5,509	6,446	8,231	7,767
<b>Total operating expenses</b>	<b>2,218</b>	<b>2,066</b>	<b>2,008</b>	<b>1,838</b>	<b>1,855</b>	<b>4,382</b>	<b>3,070</b>	<b>3,440</b>	<b>3,190</b>
<b>Operating income</b>	<b>776</b>	<b>899</b>	<b>819</b>	<b>1,015</b>	<b>457</b>	<b>226</b>	<b>275</b>	<b>387</b>	<b>134</b>
Investment and other income, net	106	125	18	(6)	(3)	4,608	3,345	3,827	3,324
Income before taxes	882	1,024	837	1,009	454	1,006	762	880	846
Income tax provision	203	240	221	282	103	<b>3,602</b>	<b>2,583</b>	<b>2,947</b>	<b>2,478</b>
<b>Net income</b>	<b>679</b>	<b>784</b>	<b>616</b>	<b>727</b>	<b>351</b>				
Sequential Growth	-11%	15%	-21%	18%	-52%	19%	-28%	14%	-16%
Y/Y Growth	-6%	4%	-17%	-5%	-48%				
<b>EPS:</b>									
Basic	\$ 0.31	\$ 0.39	\$ 0.31	\$ 0.37	\$ 0.18	\$ 1.50	\$ 1.15	\$ 1.33	\$ 1.25
Diluted	\$ 0.31	\$ 0.38	\$ 0.31	\$ 0.37	\$ 0.18	\$ 1.47	\$ 1.14	\$ 1.31	\$ 1.25
<b>Weighted Average Shares Outstanding:</b>									
Basic	2,184	2,036	1,991	1,953	1,944	2,403	2,255	2,223	1,980
Diluted	2,201	2,040	1,999	1,957	1,948	2,449	2,271	2,247	1,986
<b>Percentage of Net Revenue:</b>									
Gross margin	18.8%	18.4%	17.2%	18.8%	17.2%	17.7%	16.6%	19.1%	17.9%
Selling, general and administrative	12.4%	11.9%	11.2%	11.0%	12.5%	9.0%	10.3%	12.3%	11.6%
Research, development and engineering	1.5%	1.0%	1.0%	1.1%	1.3%	0.8%	0.9%	1.1%	1.1%
Total operating expenses	13.9%	12.9%	12.2%	12.1%	13.8%	9.8%	11.2%	13.5%	12.7%
Operating income	4.9%	5.5%	5.0%	6.7%	3.4%	7.9%	5.4%	5.6%	5.2%
Income before income taxes	5.5%	6.4%	5.1%	6.7%	3.4%	8.3%	5.8%	6.3%	5.4%
Net income	4.2%	4.9%	3.7%	4.8%	2.6%	6.5%	4.5%	4.8%	4.1%
Income tax rate	23.0%	23.5%	26.4%	28.0%	22.6%	21.8%	22.8%	23.0%	25.4%
<b>Revenues by region:</b>	<b>15,989</b>	<b>16,077</b>	<b>16,434</b>	<b>15,162</b>	<b>13,428</b>	<b>55,788</b>	<b>57,420</b>	<b>61,133</b>	<b>61,101</b>
Americas Commercial	7,216	7,298	8,096	7,229	5,991	27,489	28,290	29,981	28,614
EMEA Commercial	3,680	3,806	3,503	3,272	3,036	11,124	11,841	13,607	13,617
APJ Commercial	1,905	2,024	2,054	1,818	1,445	5,547	6,223	7,167	7,341
Global Consumer	3,188	2,949	2,781	2,843	2,956	11,628	11,066	10,378	11,529
<b>Operating income by region<sup>5</sup>:</b>	<b>908</b>	<b>975</b>	<b>924</b>	<b>1,114</b>	<b>700</b>	<b>4,803</b>	<b>3,438</b>	<b>3,970</b>	<b>3,713</b>
Americas Commercial	502	588	700	763	517	2,924	2,351	2,566	2,568
EMEA Commercial	283	221	72	116	135	867	621	978	544
APJ Commercial	120	131	157	123	47	493	336	424	458
Global Consumer	3	35	(5)	112	1	519	130	2	143
<b>Revenues by product:</b>	<b>15,989</b>	<b>16,077</b>	<b>16,434</b>	<b>15,162</b>	<b>13,428</b>	<b>55,788</b>	<b>57,420</b>	<b>61,133</b>	<b>61,101</b>
Desktop PCs	4,860	4,700	4,928	4,083	3,532	21,568	19,815	19,573	17,244
Mobility	4,813	4,904	4,871	4,849	4,014	14,372	15,480	17,423	18,638
Servers and Networking	1,612	1,653	1,702	1,573	1,347	5,449	5,805	6,474	6,275
Storage	649	631	681	622	692	1,863	2,256	2,435	2,626
Enhanced Services	1,401	1,448	1,462	1,449	1,356	4,207	5,063	5,320	5,715
Software & Peripherals	2,654	2,741	2,790	2,586	2,487	8,329	9,001	9,908	10,603

<sup>1</sup> Includes the impact of an \$85 million (\$0.03 per share) income tax benefit related to a revised estimate of taxes on the repatriation of earnings under the American Jobs Creation Act of 2004.

<sup>2</sup> Includes charges aggregating \$421 million (\$338 million other product charges and \$83 million in selling, general and administrative expenses) related to the cost of servicing or replacing certain OptiPlex™ systems that include a vendor part that failed to perform to Dell's specifications, workforce realignment, product rationalizations, excess facilities, and a write-off of goodwill recognized in the third quarter. The related tax effects of these items was \$85 million. **Note that these expenses are not allocated to our regions for purposes of segment reporting and are therefore excluded from operating income by region.**

<sup>3</sup> Results for fiscal year ended February 2, 2007 (including the interim periods within that year) and the fiscal year 2008 quarters include stock-based compensation expense due to the implementation of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, ("SFAS 123(R)"). Dell implemented SFAS 123(R) using the modified prospective method effective February 4, 2006.

<sup>4</sup> Operating income by region for fiscal year ended February 2, 2007 and the fiscal year 2008/2009 quarter(s) exclude stock-based compensation expense due to the implementation of SFAS 123® and excludes in process R&D and amortization purchased intangible assets. These expenses are not allocated to the regions for purposes of management or segment reporting.

<sup>5</sup> Dell restated its financial statements relating to fiscal 2003, 2004, 2005 and 2006 (including the interim periods within those years) and the first quarter of fiscal 2007. Dell's restated financial information is in its Annual Report on Form 10-K for the fiscal year ended February 2, 2007 available via the Internet at [www.sec.gov](http://www.sec.gov) or [www.dell.com/investor](http://www.dell.com/investor).

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