

DELL INC.Condensed Consolidated Statement of Income and Related Financial Highlights - **PRELIMINARY** (see Note)

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

(unaudited)

	Three Months Ended November 3, 2006 ^(a)
Net revenue	\$ 14,383
Cost of revenue	11,932
Gross margin	2,451
Total operating expenses	1,627
Operating income	824
Investment and other income, net	64
Income before income taxes	888
Income tax provision	211
Net income	\$ 677
Earnings per common share:	
Basic	\$ 0.30
Diluted	\$ 0.30
Weighted average shares outstanding:	
Basic	2,229
Diluted	2,238
<u>Percentage of Total Net Revenue:</u>	
Gross margin	17.0%
Operating expenses	11.3%
Operating income	5.7%
Income before income taxes	6.2%
Net income	4.7%
Income tax rate	23.8%
<u>Net Revenue by Geographic Region (in billions):</u>	
Americas	\$ 9.2
Europe	3.3
Asia Pacific - Japan	1.9
<u>Percentage of Total Net Revenue:</u>	
Americas	64%
Europe	23%
Asia Pacific - Japan	13%
<u>Net Revenue by Product Category (in billions):</u>	
Desktop PCs	\$ 4.7
Mobility	3.9
Servers and Networking	1.5
Storage	0.6
Enhanced Services	1.4
Software and Peripherals	2.3
<u>Percentage of Total Net Revenue:</u>	
Desktop PCs	32%
Mobility	27%
Servers and Networking	11%
Storage	4%
Enhanced Services	10%
Software and Peripherals	16%

Note: These preliminary results are subject to change to reflect any necessary corrections or adjustments, or changes in accounting estimates, that are identified prior to the time the company's financial statements for the second and third quarters are finalized. In addition, these preliminary results could be affected by any restatements of prior period financial statements that are required as a result of any conclusions reached by the ongoing investigations concerning certain accounting and financial reporting matters. See "Investigation Update; Preliminary Results Subject to Change" in the accompanying press release.

^(a) Results for the three months ended November 3, 2006 include stock-based compensation expense of \$71 million, or \$49 million (\$0.02 per share) net of tax, due to the implementation of Statement of Financial Accounting Standard No. 123 (revised 2004) Share-Based Payments, ("SFAS 123(R)"). Dell implemented SFAS 123(R) using the modified prospective method effective February 4, 2006.

DELL INC.Financial Highlights -- Continued - **PRELIMINARY** (see Note)
(unaudited)

	November 3, 2006
<u>Ratios:</u>	
Days supply in inventory	5
Days of sales outstanding ^(a)	33
Days in accounts payable	78
Cash conversion cycle	(40)
<u>Other Information:</u>	
Headcount (approximate)	78,700
Average total revenue/unit (approximate)	\$ 1,530
Cash and investments (in billions)	\$ 11.6
Commercial paper borrowings (in billions)	\$ 0.2

Ratios are calculated based on underlying data in thousands.

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^(a) Days of sales outstanding include the effect of product costs related to customer shipments not yet recognized as revenue that are classified in other current assets. At November 3, 2006, days of sales in accounts receivable and days of customer shipment not yet recognized were 30 and 3 days, respectively.