

3Q FY20 PERFORMANCE REVIEW

November 26, 2019

DELLTechnologies

DISCLAIMER

Non-GAAP Financial Measures

This presentation includes information about non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP selling, general, and administrative expenses, non-GAAP research and development expenses, non-GAAP operating income, non-GAAP interest and other, net, non-GAAP income tax, non-GAAP net income, non-GAAP net income attributable to non-controlling interests, non-GAAP net income attributable to Dell Technologies Inc. – basic, non-GAAP net income attributable to Dell Technologies Inc. – diluted, non-GAAP earnings per share attributable to Dell Technologies Inc. – basic, non-GAAP earnings per share attributable to Dell Technologies Inc. – diluted, EBITDA, Adjusted EBITDA, free cash flow, and free cash flow, excluding VMware, before impact from DFS related items (collectively the “non-GAAP financial measures”), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the non-GAAP measures to the most directly comparable GAAP measures in the slides captioned “Supplemental Non-GAAP Measures.”

Special Note on Forward Looking Statements

Statements in this material that relate to future results and events are forward-looking statements and are based on Dell Technologies' current expectations. These forward-looking statements include Dell Technologies' current expectations regarding GAAP revenue, non-GAAP revenue, GAAP operating income, non-GAAP operating income, non-GAAP tax rate, non-GAAP share count – diluted, GAAP earnings per share and non-GAAP earnings per share for full fiscal year 2020. In some cases, you can identify these statements by such forward-looking words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “confidence,” “may,” “plan,” “potential,” “should,” “will” and “would,” or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including those discussed in Dell Technologies' periodic reports filed with the Securities and Exchange Commission. Dell Technologies assumes no obligation to update its forward-looking statements.

QUARTERLY HIGHLIGHTS

Balanced revenue and profitability. We are focused on growing faster than competitors and the industry, growing operating income and EPS faster than revenue, and generating strong cash flow over time

1. INNOVATING AND INTEGRATING

We are collaborating and integrating across our portfolio. Delivering innovative, first to market solutions

2. BALANCED REVENUE GROWTH AND PROFITABILITY

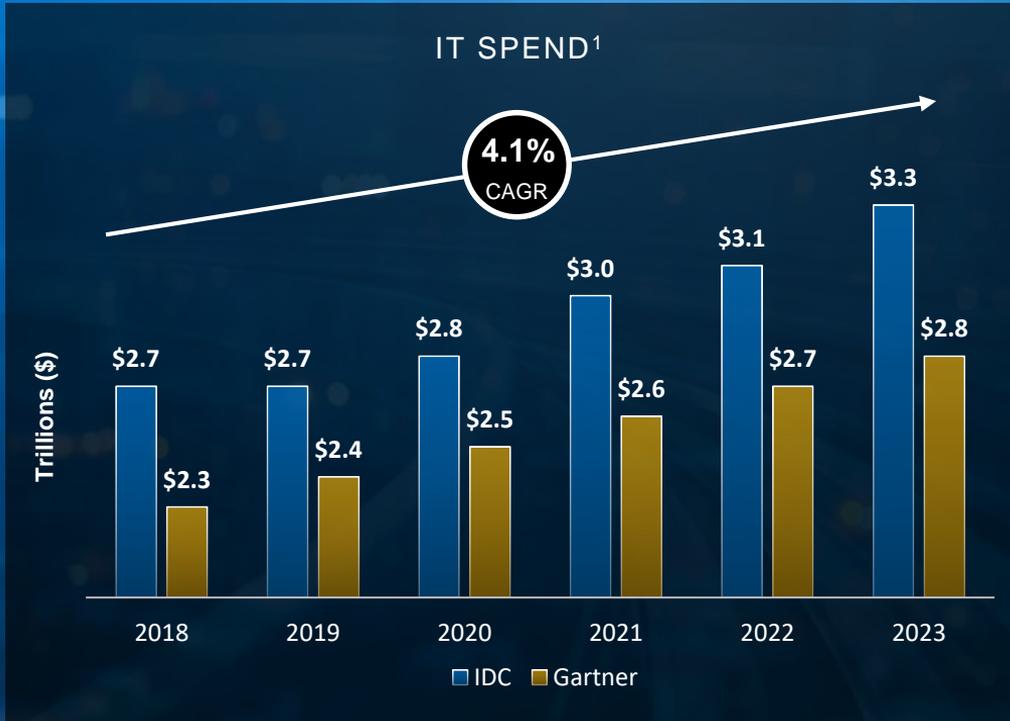
We continue to outperform and drive consolidation. In storage, we expect to gain share in North America in Q3. CSG delivered strong revenue growth and profitability and expect to gain PC worldwide share in Q3.

3. STRONG CASH FLOW, DEBT PAYDOWN

Strong cash flow and well positioned to repay approximately \$5B of gross debt this fiscal year, with \$1.1B of gross debt paid down in Q3 and \$3.5B year to date

LONG TERM DRIVERS

Long term drivers for our business remain intact. The “Next Data Decade” is being powered by the exponential growth in data and is accelerating digital transformation



IDC projects IT spend growth to be more than 2x real GDP a 4.1% CAGR through 2023¹

Optimistic about long term value as customers look to us to help them reinvent and automate

We are innovating and investing in new technologies that are simpler, faster and more capable

Customers need a partner who is innovating and delivering comprehensive end-to-end IT solutions

¹ Results Market Sources, excluding telco: IDC WW Black Book, November 2019, and Gartner Market Databook Q319

INNOVATING AND INTEGRATING

We are collaborating and integrating across our portfolio, bringing first and best innovative solutions to the market that simplify our customers' digital future

DELLEMC
PowerOne

DELLTechnologies
On Demand

DELLTechnologies
Cloud

DELLTechnologies
Unified Workspace

DELLEMC
VxRail

DELLTechnologies
Progress Made Real

WINNING IN THE CONSOLIDATION

We lead across the markets where we compete and continue to drive consolidation regardless of the market environment

#1

Public & Private Cloud IT Infrastructure

Dell EMC maintained the #1 position with 16.7% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY19Q2

#1

External Enterprise storage

Dell EMC maintained the #1 position with 29.9% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q2

#1

Storage software

Dell EMC maintained the #1 position with 13.7% share

Per IDC WW Storage Software and Cloud Services QView CY19Q2

#1

All flash array

Dell EMC maintained the #1 position with 28.0% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY19Q2

#1

Hyperconverged Systems

Dell EMC maintained the #1 position with 29.2% share

Per IDC WW Quarterly Converged Systems Tracker CY19Q2

#1

Server
in units and revenue

Dell EMC is the undisputed x86 server provider in both revenue and units

Per IDC WW Quarterly Server Tracker CY19Q2

#1

Client business

Leading Client business by revenue

Client statistic calculated by Dell Technologies utilizing other PC OEMs' financial public filings.

#1

Flat panel monitor

Dell maintained the #1 position for the 26th consecutive quarter with 20.1% share

Per IDC WW Quarterly PC Monitor Tracker CY19Q3

CONSOLIDATED GAAP RESULTS¹

Executed well against our strategic focus areas as we balanced revenue and profitability. Delivered net income of \$552M

\$ in millions, except per share amounts	3Q19	4Q19	1Q20	2Q20	3Q20	Y/Y	Q/Q
Revenue	22,482	23,841	21,908	23,370	22,844	2%	-2%
Gross Margin	5,943	7,109	6,797	7,326	7,126	20%	-3%
SG&A	5,159	5,576	5,071	5,578	5,028	-3%	-10%
R&D	1,140	1,202	1,176	1,229	1,262	11%	3%
Operating Expense	6,299	6,778	6,247	6,807	6,290	0%	-8%
Operating Income (Loss)	(356)	331	550	519	836	335%	61%
Interest and Other, Net	(639)	(606)	(693)	(630)	(677)	-6%	-7%
Income Tax	(100)	12	(472)	(4,343)	(393)	-293%	91%
<i>Effective tax rate %</i>	<i>10.1%</i>	<i>-4.4%</i>	<i>330.1%</i>	<i>3912.6%</i>	<i>-247.2%</i>		
Net Income (Loss)	(895)	(287)	329	4,232	552	162%	-87%
Less: Net Income (loss) attributable to non-controlling interests	(19)	12	36	816	53	379%	-94%
Net Income (loss) attributable to Dell Technologies Inc. - basic	(876)	(299)	293	3,416	499	157%	-85%
Less: Incremental dilution from VMware, Inc.			8	62	6		
Net Income attributable to Dell Technologies Inc. - diluted			285	3,354	493		
Earnings Per Share - basic ²			0.41	4.75	0.69		
Earnings Per Share - diluted ³			0.38	4.47	0.66		

¹ Results include material adjustments related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides in the appendix.

² EPS calculated using 717, 719, and 725 million weighted average shares – basic for 1Q20, 2Q20, and 3Q20 respectively.

³ EPS calculated using 751, 751, and 750 million weighted average shares – diluted for 1Q20, 2Q20, and 3Q20 respectively.

CONSOLIDATED NON-GAAP RESULTS¹

Operating income up 18% Y/Y, outpaced revenue growth driven by lower component costs and pricing discipline

\$ in millions, except per share amounts	3Q19	4Q19	1Q20	2Q20	3Q20	Y/Y	Q/Q
Revenue	22,651	24,008	21,990	23,454	22,928	1%	-2%
Gross Margin	7,000	8,037	7,434	7,986	7,768	11%	-3%
SG&A	3,912	4,287	4,178	4,150	4,206	8%	1%
R&D	1,024	1,094	1,060	1,093	1,120	9%	2%
Operating Expense	4,936	5,381	5,238	5,243	5,326	8%	2%
Operating Income (Loss)	2,064	2,656	2,196	2,743	2,442	18%	-11%
Interest and Other, Net	(622)	(645)	(755)	(710)	(695)	-12%	2%
Income Tax	245	419	232	282	302	23%	7%
<i>Effective tax rate %</i>	<i>17.0%</i>	<i>20.8%</i>	<i>16.1%</i>	<i>13.9%</i>	<i>17.3%</i>		
Net Income (Loss)	1,197	1,592	1,209	1,751	1,445	21%	-17%
Less: Net Income attributable to non-controlling interests	124	158	109	131	124	0%	-5%
Net Income attributable to Dell Technologies Inc. - basic	1,073	1,434	1,100	1,620	1,321	23%	-18%
Less: Incremental dilution from VMware, Inc.			8	9	6		
Net Income attributable to Dell Technologies Inc. - diluted			1,092	1,611	1,315		
Earnings Per Share - basic²			1.53	2.25	1.82		
Earnings Per Share - diluted³			1.45	2.15	1.75		

¹ See supplemental slides in Appendix B for reconciliation of GAAP to Non-GAAP measures.

² EPS calculated using 717, 719, and 725 million weighted average shares – basic for 1Q20, 2Q20, and 3Q20 respectively.

³ EPS calculated using 751, 751, and 750 million weighted average shares – diluted for 1Q20, 2Q20, and 3Q20 respectively

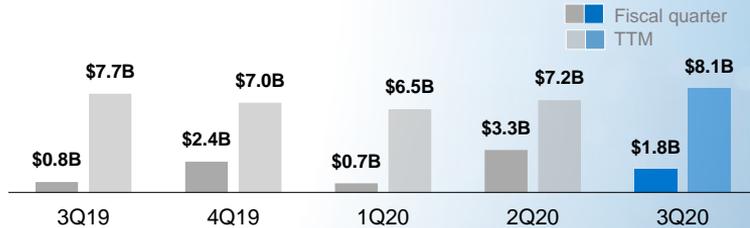
SELECT FINANCIAL METRICS

Strong cash flow, generated \$1.8B in cash flow from operations in Q3 and \$8.1B on a trailing twelve month basis

CASH FLOW FROM OPERATIONS

\$1.8B

+119% Y/Y

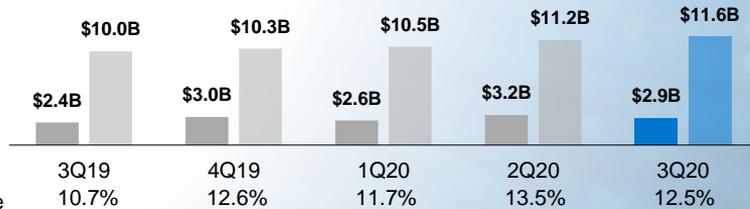


ADJUSTED EBITDA

\$2.9B

+18% Y/Y

12.5% of non-GAAP revenue



DEFERRED REVENUE²

\$25.9B

+17% Y/Y

+2% Q/Q



Strong profitability due to working capital discipline

Generated \$1.6B of adjusted free cash flow including \$0.4B tax settlement payment in Q3¹

Trailing twelve month adjusted free cash flow is now \$7.7B

Deferred revenue up 17% Y/Y adding revenue and cash flow stability

¹ This metric normalizes for the cash flow statement impacts of operating leases and funding DFS, as reflected in Appendix B.

² Includes purchase accounting adjustments.

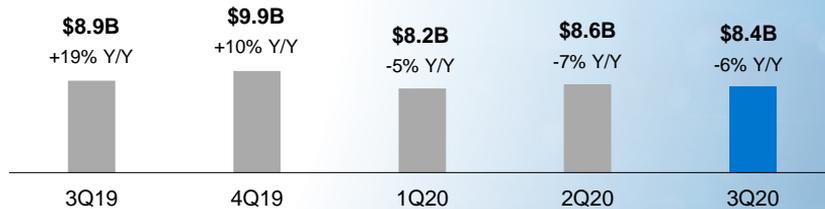
INFRASTRUCTURE SOLUTIONS GROUP

Storage demand remains solid. ISG operating income of \$1.0B up 7% Y/Y to 11.9% largely due to our business and geography mix as well as server pricing discipline

REVENUE

\$8.4B

-6% Y/Y
-3% Q/Q



Servers & Networking
Storage

Segment	3Q19	4Q19	1Q20	2Q20	3Q20
Servers & Networking	\$5.1B, +30% Y/Y	\$5.3B, +14% Y/Y	\$4.2B, -9% Y/Y	\$4.4B, -12% Y/Y	\$4.2B, -16% Y/Y
Storage	\$3.9B, +6% Y/Y	\$4.6B, +7% Y/Y	\$4.0B, -1% Y/Y	\$4.2B, +0% Y/Y	\$4.1B, +7% Y/Y

OPERATING INCOME

\$1.0B

+7% Y/Y
-5% Q/Q



11.9% of ISG revenue
+140 bps Y/Y

Quarter	Operating Income (\$B)	Margin (%)	Y/Y Change (bps)
3Q19	\$0.9B	10.5%	-100
4Q19	\$1.3B	12.8%	+110
1Q20	\$0.8B	10.3%	-50
2Q20	\$1.1B	12.2%	+120
3Q20	\$1.0B	11.9%	+140

Strong demand growth in data protection and our industry leading HCI business

VxRail orders grew 82% Y/Y

Expect to gain storage share in North America in Q3

Expect to gain x86 and mainstream server share in NA and EMEA in Q3

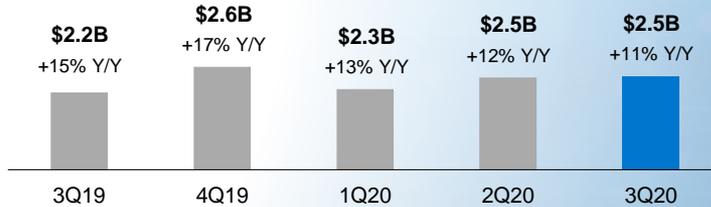
VMWARE

VMware business unit had another solid quarter, delivering \$2.5B of revenue, up 11% Y/Y, driven by broad-based strength across portfolio

REVENUE

\$2.5B

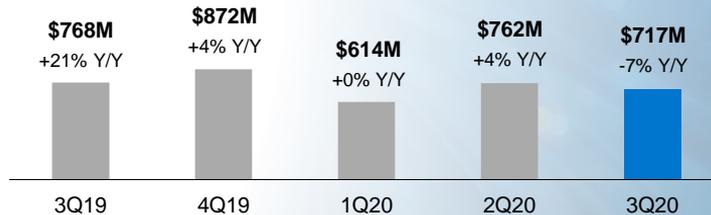
+11% Y/Y
+1% Q/Q



OPERATING INCOME

\$717M

-7% Y/Y
-6% Q/Q



28.9% of VMware revenue
-560 bps Y/Y

Quarter	Operating Margin (%)	Y/Y Change (bps)
3Q19	34.5%	+170
4Q19	33.1%	-390
1Q20	26.9%	-330
2Q20	30.9%	-260
3Q20	28.9%	-560

Growth in revenue plus the sequential change in unearned revenue was 18%, or 12% excluding Carbon Black

NSX license bookings were up 50% and vSAN license bookings grew over 35%

Carbon Black acquisition closed in Q3. Accelerates VMware's intrinsic security strategy

Pivotal acquisition expected to close in Q4. Delivering an integrated Kubernetes platform

CLIENT SOLUTIONS GROUP

Strong revenue growth and profitability in Q3. Revenue of \$11.4B up 5% Y/Y and operating income of \$739M up 240 bps Y/Y to 6.5% driven by strong growth in commercial

REVENUE

\$11.4B

+5% Y/Y
-3% Q/Q



	3Q19	4Q19	1Q20	2Q20	3Q20
Commercial	\$7.6B, +12% Y/Y	\$7.8B, +9% Y/Y	\$8.3B, +13% Y/Y	\$9.1B, +12% Y/Y	\$8.3B, +9% Y/Y
Consumer	\$3.3B, +8% Y/Y	\$3.1B, -6% Y/Y	\$2.6B, -10% Y/Y	\$2.7B, -12% Y/Y	\$3.1B, -6% Y/Y

OPERATING INCOME

\$739M

+65% Y/Y
-25% Q/Q



	3Q19	4Q19	1Q20	2Q20	3Q20
6.5% of CSG revenue	4.1%	5.1%	7.3%	8.4%	6.5%
+240 bps Y/Y	-230 bps Y/Y	-30 bps Y/Y	+210 bps Y/Y	+460 bps Y/Y	+240 bps Y/Y

Strong revenue driven by double-digit growth in commercial desktops and workstations

Solid profitability driven by higher Commercial mix and pricing discipline

Continue to prioritize Commercial business and focusing on profitable, higher end Consumer PCs

Driving consolidation in the Client business. Gained ww share in Q3 and gained share 26 of the last 27 quarters¹

¹ Results Market Sources: Per IDC WW Personal Computing Device Tracker CY19Q3 on a Y/Y basis

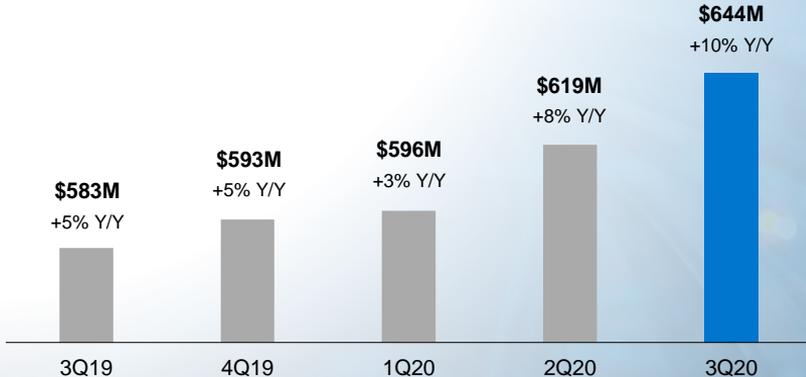
OTHER BUSINESSES

We are innovating across our portfolio to create the infrastructure for the digital future

REVENUE

\$644M

+10% Y/Y
+4% Q/Q



Pivotal

On August 22, 2019, Pivotal entered into a definitive agreement to be acquired by VMware

Secureworks

Provides trusted managed security services to organizations of all sizes

RSA

Delivers business-driven security solutions and helps organizations thrive in an uncertain, high-risk world

virtustream

Global Enterprise-class cloud company for transforming and moving mission-critical applications to the cloud



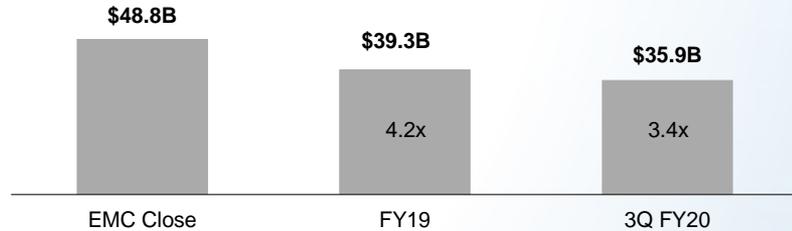
Leading enterprise transformation provider of cloud integration and workflow automation

DEBT PAYDOWN & MATURITY PROFILE

Capital structure well positioned for any macroeconomic environment

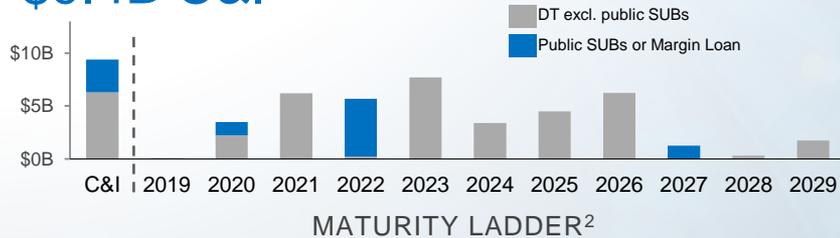
CORE DEBT REDUCTION³

\$12.9B



CASH & MATURITY LADDER¹

\$9.4B C&I



\$18.1B gross debt paydown since EMC close, \$1.1B in Q3

Expect \$5B gross debt paydown in FY20, at least \$4B in FY21

Only \$2.3B core debt due in the next 15 months

Only \$3.7B⁴ average annual debt maturity over the next 10 years

\$9.4B C&I, \$6.3B excluding public subsidiaries

3.4x core leverage, down by 0.8x YTD

¹ Principal Face Value of 2019-2029 calendar year maturities, excluding DFS debt and undrawn revolving credit facilities.

² In calendar years

³ Core leverage ratio calculated using core debt as numerator and core EBITDA as denominator; core EBITDA calculated using Dell Technologies consolidated Adjusted EBITDA less 19% of VMware EBITDA less DFS estimated EBITDA. DFS estimated EBITDA calculated as a 4% return on assets comprised of financing receivables and DFS operating lease balance. 4% return on assets is derived from a peer benchmark analysis and is an indicative proxy for DFS EBITDA.

⁴ Excludes DFS and public subsidiary debt.

DEBT & CAPITAL STRUCTURE

Ample support for various types of debt with paydown accretive to equity

Core Debt



Supported by adjusted FCF generation (~\$4.1B¹ TTM ex-VMware) and cash on hand

DFS Related Debt



Supported by \$9.7B high quality DFS receivables
Majority of debt is non-recourse to Dell

VMware Debt



Supported by VMware's FCF generation (~\$3.5B TTM) and cash on hand

Margin Loan



Secured by \$13B² equity value in VMware

¹ Adjusted free cash flow normalizes for the cash flow statement impacts of operating leases and funding DFS, as reflected in Appendix B.

² Equity value calculated off VMware's share price as of 11/1/2019, and represents only a portion of Dell Technologies shareholdings in VMware.

FINANCIAL GUIDANCE¹

FY20

	GAAP	NON-GAAP
REVENUE	\$91.5B - \$92.2B	\$91.8B - \$92.5B
OPERATING INCOME	\$2.9B - \$3.1B	\$10.0B - \$10.2B
TAX RATE	NM ²	16% +/- 100 bps
EPS – DILUTED ^{3,4}	\$5.83 - \$5.98	\$7.25 - \$7.40
SHARE COUNT - DILUTED	750M - 755M	750M - 755M

FY20

We are updating our FY20 non-GAAP revenue range and due to our strong profitability we are raising the low end of non-GAAP operating income and EPS guidance ranges

FY21

Our preliminary view is more cautious on revenue growth. Operating income may be closer to FY19 levels due to forecasted component cost inflation in FY21

¹ See supplemental slides in Appendix B for reconciliation of GAAP to Non-GAAP measures.

² Due to the impact of purchase accounting and amortization of intangibles, stock-based compensation, other corporate expenses, and the tax impact of discrete items, the GAAP tax rate is not relevant for guidance purposes.

³ Includes adjustment to net income from minority interest in VMware, Pivotal and Secureworks.

⁴ Includes incremental dilution from VMware attributable to Dell Technologies Inc., which represents the impact of VMware Inc.'s dilutive securities on the diluted EPS of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted EPS by the number of shares of VMware Inc. common stock held by Dell Technologies.

VALUE CREATION

Maximizing Dell Technologies' equity value for all aligned shareholders through five distinct levers



CURRENT OPERATIONS

Consolidate core end markets through ongoing share gains

Improve margins with scale optimization and product mix shift



SYNERGIES

Tightly integrated software and solutions

Cross-sell and go-to-market opportunities



NEW OPPORTUNITIES

R&D investments in emerging areas of technology

M&A

Partnerships, including public cloud providers and telecommunications



CORPORATE STRUCTURE

Intellectual property realignment

Simplification of operations

Asset divestitures



CAPITAL STRUCTURE

Reduce core leverage and interest expense

Refinancing efforts to smooth out maturity stacks

Aligned shareholder interests

THE ESSENTIAL INFRASTRUCTURE COMPANY

Long-term value creation reflects the aligned interests of customers, shareholders, team members and society-at-large

PURPOSE

To create technologies that drive human progress.
This is why we are in business.

VISION

To become the essential infrastructure company – from the edge to the core to the cloud – not only for today's applications, but for the cloud-native world we're entering.

STRATEGY

Lead our customers' journey to becoming a digital organization through IT, Workforce, Security & Application Transformation, and lead the consolidation of the core infrastructure markets in which we compete.



Customers



Shareholders



Team Members



Partners



Community

The Dell Technologies logo is centered on the page. It features the word "DELL" in a bold, white, sans-serif font, where the 'E' is stylized with three diagonal lines. To the right of "DELL" is the word "Technologies" in a white, sans-serif font. The background is a dark blue, blurred cityscape at night with light trails from traffic and buildings.

DELLTechnologies

APPENDIX A

Debt and DFS Summary

DEBT SUMMARY

\$ in billions ^{1,4}	EMC Close	3Q19	4Q19	1Q20	2Q20	3Q20
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	4.2	7.8	6.0	4.6	4.2
Term Loan B	5.0	5.0	4.9	4.9	4.9	4.8
Investment Grade Notes	20.0	20.0	20.0	20.8	20.8	20.8
DFS Allocated Debt	(1.0)	(1.1)	(1.6)	(1.3)	(1.4)	(0.9)
Total Core Secured Debt²	35.4	28.0	31.1	30.4	28.8	28.8
High Yield Notes	3.3	3.3	3.3	3.3	3.3	2.7
Asset Sale Bridge	2.2	-	-	-	-	-
Legacy Dell Unsecured Notes	2.5	2.0	2.0	2.0	1.4	1.4
Legacy EMC Unsecured Notes	5.5	3.0	3.0	3.0	3.0	3.0
Total Unsecured Core Debt	13.4	8.2	8.2	8.2	7.6	7.1
Total Core Debt³	48.8	36.2	39.3	38.6	36.4	35.9
Margin Loan	2.5	2.0	3.4	4.0	4.0	4.0
Mirror Loan	1.5	-	-	-	-	-
Other	-	0.1	-	-	-	-
Total Other Debt	4.0	2.1	3.4	4.0	4.0	4.0
DFS Debt	3.5	5.9	5.9	6.3	6.6	7.6
DFS Allocated Debt	1.0	1.1	1.6	1.3	1.4	0.9
Total DFS Related Debt	4.5	7.1	7.5	7.6	8.1	8.4
Total Debt, Excluding Public Subsidiaries⁵	57.3	45.4	50.2	50.2	48.5	48.4
Total Public Subsidiary Debt	-	4.0	4.0	4.0	4.1	4.7
Total Debt, Including Public Subsidiaries⁵	57.3	49.4	54.2	54.2	52.6	53.0

¹ Amounts are based on underlying data and may not visually foot due to rounding.

² Core Secured Debt represents secured term loans, investment grade notes, and revolver. It excludes DFS allocated debt based on a 7:1 leverage ratio of DFS financing receivables and fixed assets supporting operating leases.

³ Core Debt represents the total amount of our debt, less: (a) unrestricted subsidiary debt, (b) DFS related debt, and (c) other debt.

⁴ Principal Face Value.

⁵ VMware, Pivotal and their respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

DFS SUMMARY

\$ in billions	3Q19	4Q19	1Q20	2Q20	3Q20
Originations¹	1.6	2.1	1.7	2.0	2.0
Trailing twelve months	7.1	7.3	7.3	7.4	7.8
Financing Receivables²	8.1	8.6	8.4	8.8	9.1
Operating Leases³	-	-	0.3	0.4	0.6
Total Managed Assets⁴	9.0	9.7	9.7	10.2	10.7

¹ Originations represent the amounts of financing provided by DFS to customers for equipment and related software and services, including third-party originations.

² Amounts represent financing receivables included on the Dell Technologies Statements of Financial Position.

³ Amount represents net carrying value of equipment for DFS operating leases under the new lease accounting standard.

⁴ Total managed assets consists of financing receivables, syndicated receivables we still service, and operating leases.

APPENDIX B

Supplemental Non-GAAP Measures

SUPPLEMENTAL NON-GAAP MEASURES¹

Revenue and Gross Margin

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
Consolidated GAAP revenue	22,482	23,841	21,908	23,370	22,844
Impact of purchase accounting ²	169	167	82	84	84
Non-GAAP revenue	22,651	24,008	21,990	23,454	22,928
Consolidated GAAP gross margin	5,943	7,109	6,797	7,326	7,126
Amortization of intangibles	726	729	519	519	517
Impact of purchase accounting ²	171	171	84	85	86
Transaction costs ³	102	(26)	(5)	-	-
Stock based compensation	20	37	26	32	33
Other corporate expenses ⁴	38	17	13	24	6
Total adjustments to gross margin	1,057	928	637	660	642
Non-GAAP gross margin	7,000	8,037	7,434	7,986	7,768
<i>GM % of non-GAAP revenue</i>	<i>30.9%</i>	<i>33.5%</i>	<i>33.8%</i>	<i>34.0%</i>	<i>33.9%</i>

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

³ Consists of acquisition, integration, and divestiture-related costs.

⁴ Consists of severance, facility action, and other costs.

SUPPLEMENTAL NON-GAAP MEASURES¹

SG&A, R&D and Operating Expense

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
GAAP SG&A	5,159	5,576	5,071	5,578	5,028
Amortization of intangibles	(820)	(815)	(698)	(541)	(540)
Impact of purchase accounting ²	(17)	(19)	(17)	(17)	(10)
Transaction costs ³	(69)	(337)	(48)	(45)	(76)
Stock based compensation	(130)	(109)	(126)	(145)	(158)
Other corporate expenses ⁴	(211)	(9)	(4)	(680)	(38)
Non-GAAP SG&A	3,912	4,287	4,178	4,150	4,206
GAAP R&D	1,140	1,202	1,176	1,229	1,262
Amortization of intangibles	-	-	-	-	-
Impact of purchase accounting ²	(5)	-	-	-	-
Transaction costs ³	4	(2)	1	(2)	-
Stock based compensation	(106)	(101)	(111)	(124)	(131)
Other corporate expenses ⁴	(9)	(5)	(6)	(10)	(11)
Non-GAAP R&D	1,024	1,094	1,060	1,093	1,120
Consolidated GAAP operating expenses	6,299	6,778	6,247	6,807	6,290
Amortization of intangibles	(820)	(815)	(698)	(541)	(540)
Impact of purchase accounting ²	(22)	(19)	(17)	(17)	(10)
Transaction costs ³	(65)	(339)	(47)	(47)	(76)
Stock based compensation	(236)	(210)	(237)	(269)	(289)
Other corporate expenses ⁴	(220)	(14)	(10)	(690)	(49)
Total adjustments to operating expenses	(1,363)	(1,397)	(1,009)	(1,564)	(964)
Non-GAAP operating expenses	4,936	5,381	5,238	5,243	5,326
<i>OpEx % of non-GAAP revenue</i>	<i>21.8%</i>	<i>22.4%</i>	<i>23.8%</i>	<i>22.4%</i>	<i>23.2%</i>

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

³ Consists of acquisition, integration, and divestiture-related costs, as well as the costs incurred in the Class V transaction.

⁴ Consists of impairment charges and severance, facility action, and other costs.

SUPPLEMENTAL NON-GAAP MEASURES¹

Operating Income

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
Consolidated GAAP operating income (loss)	(356)	331	550	519	836
Non-GAAP adjustments:					
Amortization of intangibles	1,546	1,544	1,217	1,060	1,057
Impact of purchase accounting ²	193	190	101	102	96
Transaction costs ³	167	313	42	47	76
Stock based compensation	256	247	263	301	322
Other corporate expenses ⁴	258	31	23	714	55
Total adjustments to operating income	2,420	2,325	1,646	2,224	1,606
Non-GAAP operating income	2,064	2,656	2,196	2,743	2,442
<i>OpInc % of non-GAAP revenue</i>	<i>9.1%</i>	<i>11.1%</i>	<i>10.0%</i>	<i>11.7%</i>	<i>10.7%</i>

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⁴ Consists of impairment charges and severance, facility action, and other costs.

SUPPLEMENTAL NON-GAAP MEASURES¹

Interest and Other

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
GAAP interest and other, net					
Investment income, primarily interest	84	66	44	42	41
Gain (loss) on investments, net	(17)	113	62	80	18
Interest expense	(612)	(658)	(699)	(692)	(654)
Foreign exchange	(63)	(32)	(45)	(35)	(43)
Other	(31)	(95)	(55)	(25)	(39)
GAAP interest and other, net	(639)	(606)	(693)	(630)	(677)
Adjustments:					
Non-GAAP adjustments ²	(17)	39	62	80	18
Non-GAAP interest and other, net	(622)	(645)	(755)	(710)	(695)
<i>I&O as a % of non-GAAP revenue</i>	<i>-2.7%</i>	<i>-2.7%</i>	<i>-3.4%</i>	<i>-3.0%</i>	<i>-3.0%</i>

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² Primarily consists of the fair value adjustments on strategic equity investments, as well as one-time costs related to the Class V transaction during Q4 FY19.

SUPPLEMENTAL NON-GAAP MEASURES¹

Consolidated Net Income

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
Consolidated GAAP net income (loss)	(895)	(287)	329	4,232	552
Non-GAAP adjustments:					
Amortization of intangibles	1,546	1,544	1,217	1,060	1,057
Impact of purchase accounting ²	193	190	101	102	96
Transaction costs ³	167	387	42	47	76
Stock based compensation	256	247	263	301	322
Other corporate expenses ⁴	258	31	23	714	55
Fair value adjustments on equity investments ⁵	17	(113)	(62)	(80)	(18)
Aggregate adjustment for income taxes ⁶	(345)	(407)	(704)	(4,625)	(695)
Total adjustments to net income	2,092	1,879	880	(2,481)	893
Consolidated Non-GAAP net income	1,197	1,592	1,209	1,751	1,445
<i>NI % of non-GAAP revenue</i>	<i>5.3%</i>	<i>6.6%</i>	<i>5.5%</i>	<i>7.5%</i>	<i>6.3%</i>

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

³ Consists of acquisition, integration, and divestiture-related costs, as well as the costs incurred in the Class V transaction.

⁴ Consists of impairment charges and severance, facility action, and other costs.

⁵ Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

⁶ Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

SUPPLEMENTAL NON-GAAP MEASURES¹

Net Income Attributable to Non-controlling Interests and Dell Technologies Inc.

\$ in millions	1Q20	2Q20	3Q20
GAAP net income attributable to non-controlling interests	36	816	53
Amortization of intangibles ²	73	71	75
Impact of purchase accounting ³	6	6	5
Transaction costs ⁴	3	2	13
Stock based compensation	46	51	55
Fair value adjustments on equity investments ⁶	(26)	100	(50)
Aggregate adjustment for income taxes	(29)	(915)	(27)
Total adjustments to net income attributable to non-controlling interests	73	(685)	71
Non-GAAP net income attributable to non-controlling interests	109	131	124

\$ in millions	1Q20	2Q20	3Q20
GAAP net income attributable to Dell Technologies Inc.	293	3,416	499
Amortization of intangibles	1,217	1,060	1,057
Impact of purchase accounting ³	101	102	96
Transaction costs ⁴	42	47	76
Stock based compensation	263	301	322
Other corporate expenses ⁵	23	714	55
Fair value adjustments on equity investments ⁶	(62)	(80)	(18)
Aggregate adjustment for income taxes ⁷	(704)	(4,625)	(695)
Total non-GAAP adjustments attributable to non-controlling interests	(73)	685	(71)
Total adjustments to net income attributable to Dell Technologies Inc.	807	(1,796)	822
Non-GAAP net income attributable to Dell Technologies Inc. - basic	1,100	1,620	1,321
Incremental dilution from VMware, Inc. ⁸	(8)	(9)	(6)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,092	1,611	1,315

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² Amortization of intangibles reflects Dell Technologies Inc. basis.

³ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

⁴ Consists of acquisition, integration and divestiture-related costs.

⁵ Consists of impairment charges and severance, facility action, and other costs.

⁶ Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

⁷ Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

⁸ The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

SUPPLEMENTAL NON-GAAP MEASURES¹

Earnings Per Share - Basic and Diluted

	1Q20	2Q20	3Q20
\$ in millions, except per share figures			
GAAP net income attributable to Dell Technologies Inc.	293	3,416	499
Weighted-average shares outstanding - basic	717	719	725
GAAP EPS attributable to Dell Technologies Inc. - basic	0.41	4.75	0.69
Incremental dilution from VMware Inc. ²	(8)	(62)	(6)
GAAP net income attributable to Dell Technologies Inc. - diluted	285	3,354	493
Weighted-average shares outstanding - diluted	751	751	750
GAAP EPS attributable to Dell Technologies Inc. - diluted	0.38	4.47	0.66
Non-GAAP net income attributable to Dell Technologies Inc.	1,100	1,620	1,321
Weighted-average shares outstanding - basic	717	719	725
Non-GAAP EPS attributable to Dell Technologies Inc. - basic	1.53	2.25	1.82
Incremental dilution from VMware Inc. ²	(8)	(9)	(6)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,092	1,611	1,315
Weighted-average shares outstanding - diluted	751	751	750
Non-GAAP EPS attributable to Dell Technologies Inc. - diluted	1.45	2.15	1.75

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

SUPPLEMENTAL NON-GAAP MEASURES¹

Adjusted EBITDA

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
Consolidated GAAP net income (loss)	(895)	(287)	329	4,232	552
Adjustments:					
Interest and other, net	639	606	693	630	677
Income tax provision (benefit)	(100)	12	(472)	(4,343)	(393)
Depreciation and amortization	1,961	1,940	1,616	1,498	1,494
EBITDA	1,605	2,271	2,166	2,017	2,330
Adjustments:					
Impact of purchase accounting ²	169	168	83	84	84
Transaction costs ³	158	313	42	47	76
Stock based compensation	256	247	263	301	322
Other corporate expenses ⁴	238	29	19	707	45
Adjusted EBITDA	2,426	3,028	2,573	3,156	2,857
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>10.7%</i>	<i>12.6%</i>	<i>11.7%</i>	<i>13.5%</i>	<i>12.5%</i>

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

³ Consists of acquisition, integration, and divestiture-related costs, as well as the costs incurred in the Class V transaction.

⁴ Consists of impairment charges and severance, facility action, and other costs.

SUPPLEMENTAL NON-GAAP MEASURES

Free Cash Flow

\$ in millions	3Q19	4Q19	1Q20	2Q20	3Q20
Cash flow from operations	833	2,366	682	3,280	1,821
Adjustments:					
Capital expenditures	(300)	(297)	(610)	(473)	(517)
Capitalized software expense	(86)	(93)	(106)	(78)	(80)
Free cash flow	447	1,976	(34)	2,729	1,224
Adjustments:					
DFS financing receivables	(13)	567	(121)	483	230
DFS operating leases ¹	-	-	271	155	170
Free cash flow before impact from DFS related items	434	2,543	116	3,367	1,624
VMware cash flow from operations	769	1,012	1,273	699	810
Adjustments:					
VMware capital expenditures	(57)	(66)	(71)	(88)	(50)
VMware capitalized software expense	-	-	-	-	-
VMware free cash flow	712	946	1,202	611	760
Free cash flow, excluding VMware, before impact from DFS related items	(278)	1,597	(1,086)	2,756	864

¹ Amount represents change in net carrying value of equipment for DFS operating leases under the new lease accounting standard.

SUPPLEMENTAL NON-GAAP MEASURES¹

FY20 Financial Guidance^{2,3}

\$ in billions, except per share amounts	Revenue	Operating Income	Diluted EPS ⁸
GAAP guidance	\$91.5 - \$92.2	\$2.9 - \$3.1	\$5.83 - \$5.98
Estimated adjustments for:			
Impact of purchase accounting and amortization of intangibles ^{4,6}	0.3	4.8	5.97
Stock-based compensation ⁶	-	1.2	1.34
Other corporate expenses ^{5,6}	-	1.0	1.08
Aggregate adjustment for income taxes ⁷	-	-	(6.97)
Non-GAAP guidance	\$91.8 - \$92.5	\$10.0 - \$10.2	\$7.25 - \$7.40

¹ GAAP results will include substantial non-cash purchase accounting adjustments for the next several years related to the EMC merger transaction.

² Amounts are based on calculated data and may not visually foot due to rounding.

³ The Company's GAAP and non-GAAP financial guidance for the fiscal year ended January 31, 2020 included the estimated impact of the new leasing standard, incremental financing costs associated with the closing of the Class V transaction and current LIBOR costs, and minority interest deductions of the Company's public subsidiaries.

⁴ Impact of purchase accounting and amortization of intangibles represents an estimate for acquisitions completed as of November 1, 2019 and does not include estimates for potential acquisitions, if any, during the remainder of FY20.

⁵ Other corporate expenses include estimates for acquisition, integration & divestiture related costs. This line also includes impairment charges, fair value adjustments on equity investments, severance and facility action costs for the first 3 quarters of the year. No estimates are included for guidance purposes of potential fair value adjustments on strategic investments given the potential volatility of either gains or losses on those equity investments. Additionally, no estimate is included for any potential severance and facility action costs, as they cannot be reasonably estimated.

⁶ Reported impacts on diluted earnings (loss) per share are presented before tax impact.

⁷ The aggregate adjustment for income taxes is the estimated combined income tax effect for the impact of purchase accounting and amortization of intangibles, stock-based compensation, other corporate expenses, and includes the impact of certain discrete tax items. The Company's full year non-GAAP tax rate is expected to be 16% plus or minus 100 bps. For the purposes of non-GAAP EPS, a full year non-GAAP tax rate of 16% was assumed. Our estimated tax rate on non-GAAP income is determined annually and may be adjusted during the year to take into account events or trends that we believe materially impact the estimated annual rate, including, but not limited to, material changes in the geographic mix of income, significant changes resulting from tax legislation, changes to our corporate structure, and other events. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to our estimated annual tax rate, our estimated tax rate on non-GAAP income will differ from our GAAP tax rate. For FY20, our GAAP tax rate includes deferred tax benefits of \$4.9 billion recorded for the intra-entity asset transfers of intellectual property that were completed during the first half of the year.

⁸ Diluted share count is expected to be between 750M and 755M on both a GAAP and Non-GAAP basis.