

A silhouette of a person holding a surfboard against a sunset background. The person is on the left, holding a white surfboard. The sun is low on the horizon, creating a bright orange and yellow glow. The ocean is visible in the background.

# Q3 FY'17 Performance Review

December 8, 2016

**DELL**Technologies

# Legal Note

## **Non-GAAP Financial Measures:**

*This presentation includes information about non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, EBITDA, and Adjusted EBITDA (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 historical non-GAAP financial measures and of free cash flow, which is also a non-GAAP measure, 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. 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. Dell Technologies assumes no obligation to update its forward-looking statements.*

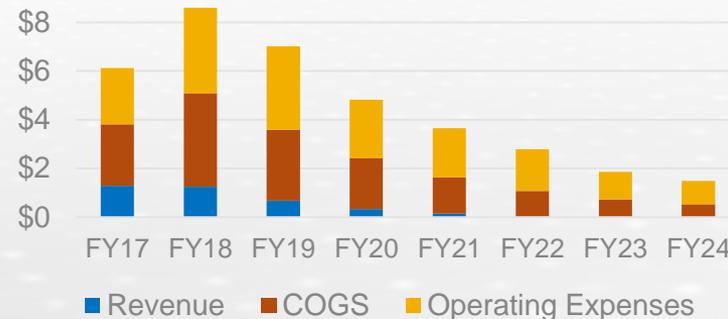
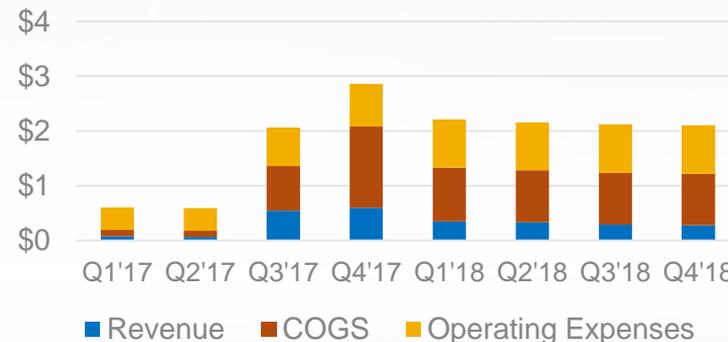
## **Special Note on the Divestiture:**

*On March 27, 2016, Dell entered into a definitive agreement with NTT Data International L.L.C. to divest substantially all of Dell Services for cash consideration of approximately \$3.0 billion. On June 19, 2016, Dell entered into a definitive agreement with Francisco Partners and Elliot Management Corporation to divest substantially all of Dell Software Group (“DSG”) for cash consideration of approximately \$2.4 billion. On September 12, 2016, EMC entered into a definitive agreement with OpenText to divest the Dell EMC Enterprise Content Division (“ECD”) for cash consideration of approximately \$1.6 billion. In accordance with applicable accounting guidance, the results of Dell Services, DSG, and ECD are presented as discontinued operations in the Condensed Consolidated Statements of Income (Loss) and, as such, have been excluded from both continuing operations and segment results for all periods presented.*

# Combined Company Reporting Comments

- Q3'17 results include 52-day period for EMC/VMware (Sep 7<sup>th</sup> through Oct 28<sup>th</sup>)
- Historical results do not include EMC/VMware
- GAAP results will include substantial non-cash purchase accounting for the next several years related to the go-private and EMC transactions
- VMware will report their Q4'16 standalone results on calendar quarter
- VMware will move to Dell Technologies' fiscal calendar starting Q1'18 (February 2017)
- Dell Services, Dell Software Group, and Enterprise Content Division are presented as discontinued operations due to the recent or pending divestitures of these businesses

Non-Cash Purchase Accounting Adjustments  
GAAP to Non-GAAP Op Inc Impact (\$B)<sup>1</sup>



<sup>1</sup> Purchase accounting adjustments reflect continuing operations only. Dell Services, Dell Software and Enterprise Content Division businesses have been reclassified out of the activity from continuing operations, and listed separately in the category for discontinued operations. Dell Services includes process outsourcing, application management and infrastructure services. Dell Software includes Systems & Information Management, security solutions, and Statistica businesses.

# Consolidated GAAP Results – Continuing Operations<sup>1</sup>

	3Q'16 <sup>2</sup>	2Q'17 <sup>2</sup>	3Q'17 <sup>2</sup>	Y/Y Growth	Seq Growth
Revenues	12,674	13,080	16,247	28%	24%
Gross Margin	2,132	2,336	3,899	83%	67%
<i>GM % of revenue</i>	16.8%	17.9%	24.0%	720 bps	610 bps
Operating Expenses	2,210	2,269	5,411	145%	138%
<i>Opex % of revenue</i>	17.4%	17.3%	33.3%	1590 bps	1600 bps
Operating Income (Loss)	(78)	67	(1,512)		
<i>OpInc % of revenue</i>	-0.6%	0.5%	-9.3%		
Income Tax	(17)	(20)	(669)		
<i>Effective Tax Rate %</i>	6.0%	7.1%	29.0%		
Net Income (Loss)	(264)	(262)	(1,637)		
<i>NI % of revenue</i>	-2.1%	-2.0%	-10.1%		

<sup>1</sup> Financial results of the Dell Services, Dell Software and Enterprise Content Division businesses have been reclassified out of the activity from continuing operations, and listed separately in the category for discontinued operations. Dell Services includes process outsourcing, application management and infrastructure services. Dell Software includes Systems & Information Management, security solutions, and Statistica businesses. 3Q'16 and 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Includes substantial adjustments to Net Income related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides at the end of this presentation.

# Consolidated Non-GAAP Results – Continuing Operations<sup>1</sup>

	3Q'16	2Q'17	3Q'17	Y/Y Growth	Seq Growth
Revenues	12,781	13,145	16,777	31%	28%
Gross Margin	2,359	2,515	5,324	126%	112%
<i>GM % of revenue</i>	18.5%	19.1%	31.7%	1320 bps	1260 bps
Operating Expenses	1,752	1,759	3,349	91%	90%
<i>Opex % of revenue</i>	13.7%	13.4%	20.0%	630 bps	660 bps
Operating Income	607	756	1,975	225%	161%
<i>OpInc % of revenue</i>	4.7%	5.8%	11.8%	710 bps	600 bps
Net Income	294	362	970	230%	168%
<i>NI % of revenue</i>	2.3%	2.8%	5.8%	350 bps	300 bps
Adjusted EBITDA	711	884	2,230	214%	152%
<i>Adj EBITDA % of revenue</i>	5.6%	6.7%	13.3%	770 bps	660 bps

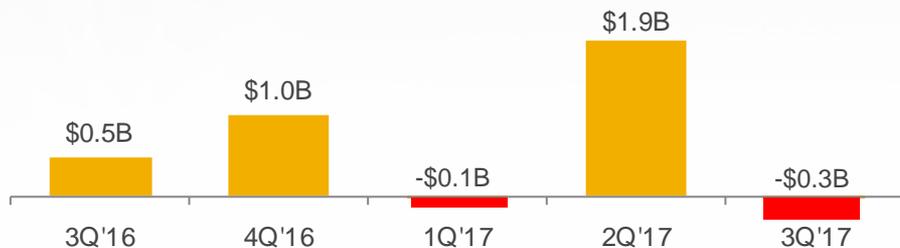
- 3Q'17 includes EMC transaction as of Sep 7<sup>th</sup>
- Prior quarters do not include EMC results
- Increase in revenue primarily attributable to EMC acquired businesses; revenue from our legacy businesses remained relatively unchanged
- Increases in gross margin and operating expenses primarily attributable to EMC acquired businesses.

<sup>1</sup> Financial results of the Dell Services, Dell Software and Enterprise Content Division businesses have been reclassified out of continuing operations, and listed separately in the category for discontinued operations. Dell Services includes process outsourcing, application management and infrastructure services. Dell Software includes Systems & Information Management, security solutions, and Statistica businesses. 3Q'16 and 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results

<sup>2</sup> See slide 15 for adjustments to EBITDA

# Q3 FY'17 Cash Flows from Operations and Adjusted EBITDA

## Cash flows from operations<sup>1</sup>



## Adjusted EBITDA<sup>2</sup>



- Cash and investments balance of \$15.0B
- Cash flows from operations impacted by \$1.3B of transaction and integration costs<sup>1</sup>
- Adjusted EBITDA 13.3% of revenue
- Adjusted EBITDA growth driven by inclusion of 52 days of EMC and VMware results

<sup>1</sup> Includes Discontinued Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

# Q3 FY'17 Capital Structure

	As of transaction close	3Q'17
Revolver	\$ 2.0	\$ 1.5
Term Loan A	9.4	9.4
Term Loan B	5.0	5.0
Investment Grade Notes	20.0	20.0
DFS Allocated Debt	(1.0)	(1.3)
Total Core Secured Debt <sup>1</sup>	35.4	34.6
High Yield Notes	3.3	3.3
Asset Sale Bridge	2.2	2.2
Margin Loan	2.5	2.5
Legacy Dell Investment Grade Notes	2.5	2.5
Legacy EMC Investment Grade Notes	5.5	5.5
Total Core Debt <sup>2</sup>	51.4	50.5
DFS Structured	3.5	3.4
Mirror Loan	1.5	1.5
DFS Allocated Debt	1.0	1.3
Q3 FY'17 Total Debt <sup>3</sup>	\$ 57.4	\$ 56.8

- Repaid \$0.5B of gross debt since transaction
- \$5.3B incremental debt pay down since the end of 3Q after legacy Dell Services and Software divestitures
  - \$2.2B Asset Sale Bridge facility paid off
  - \$2.1B Term Loan A-1 repayment
  - \$1B incremental optional revolver pay down
- \$200M reduction of annualized interest expense from debt reduction since EMC acquisition to date
- Remain committed to our long-term de-levering efforts while continuing to invest in the business

<sup>1</sup> 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.

<sup>2</sup> Core Debt represents debt allocated to Dell Technologies' core business. As of Q3FY16, core debt excludes DFS structured and allocated debt, VMware Note Bridge Facility, and other items.

<sup>3</sup> Principal Face Value

# Q3 FY'17 Infrastructure Solutions Group Performance<sup>1</sup>

- **ISG** had mixed results with growth in all flash, Enterprise Hybrid Cloud, and hyper converged, offset by softness in hybrid storage arrays and servers
- **Server and Networking** revenue was \$2.9B, down 8% Y/Y
- **Storage** revenue was \$3.0B

(\$M)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Revenues	3,711	3,796	3,613	3,779	5,989
Y/Y Growth, %	4%	-2%	-2%	0%	61%
Q/Q Growth, %	-2%	2%	-5%	5%	58%
Operating Income	257	276	192	300	897
Operating Income, %	6.9%	7.3%	5.3%	7.9%	15.0%
Y/Y Growth, bps	-100 bps	-60 bps	-120 bps	50 bps	810 bps
Q/Q Growth, bps	-50 bps	40 bps	-200 bps	260 bps	710 bps

<sup>1</sup> Reflects business unit results; the sum of the business unit revenue and operating income will not equal consolidated non-GAAP results due to unallocated items that remain at a corporate level. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

# Infrastructure Solutions Group Highlights

- **All flash array** calendar Q3 demand grew high double digits to a nearly \$2.5B run-rate
- **Enterprise Hybrid Cloud solutions** calendar Q3 demand grew triple digits to a nearly \$0.5B run-rate
- **PowerEdge servers** integrated with DSSD, ScaleIO, and VxRack
- **Server** market share at 19.1%



## WHAT'S NEW

- Dell PowerEdge servers
- Intel Broadwell processors
- Addresses more use cases – storage heavy, graphics intensive, and ROBO
- 3-node entry point
- One-click software upgrades

**250X** MORE CONFIGURATIONS  
**25%** LESS EXPENSIVE ENTRY POINT  
**2X** MORE FLASH STORAGE  
**40%** MORE CPU PERFORMANCE

## Product Launches:

- VMAX 250F
- VxRail Appliances and VxRack System 1000 with PowerEdge
- Elastic Cloud Storage 3.0
- Isilon All-Flash Network Attached Storage
- Combined Strategy for SC Series customers
- Software defined version of Dell|EMC Data Domain
- ScaleIO Ready Node with PowerEdge



# Q3 FY'17 Client Solutions Group Performance<sup>1</sup>

- **CSG** grew revenue +3% Y/Y and grew PC unit share Y/Y for the 15<sup>th</sup> consecutive quarter per IDC<sup>2</sup>
- **Consumer** revenue grew +12% Y/Y; **Commercial** revenue declined -1% Y/Y
- **Notebook** performance strong in both consumer and commercial high-end products including Alienware, XPS, Mobile Workstations and Latitude

(\$M)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Revenues	8,936	8,837	8,571	9,220	9,187
Y/Y Growth, %	-9%	-6%	-3%	0%	3%
Q/Q Growth, %	-3%	-1%	-3%	8%	0%
Operating Income	384	484	385	484	634
Operating Income, %	4.3%	5.5%	4.5%	5.2%	6.9%
Y/Y Growth, bps	-90 bps	280 bps	200 bps	170 bps	260 bps
Q/Q Growth, bps	80 bps	120 bps	-100 bps	70 bps	170 bps

<sup>1</sup> Reflects business unit results; the sum of the business unit revenue and operating income will not equal consolidated non-GAAP results due to unallocated items that remain at a corporate level.

<sup>2</sup> Per IDC WW PC Tracker and on a calendar-quarter basis

# Client Solutions Group Highlights

- 15<sup>th</sup> consecutive quarter gaining share, growing at premium to market
- Fastest Y/Y growth in both Commercial and Consumer among Top 3
- **XPS Notebooks** 30-40% growth
- Tied for #1 worldwide in **workstations**<sup>1</sup>
- #1 in **displays**<sup>2</sup>; 14 consecutive quarters of Y/Y share gain
- 76 product awards in the quarter



Dell Data Protection



**Endpoint Security Suites**

Product Launches:

- Alienware VR-ready Notebooks
- Endpoint Data Security and Management Portfolio
- Latitude 13 3000 2-in-1

<sup>1</sup> IDC WW Workstation Tracker

<sup>2</sup> Q2 DisplaySearch WW Tracker

# Strategically Aligned Businesses



- **NSX, AirWatch, hyper-converged** offerings and our **vCloud Air Network** business grew robustly
- Expansion of **cloud partnership** with IBM and announcement of VMware Cloud on AWS
- Positioned as Leader in 2016 Gartner's Magic Quadrant for x86 Server Virtualization Infrastructure



- **Pivotal Cloud Foundry** announced expanded partnerships with Google Cloud Platform and Microsoft Azure in addition to AWS
- Added key customers across automotive, financial Services, insurance, retail and telecommunications industries



- Q3'17 standalone revenue grew 21% Y/Y to \$107M
- Achieved Advanced Technology Partner status in the Amazon Web Services (AWS) Partner Network (APN)

# Dell Technologies

## Our Vision

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

## Our Strategy

We must successfully execute three related initiatives:

- Extend our market leading position in Client Solutions and IT infrastructure for traditional workloads, both on- and off-premises
- Grow our strong position in IT infrastructure for cloud-native workloads, both on- and off-premises
- Innovate with winning technology that spans and unites on- and off-premises applications and infrastructure

Extend our market leading position in Client Solutions and IT infrastructure for traditional workloads, both on- and off-premises

Illustrative Dell Technologies offerings	Business critical applications	Storage-as-a-service	Business critical SaaS applications	Client Solutions
Additional Dell Technologies IP	 <p>Data protection</p>			
Application platform				
Infrastructure platform	 <p>Enterprise Hybrid Cloud</p>	 <p>Storage cloud</p>		
Underlying hardware				
	<p><b>Key differentiators: business critical applications</b></p> <ul style="list-style-type: none"> <li>• Integrated experience</li> <li>• Deeply tested and validated technology (always on point)</li> <li>• Scales with blocks</li> <li>• Common control plane</li> </ul>	<p><b>Key differentiators: storage-as-a-service</b></p> <ul style="list-style-type: none"> <li>• Ease of use / experience</li> <li>• Massive scalability</li> <li>• EMC storage and data services is known quantity (bulletproof)</li> <li>• Common control plane</li> </ul>	<p><b>Key differentiators: business critical SaaS applications</b></p> <ul style="list-style-type: none"> <li>• Simplified experience</li> <li>• Common control plane</li> <li>• Validated deployment and operations</li> <li>• Consistent performance and scale</li> </ul>	<p><b>Key differentiators: Client Solutions</b></p> <ul style="list-style-type: none"> <li>• Deliver flawless IT and customer experiences</li> <li>• Strategic partner with an end-to-end portfolio to meet mobility requirements</li> <li>• Industry leading security woven into every solution</li> <li>• Activity based design offering a portfolio of devices to boost productivity of today's workforce</li> </ul>

Grow our strong position in IT infrastructure for cloud-native workloads, both on- and off-premises

**Illustrative Dell Technologies offerings**

Additional Dell Technologies IP

Application platform

Infrastructure platform

Underlying hardware

**Cloud Native applications**

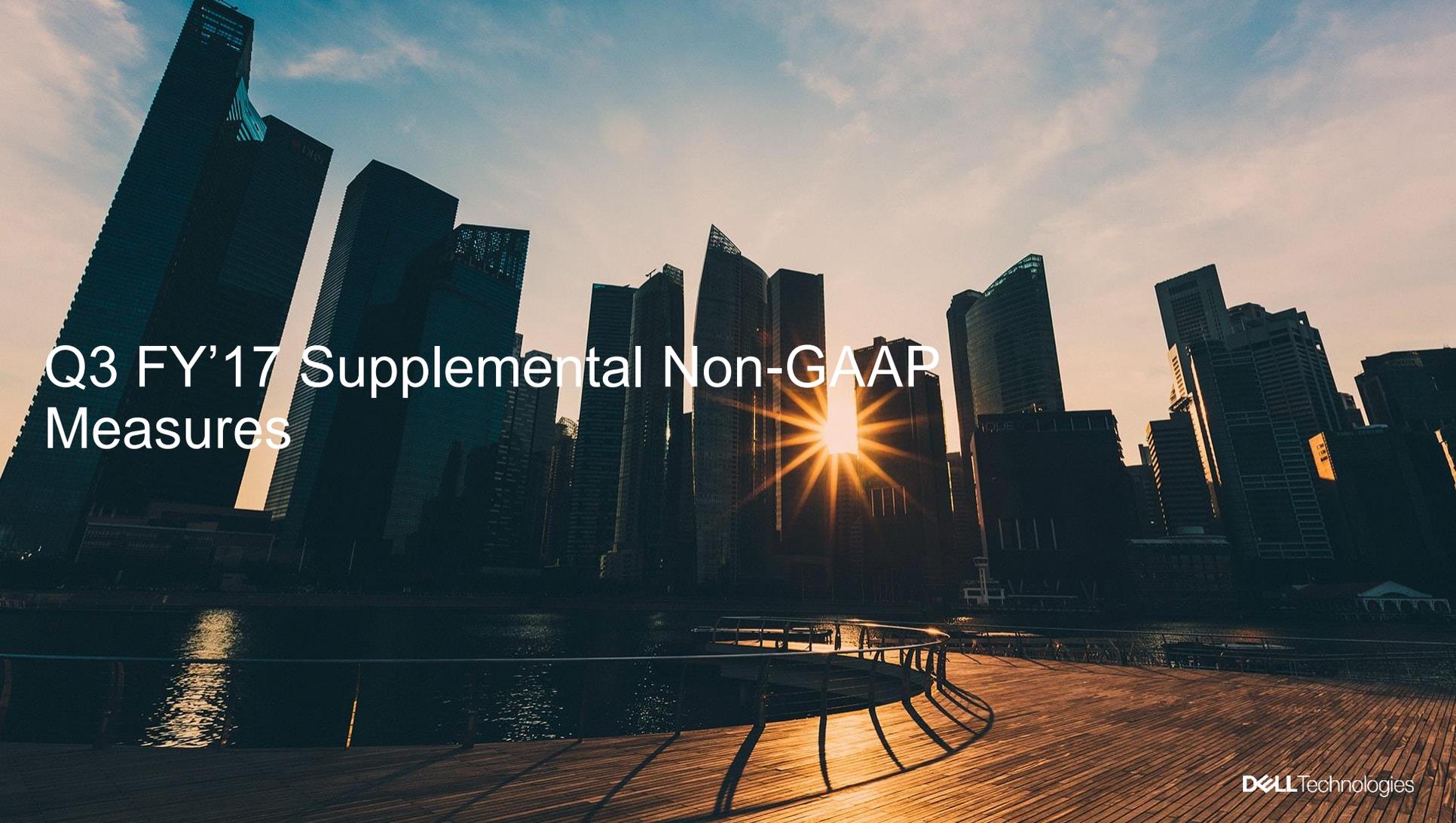


**Key differentiators:**

- Performance, scalability, determinism
- Seamless deployment and operations experience
- Validated architectures

Innovate with winning technology that spans and unites on- and off-premises applications and infrastructure

Application aware platforms		Infrastructure aware platforms	
Current Dell Technologies IP	Use case	Current Dell Technologies IP	Use case
	Business critical applications		Enterprise hybrid cloud
 Pivotal Cloud Foundry®	Cloud native applications	 Enterprise Hybrid Cloud	Enterprise hybrid cloud
	Data integration services		Native hybrid cloud
		 Storage cloud	Public cloud IaaS & PaaS
			Enterprise storage cloud
			Modern application
			Enterprise class virtualization

A photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright starburst effect and casting a golden glow over the scene. The sky is a mix of orange, yellow, and blue. In the foreground, there is a wooden walkway with a metal railing, leading towards the water. The buildings are silhouetted against the bright sky, with some windows reflecting the light. The overall mood is serene and urban.

# Q3 FY'17 Supplemental Non-GAAP Measures

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP Net Loss</b>	<b>(264)</b>	<b>(168)</b>	<b>(424)</b>	<b>(262)</b>	<b>(1,637)</b>
Adjustments:					
Interest and Other, net	203	173	219	349	794
Income tax provision (benefit)	(17)	(30)	66	(20)	(669)
Depreciation and amortization	627	623	618	605	1,576
<b>EBITDA</b>	<b>549</b>	<b>598</b>	<b>479</b>	<b>672</b>	<b>64</b>
Adjustments:					
Stock based compensation expense	17	18	14	19	144
Impact of purchase accounting <sup>2</sup>	118	95	83	75	693
Transaction costs <sup>3</sup>	21	42	57	109	1,200
Other corporate expenses <sup>4</sup>	6	1	10	9	129
<b>Adjusted EBITDA</b>	<b>711</b>	<b>754</b>	<b>643</b>	<b>884</b>	<b>2,230</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> This amount includes the non-cash purchase accounting adjustments related to the going-private transaction

<sup>3</sup> Consists of acquisition and integration costs

<sup>4</sup> Consists of severance costs

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP Net Loss</b>	<b>(264)</b>	<b>(168)</b>	<b>(424)</b>	<b>(262)</b>	<b>(1,637)</b>
<u>Non-GAAP Adjustments:</u>					
Impact of purchase accounting	149	129	106	98	850
Amortization of Intangibles	492	491	491	491	1,164
Transaction costs <sup>2</sup>	21	26	57	69	1,200
Other corporate expenses <sup>3</sup>	23	35	24	28	273
Aggregate adj for Income Taxes	(127)	(128)	10	(62)	(880)
Total Adjustments to Net Income	558	553	688	624	2,607
<b>Consolidated Non-GAAP Net Income</b>	<b>294</b>	<b>385</b>	<b>264</b>	<b>362</b>	<b>970</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Consists of acquisition and integration costs

<sup>3</sup> Consists of severance costs and stock based compensation

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP revenue</b>	12,674	12,681	12,241	13,080	16,247
<u>Non-GAAP adjustments:</u>					
Impact of purchase accounting	107	89	78	65	530
<b>Non-GAAP revenue</b>	<b>12,781</b>	<b>12,770</b>	<b>12,319</b>	<b>13,145</b>	<b>16,777</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP gross margin</b>	<b>2,132</b>	<b>2,257</b>	<b>2,193</b>	<b>2,336</b>	<b>3,899</b>
<u>Non-GAAP adjustments:</u>					
Impact of purchase accounting	124	104	89	79	729
Amortization of Intangibles	98	97	101	101	604
Transaction costs <sup>2</sup>	2	-	(1)	(4)	30
Other corporate expenses <sup>3</sup>	3	3	3	3	62
Total Adjustments to gross margin	227	204	192	179	1,425
<b>Non-GAAP gross margin</b>	<b>2,359</b>	<b>2,461</b>	<b>2,385</b>	<b>2,515</b>	<b>5,324</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Consists of severance costs and stock-based compensation expense

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP operating expenses</b>	<b>2,210</b>	<b>2,282</b>	<b>2,332</b>	<b>2,269</b>	<b>5,411</b>
<u>Non-GAAP adjustments:</u>					
Impact of purchase accounting	(25)	(25)	(17)	(19)	(121)
Amortization of Intangibles	(394)	(394)	(390)	(390)	(560)
Transaction costs <sup>2</sup>	(25)	(42)	(58)	(76)	(1,170)
Other corporate expenses <sup>3</sup>	(14)	(16)	(21)	(25)	(211)
Total Adjustments to operating expenses	(458)	(477)	(486)	(510)	(2,062)
<b>Non-GAAP operating expenses</b>	<b>1,752</b>	<b>1,805</b>	<b>1,846</b>	<b>1,759</b>	<b>3,349</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Consists of acquisition and integration costs

<sup>3</sup> Consists of severance costs and stock based compensation

# Supplemental Non-GAAP Measures<sup>1</sup>

(\$ millions)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
<b>Consolidated GAAP operating income (loss)</b>	<b>(78)</b>	<b>(25)</b>	<b>(139)</b>	<b>67</b>	<b>(1,512)</b>
<u>Non-GAAP adjustments:</u>					
Impact of purchase accounting	149	129	106	98	850
Amortization of Intangibles	492	491	491	491	1,164
Transaction costs <sup>2</sup>	27	42	57	72	1,200
Other corporate expenses <sup>3</sup>	17	19	24	28	273
Total Adjustments to operating income	685	681	678	689	3,487
<b>Non-GAAP operating income</b>	<b>607</b>	<b>656</b>	<b>539</b>	<b>756</b>	<b>1,975</b>

<sup>1</sup> Results represent Continuing Operations. 3Q'16 through 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.

<sup>2</sup> Consists of acquisition and integration costs.

<sup>3</sup> Consists of severance and facility action costs.

# Supplemental Non-GAAP Measures<sup>1</sup>

## Consolidated P&L

\$ in Millions

	3Q'16	2Q'17	3Q'17
Revenues	12,781	13,145	16,777
Gross Margin	2,359	2,515	5,324
<i>GM % of revenue</i>	18.5%	19.1%	31.7%
Operating Expenses	1,752	1,759	3,349
<i>Opex % of revenue</i>	13.7%	13.4%	20.0%
Operating Income	607	756	1,975
<i>OpInc % of revenue</i>	4.7%	5.8%	11.8%
Net Income	294	362	970
<i>NI % of revenue</i>	2.3%	2.8%	5.8%
Adjusted EBITDA	711	884	2,230
<i>Adj EBITDA % of revenue</i>	5.6%	6.7%	13.3%

## Components of Discontinued

### Operations (Excluded from Consolidated P&L)

\$ in Millions

	3Q'16	2Q'17	3Q'17
Revenues	1,004	985	1,072
Gross Margin	395	375	431
<i>GM % of revenue</i>	39.3%	38.1%	40.2%
Operating Expenses	271	288	322
<i>Opex % of revenue</i>	27.0%	29.2%	30.0%
Operating Income	124	87	109
<i>OpInc % of revenue</i>	12.4%	8.8%	10.2%
Net Income	142	74	70
<i>NI % of revenue</i>	14.1%	7.5%	6.5%
Adjusted EBITDA	162	89	146
<i>Adj EBITDA % of revenue</i>	16.1%	9.0%	13.6%

<sup>1</sup> Results represent Continuing Operations. 3Q'16 and 2Q'17 do not include EMC. 3Q'17 only includes 52 days of EMC results.