

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 4, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-37867

Dell Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

80-0890963

(I.R.S. Employer Identification No.)

One Dell Way, Round Rock, Texas 78682

(Address of principal executive offices) (Zip Code)

1-800-289-3355

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class C Common Stock, par value of \$0.01 per share	DELL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of September 6, 2023, there were 723,426,643 shares of the registrant's common stock outstanding, consisting of 254,312,441 outstanding shares of Class C Common Stock, 378,480,523 outstanding shares of Class A Common Stock, and 90,633,679 outstanding shares of Class B Common Stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “may,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “aim,” “seek,” and similar expressions as they relate to us or our management are intended to identify these forward-looking statements. All statements by us regarding our expected financial position, revenues, cash flows and other operating results, business strategy, legal proceedings and similar matters are forward-looking statements. Our expectations expressed or implied in these forward-looking statements may not turn out to be correct. Our results could be materially different from our expectations because of various risks, including the risks discussed in “Part I — Item 1A — Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended February 3, 2023, in this report and in our other periodic and current reports filed with the Securities and Exchange Commission (“SEC”). Any forward-looking statement speaks only as of the date as of which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement after the date as of which such statement was made, whether to reflect changes in circumstances or our expectations, the occurrence of unanticipated events, or otherwise.

DELL TECHNOLOGIES INC.

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

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DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in millions; unaudited)

	<u>August 4, 2023</u>	<u>February 3, 2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,364	\$ 8,607
Accounts receivable, net of allowance of \$ 80 and \$78	10,351	12,482
Due from related party, net	404	378
Short-term financing receivables, net of allowance of \$ 72 and \$142 (Note 4)	4,807	5,281
Inventories	3,584	4,776
Other current assets	11,047	10,827
Current assets held for sale	442	—
Total current assets	<u>38,999</u>	<u>42,351</u>
Property, plant, and equipment, net	6,252	6,209
Long-term investments	1,331	1,518
Long-term financing receivables, net of allowance of \$ 77 and \$59 (Note 4)	5,813	5,638
Goodwill	19,640	19,676
Intangible assets, net	6,060	6,468
Due from related party, net	236	440
Other non-current assets	7,327	7,311
Total assets	<u>\$ 85,658</u>	<u>\$ 89,611</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 6,961	\$ 6,573
Accounts payable	19,969	18,598
Due to related party	1,252	2,067
Accrued and other	6,586	8,874
Short-term deferred revenue	16,174	15,542
Total current liabilities	<u>50,942</u>	<u>51,654</u>
Long-term debt	20,177	23,015
Long-term deferred revenue	14,138	14,744
Other non-current liabilities	3,078	3,223
Total liabilities	<u>\$ 88,335</u>	<u>\$ 92,636</u>
Commitments and contingencies (Note 10)		
Stockholders' equity (deficit):		
Common stock and capital in excess of \$ 0.01 par value (Note 13)	\$ 8,554	\$ 8,424
Treasury stock at cost	(4,320)	(3,813)
Accumulated deficit	(6,249)	(6,732)
Accumulated other comprehensive loss	(757)	(1,001)
Total Dell Technologies Inc. stockholders' equity (deficit)	<u>(2,772)</u>	<u>(3,122)</u>
Non-controlling interests	95	97
Total stockholders' equity (deficit)	<u>(2,677)</u>	<u>(3,025)</u>
Total liabilities and stockholders' equity	<u>\$ 85,658</u>	<u>\$ 89,611</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements .

DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts; unaudited)

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
<i>Net revenue:</i>				
Products	\$ 16,935	\$ 20,810	\$ 31,971	\$ 41,274
Services	5,999	5,615	11,885	11,267
Total net revenue	22,934	26,425	43,856	52,541
<i>Cost of net revenue (a):</i>				
Products	14,002	17,671	26,377	34,680
Services	3,545	3,315	7,074	6,638
Total cost of net revenue	17,547	20,986	33,451	41,318
Gross margin	5,387	5,439	10,405	11,223
<i>Operating expenses:</i>				
Selling, general, and administrative	3,517	3,543	6,778	7,096
Research and development	705	626	1,393	1,307
Total operating expenses	4,222	4,169	8,171	8,403
Operating income	1,165	1,270	2,234	2,820
Interest and other, net	(451)	(635)	(815)	(972)
Income before income taxes	714	635	1,419	1,848
Income tax expense	259	129	386	273
Net income	455	506	1,033	1,575
Less: Net loss attributable to non-controlling interests	(7)	(5)	(12)	(8)
Net income attributable to Dell Technologies Inc.	\$ 462	\$ 511	\$ 1,045	\$ 1,583
<i>Earnings per share attributable to Dell Technologies Inc.</i>				
Basic	\$ 0.64	\$ 0.69	\$ 1.44	\$ 2.12
Diluted	\$ 0.63	\$ 0.68	\$ 1.42	\$ 2.06
(a) Includes related party cost of net revenue as follows (Note 15):				
Products	\$ 384	\$ 426	\$ 591	\$ 681
Services	\$ 880	\$ 762	\$ 1,756	\$ 1,471

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements .

DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions; unaudited)

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
Net income	\$ 455	\$ 506	\$ 1,033	\$ 1,575
<i>Other comprehensive income (loss), net of tax</i>				
Foreign currency translation adjustments	(6)	(138)	25	(424)
Cash flow hedges:				
Change in unrealized gains	49	166	59	538
Reclassification adjustment for net (gains) losses included in net income	68	(306)	159	(402)
Net change in cash flow hedges	117	(140)	218	136
Pension and other postretirement plans:				
Recognition of actuarial net gains (losses) from pension and other postretirement plans	—	(4)	1	13
Net change in actuarial net gains from pension and other postretirement plans	—	(4)	1	13
Total other comprehensive income (loss), net of tax expense (benefit) of \$7 and \$(8), respectively, and \$12 and \$8, respectively	111	(282)	244	(275)
Comprehensive income, net of tax	566	224	1,277	1,300
Less: Net loss attributable to non-controlling interests	(7)	(5)	(12)	(8)
Less: Other comprehensive loss attributable to non-controlling interests	—	(1)	—	(1)
Comprehensive income attributable to Dell Technologies Inc.	\$ 573	\$ 230	\$ 1,289	\$ 1,309

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Six Months Ended	
	August 4, 2023	July 29, 2022
Cash flows from operating activities:		
Net income	\$ 1,033	\$ 1,575
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,640	1,470
Stock-based compensation expense	448	468
Deferred income taxes	(194)	(382)
Other, net	480	449
Changes in assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	1,982	(926)
Financing receivables	(130)	78
Inventories	1,050	(113)
Other assets and liabilities	(2,248)	(1,710)
Due from/to related party, net	(610)	(84)
Accounts payable	1,427	(1,700)
Deferred revenue	113	1,330
Change in cash from operating activities	4,991	455
Cash flows from investing activities:		
Purchases of investments	(113)	(80)
Maturities and sales of investments	127	68
Capital expenditures and capitalized software development costs	(1,325)	(1,497)
Other	22	11
Change in cash from investing activities	(1,289)	(1,498)
Cash flows from financing activities:		
Proceeds from the issuance of common stock	4	5
Repurchases of common stock	(500)	(2,118)
Repurchases of common stock for employee tax withholdings	(312)	(358)
Payments of dividends and dividend equivalents	(545)	(490)
Proceeds from debt	4,655	6,465
Repayments of debt	(7,082)	(6,242)
Debt-related costs and other, net	(49)	(14)
Change in cash from financing activities	(3,829)	(2,752)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(117)	(194)
Change in cash, cash equivalents, and restricted cash	(244)	(3,989)
Cash, cash equivalents, and restricted cash at beginning of the period	8,894	10,082
Cash, cash equivalents, and restricted cash at the end of the period	\$ 8,650	\$ 6,093

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in millions, except per share amounts; continued on next page; unaudited)

	Common Stock and Capital in Excess of Par		Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
	Value		Value						
Three Months Ended August 4, 2023	Issued Shares	Amount	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
Balances as of May 5, 2023	817	\$ 8,339	88	\$ (4,064)	\$ (6,430)	\$ (868)	\$ (3,023)	\$ 99	\$ (2,924)
Net income (loss)	—	—	—	—	462	—	462	(7)	455
Dividends and dividend equivalents declared (\$0.37 per common share)	—	—	—	—	(281)	—	(281)	—	(281)
Foreign currency translation adjustments	—	—	—	—	—	(6)	(6)	—	(6)
Cash flow hedges, net change	—	—	—	—	—	117	117	—	117
Issuance of common stock, net of shares repurchased for employee tax withholding	—	(4)	—	—	—	—	(4)	—	(4)
Stock-based compensation expense	—	215	—	—	—	—	215	8	223
Repurchases of common stock	—	—	5	(256)	—	—	(256)	—	(256)
Impact from equity transactions of non-controlling interests	—	4	—	—	—	—	4	(5)	(1)
Balances as of August 4, 2023	817	\$ 8,554	93	\$ (4,320)	\$ (6,249)	\$ (757)	\$ (2,772)	\$ 95	\$ (2,677)

	Common Stock and Capital in Excess of Par		Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
	Value		Value						
Six Months Ended August 4, 2023	Issued Shares	Amount	Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
Balances as of February 3, 2023	798	\$ 8,424	82	\$ (3,813)	\$ (6,732)	\$ (1,001)	\$ (3,122)	\$ 97	\$ (3,025)
Net income (loss)	—	—	—	—	1,045	—	1,045	(12)	1,033
Dividends and dividend equivalents declared (\$0.74 per common share)	—	—	—	—	(562)	—	(562)	—	(562)
Foreign currency translation adjustments	—	—	—	—	—	25	25	—	25
Cash flow hedges, net change	—	—	—	—	—	218	218	—	218
Pension and other post- retirement	—	—	—	—	—	1	1	—	1
Issuance of common stock, net of shares repurchased for employee tax withholding	19	(303)	—	—	—	—	(303)	—	(303)
Stock-based compensation expense	—	433	—	—	—	—	433	15	448
Repurchases of common stock	—	—	11	(507)	—	—	(507)	—	(507)
Impact from equity transactions of non-controlling interests	—	—	—	—	—	—	—	(5)	(5)
Balances as of August 4, 2023	817	\$ 8,554	93	\$ (4,320)	\$ (6,249)	\$ (757)	\$ (2,772)	\$ 95	\$ (2,677)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(continued; in millions, except per share amounts; unaudited)

Three Months Ended July 29, 2022	Common Stock and Capital in Excess of Par Value		Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
	Issued Shares	Amount	Shares	Amount					
Balances as of April 29, 2022	795	\$ 7,777	48	\$ (2,446)	\$ (7,369)	\$ (424)	\$ (2,462)	\$ 107	\$ (2,355)
Net income (loss)	—	—	—	—	511	—	511	(5)	506
Dividends and dividend equivalents declared (\$0.33 per common share)	—	—	—	—	(248)	—	(248)	—	(248)
Foreign currency translation adjustments	—	—	—	—	—	(137)	(137)	(1)	(138)
Cash flow hedges, net change	—	—	—	—	—	(140)	(140)	—	(140)
Pension and other post- retirement	—	—	—	—	—	(4)	(4)	—	(4)
Issuance of common stock, net of shares repurchased for employee tax withholding	1	(5)	—	—	—	—	(5)	—	(5)
Stock-based compensation expense	—	227	—	—	—	—	227	9	236
Repurchases of common stock	—	—	14	(608)	—	—	(608)	—	(608)
Impact from equity transactions of non-controlling interests	—	6	—	—	—	—	6	(5)	1
Balances as of July 29, 2022	796	\$ 8,005	62	\$ (3,054)	\$ (7,106)	\$ (705)	\$ (2,860)	\$ 105	\$ (2,755)

Six Months Ended July 29, 2022	Common Stock and Capital in Excess of Par		Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Dell Technologies Stockholders' Equity (Deficit)	Non- Controlling Interests	Total Stockholders' Equity (Deficit)
	Value								
	Issued Shares	Amount	Shares	Amount					
Balances as of January 28, 2022	777	\$ 7,898	20	\$ (964)	\$ (8,188)	\$ (431)	\$ (1,685)	\$ 105	\$ (1,580)
Net income (loss)	—	—	—	—	1,583	—	1,583	(8)	1,575
Dividends and dividend equivalents declared (\$0.66 per common share)	—	—	—	—	(501)	—	(501)	—	(501)
Foreign currency translation adjustments	—	—	—	—	—	(423)	(423)	(1)	(424)
Cash flow hedges, net change	—	—	—	—	—	136	136	—	136
Pension and other post- retirement	—	—	—	—	—	13	13	—	13
Issuance of common stock, net of shares repurchased for employee tax withholding	19	(344)	—	—	—	—	(344)	—	(344)
Stock-based compensation expense	—	451	—	—	—	—	451	17	468
Repurchases of common stock	—	—	42	(2,090)	—	—	(2,090)	—	(2,090)
Impact from equity transactions of non-controlling interests	—	—	—	—	—	—	—	(8)	(8)
Balances as of July 29, 2022	796	\$ 8,005	62	\$ (3,054)	\$ (7,106)	\$ (705)	\$ (2,860)	\$ 105	\$ (2,755)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — OVERVIEW AND BASIS OF PRESENTATION

Dell Technologies is a leading global end-to-end technology provider that designs, develops, manufactures, markets, sells, and supports a wide range of comprehensive and integrated solutions, products, and services. Dell Technologies offerings include servers and networking, storage, cloud solutions, desktops, notebooks, services, software, and third-party software and peripherals. References in these Notes to the Condensed Consolidated Financial Statements to the “Company” or “Dell Technologies” mean Dell Technologies Inc. individually and together with its consolidated subsidiaries.

Basis of Presentation — The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes filed with the U.S. Securities and Exchange Commission (“SEC”) in the Company’s Annual Report on Form 10-K for the fiscal year ended February 3, 2023. These Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, the accompanying Condensed Consolidated Financial Statements reflect all adjustments of a normal recurring nature considered necessary to fairly state the financial position of the Company as of August 4, 2023 and February 3, 2023, the results of its operations, corresponding comprehensive income, and changes in stockholders’ equity for the three and for the six months ended August 4, 2023 and July 29, 2022, and its cash flows for the six months ended August 4, 2023 and July 29, 2022.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying Notes. Actual results could differ materially from those estimates. The results of the Company’s operations, corresponding comprehensive income, and changes in stockholders’ equity for the three and six months ended August 4, 2023 and July 29, 2022, and its cash flows for the six months ended August 4, 2023 and July 29, 2022 are not necessarily indicative of the results to be expected for the full fiscal year or for any other fiscal period.

The Company’s fiscal year is the 52- or 53-week period ending on the Friday nearest January 31. The fiscal year ended February 3, 2023 (“Fiscal 2023”) was a 53-week period while the fiscal year ending February 2, 2024 (“Fiscal 2024”) will be a 52-week period.

Principles of Consolidation — These Condensed Consolidated Financial Statements include the accounts of Dell Technologies Inc. and its wholly-owned subsidiaries, and the accounts of SecureWorks Corp. (“Secureworks”), which is majority-owned by Dell Technologies. All intercompany transactions have been eliminated.

Secureworks — As of August 4, 2023 and February 3, 2023, the Company held approximately 81.2% and 82.6%, respectively, of the outstanding equity interest in Secureworks. The portion of the results of operations of Secureworks allocable to its other owners is shown as net loss attributable to the non-controlling interests in the Condensed Consolidated Statements of Income, as an adjustment to net income attributable to Dell Technologies stockholders. The non-controlling interests’ share of equity in Secureworks is reflected as a component of the non-controlling interests in the Condensed Consolidated Statements of Financial Position and was \$95 million and \$97 million as of August 4, 2023 and February 3, 2023, respectively.

Variable Interest Entities — The Company consolidates Variable Interest Entities (“VIEs”) where it has been determined that the Company is the primary beneficiary of the applicable entities’ operations. For each VIE, the primary beneficiary is the party that has both the power to direct the activities that most significantly impact the VIE’s economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to such VIE. In evaluating whether the Company is the primary beneficiary of each entity, the Company evaluates its power to direct the most significant activities of the VIE by considering the purpose and design of each entity and the risks each entity was designed to create and pass through to its respective variable interest holders. The Company also evaluates its economic interests in each of the VIEs. See Note 4 of the Notes to the Condensed Consolidated Financial Statements for more information regarding consolidated VIEs.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Other Events — On July 12, 2023, the Company entered into a definitive agreement with Comenity Capital Bank, a subsidiary of Bread Financial Holdings, Inc. ("Bread") to establish a new U.S. Dell Preferred Account program under which transactions will be originated, owned, serviced, and collected by Bread. Under the definitive agreement, the Company will also sell its U.S. consumer revolving customer receivables portfolio. Upon the completion of the sale, such receivables will be serviced by Bread and the Company will have no continuing involvement. The transaction is expected to close in the third quarter of Fiscal 2024, subject to customary closing conditions.

In accordance with applicable accounting guidance, the Company concluded that the U.S. consumer revolving customer financing receivables have met the criteria to be classified as held for sale as of August 4, 2023. Accordingly, the Company reclassified \$389 million, net of allowance, to current assets held for sale on the Condensed Consolidated Statements of Financial Position as of August 4, 2023. See Note 4 of the Notes to the Condensed Consolidated Financial Statements for more information.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

NOTE 2 — FAIR VALUE MEASUREMENTS

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of the dates indicated:

	August 4, 2023				February 3, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
(in millions)								
Assets:								
Money market funds	\$ 4,568	\$ —	\$ —	\$ 4,568	\$ 4,301	\$ —	\$ —	\$ 4,301
Marketable equity and other securities	5	—	—	5	33	—	—	33
Derivative instruments	—	185	—	185	—	295	—	295
Total assets	\$ 4,573	\$ 185	\$ —	\$ 4,758	\$ 4,334	\$ 295	\$ —	\$ 4,629
Liabilities:								
Derivative instruments	\$ —	\$ 76	\$ —	\$ 76	\$ —	\$ 460	\$ —	\$ 460
Total liabilities	\$ —	\$ 76	\$ —	\$ 76	\$ —	\$ 460	\$ —	\$ 460

The following section describes the valuation methodologies the Company uses to measure financial instruments at fair value.

Money Market Funds — The Company's investment in money market funds that are classified as cash equivalents hold underlying investments with a weighted average maturity of 90 days or less and are recognized at fair value. The valuations of these securities are based on quoted prices in active markets for identical assets, when available, or pricing models whereby all significant inputs are observable or can be derived from or corroborated by observable market data. The Company reviews security pricing and assesses money market fund liquidity on a quarterly basis. As of August 4, 2023, the Company's portfolio had no material exposure to money market funds with a fluctuating net asset value.

Marketable Equity and Other Securities — The Company's investments in equity and other securities that are measured at fair value on a recurring basis consist of strategic investments in publicly-traded companies. The valuation of these securities is based on quoted prices in active markets.

Derivative Instruments — The Company's derivative financial instruments consist primarily of foreign currency forward and purchased option contracts and interest rate swaps. The fair value of the portfolio is determined using valuation models based on market observable inputs, including interest rate curves, forward and spot prices for currencies, and implied volatilities. Credit risk is also factored into the fair value calculation of the Company's derivative financial instrument portfolio. See Note 7 of the Notes to the Condensed Consolidated Financial Statements for a description of the Company's derivative financial instrument activities.

Deferred Compensation Plans — The Company offers deferred compensation plans for eligible employees, which allow participants to defer a portion of their compensation. Assets were the same as liabilities associated with the plans at approximately \$197 million and \$179 million as of August 4, 2023 and February 3, 2023, respectively, and are included in other assets and other liabilities on the Condensed Consolidated Statements of Financial Position. The net impact to the Condensed Consolidated Statements of Income is not material since changes in the fair value of the assets substantially offset changes in the fair value of the liabilities. As such, assets and liabilities associated with these plans have not been included in the recurring fair value table above.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis — Certain assets are measured at fair value on a nonrecurring basis and therefore are not included in the recurring fair value table above. These assets consist primarily of non-financial assets such as goodwill and intangible assets. See Note 8 of the Notes to the Condensed Consolidated Financial Statements for additional information about goodwill and intangible assets.

As of August 4, 2023 and February 3, 2023, the Company held strategic investments in non-marketable equity and other securities of \$ 1.2 billion and \$1.3 billion, respectively. As these investments represent early-stage companies without readily determinable fair values, they are not included in the recurring fair value table above. See Note 3 of the Notes to the Condensed Consolidated Financial Statements for additional information about the Company's strategic investments.

Carrying Value and Estimated Fair Value of Outstanding Debt — The following table presents the carrying value and estimated fair value of the Company's outstanding debt as described in Note 6 of the Notes to the Condensed Consolidated Financial Statements, including the current portion, as of the dates indicated:

	August 4, 2023		February 3, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(in billions)				
Senior Notes	\$ 16.0	\$ 15.8	\$ 18.1	\$ 18.2
Legacy Notes and Debentures	\$ 0.9	\$ 1.0	\$ 0.9	\$ 1.0
DFS Debt	\$ 10.0	\$ 9.6	\$ 10.3	\$ 9.9

The fair values of the outstanding debt shown in the table above were determined based on observable market prices in a less active market or based on valuation methodologies using observable inputs and were categorized as Level 2 in the fair value hierarchy.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 3 — INVESTMENTS

The Company has strategic investments in equity and other securities as well as investments in fixed income debt securities. All equity and other securities as well as long-term fixed income debt securities are recorded as long-term investments in the Condensed Consolidated Statements of Financial Position. Short-term fixed income debt securities are recorded as other current assets in the Condensed Consolidated Statements of Financial Position.

As of both August 4, 2023 and February 3, 2023, total investments were \$ 1.6 billion.

Equity and Other Securities

Equity and other securities include strategic investments in marketable and non-marketable securities. Investments in marketable securities are measured at fair value on a recurring basis. The Company has elected to apply the measurement alternative for non-marketable securities. Under the alternative, the Company measures investments without readily determinable fair values at cost, less impairment, adjusted by observable price changes. The Company makes a separate election to use the alternative for each eligible investment and is required to reassess at each reporting period whether an investment qualifies for the alternative. In evaluating these investments for impairment or observable price changes, the Company uses inputs including pre- and post-money valuations of recent financing events and the impact of those events on its fully diluted ownership percentages, as well as other available information regarding the issuer's historical and forecasted performance.

Carrying Value of Equity and Other Securities

The following table presents the cost, cumulative unrealized gains, cumulative unrealized losses, and carrying value of the Company's strategic investments in marketable and non-marketable equity securities as of the dates indicated:

	August 4, 2023				February 3, 2023			
	Cost	Unrealized Gain	Unrealized Loss	Carrying Value	Cost	Unrealized Gain	Unrealized Loss	Carrying Value
	(in millions)							
Marketable	\$ 12	\$ 19	\$ (26)	\$ 5	\$ 56	\$ 17	\$ (40)	\$ 33
Non-marketable	729	660	(146)	1,243	714	651	(100)	1,265
Total equity and other securities	<u>\$ 741</u>	<u>\$ 679</u>	<u>\$ (172)</u>	<u>\$ 1,248</u>	<u>\$ 770</u>	<u>\$ 668</u>	<u>\$ (140)</u>	<u>\$ 1,298</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Gains and Losses on Equity and Other Securities

The following table presents unrealized gains and losses on marketable and non-marketable equity and other securities for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
<i>Marketable securities:</i>				
Unrealized gain	\$ 1	\$ 7	\$ 1	\$ 7
Unrealized loss	—	(1)	(23)	(19)
Net unrealized gain (loss)	1	6	(22)	(12)
<i>Non-marketable securities:</i>				
Unrealized gain	—	51	9	72
Unrealized loss	(41)	(320)	(46)	(320)
Net unrealized loss (a)	(41)	(269)	(37)	(248)
Net unrealized loss on equity and other securities	\$ (40)	\$ (263)	\$ (59)	\$ (260)

(a) For all periods presented, net unrealized losses on non-marketable securities were primarily attributable to impairments. During the three and six months ended July 29, 2022, the Company recognized \$310 million of impairments on equity and other securities, which was generally in line with extended public equity market declines.

Fixed Income Debt Securities

The Company has fixed income debt securities carried at amortized cost which are held as collateral for borrowings. The Company intends to hold the investments to maturity. As of August 4, 2023, the Company held \$226 million in fixed income debt securities which will mature within one year and \$83 million in fixed income debt securities which will mature within two to five years.

The following table summarizes the Company's debt securities as of the dates indicated:

	August 4, 2023				February 3, 2023			
	Cost	Unrealized Gain	Unrealized Loss	Carrying Value	Cost	Unrealized Gain	Unrealized Loss	Carrying Value
	(in millions)							
Fixed income debt securities	\$ 339	\$ 55	\$ (85)	\$ 309	\$ 348	\$ 65	\$ (95)	\$ 318

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 4 — FINANCIAL SERVICES

The Company offers or arranges various financing options and alternative payment structures for its customers globally. Alternative payment structures consist of various flexible consumption models, including utility, subscription, and as-a-Service models.

Financing options are offered to our customers primarily through Dell Financial Services and its affiliates ("DFS"). The Company also arranges financing for some of its customers in various countries where DFS does not currently operate as a captive enterprise. The key activities of DFS include originating, collecting, and servicing customer financing arrangements primarily related to the purchase or use of Dell Technologies products and services. In some cases, DFS also offers financing for the purchase of third-party technology products that complement the Dell Technologies portfolio of products and services. New financing originations were \$2.4 billion and \$2.3 billion for the three months ended August 4, 2023 and July 29, 2022, respectively, and \$4.2 billion and \$4.4 billion for the six months ended August 4, 2023 and July 29, 2022, respectively.

The Company's lease and loan arrangements with customers are aggregated primarily into the following categories:

Revolving loans — Revolving loans offered under private label credit financing programs provide qualified customers with a revolving credit line for the purchase of products and services offered by Dell Technologies. These private label credit financing programs are referred to as Dell Preferred Account ("DPA") and Dell Business Credit ("DBC"). The DPA product is primarily offered to individual consumer customers, and the DBC product is primarily offered to small and medium-sized commercial customers. Revolving loans in the United States bear interest at a variable annual percentage rate that is tied to the prime rate. Based on historical payment patterns, revolving loan transactions are typically repaid within twelve months on average. Due to the short-term nature of the revolving loan portfolio, the carrying value of the portfolio approximates fair value.

As described in Note 1 to the Notes to the Condensed Consolidated Financial Statements, on July 12, 2023, the Company entered into a definitive agreement with Comenity Capital Bank, a subsidiary of Bread Financial Holdings, Inc., to establish a new U.S. DPA program under which transactions will be originated, owned, serviced, and collected by Bread. Under the definitive agreement, the Company will also sell its U.S. consumer revolving customer receivables portfolio. Upon the completion of the sale, such receivables will be serviced by Bread and the Company will have no continuing involvement. The transaction is expected to close in the third quarter of Fiscal 2024, subject to customary closing conditions.

In accordance with applicable accounting guidance, the Company concluded that the U.S. consumer revolving customer financing receivables have met the criteria to be classified as held for sale as of August 4, 2023. Accordingly, the Company reclassified \$389 million, net of allowance, to current assets held for sale on the Condensed Consolidated Statements of Financial Position as of August 4, 2023.

Fixed-term leases and loans — The Company enters into financing arrangements with customers who seek lease financing for equipment. DFS leases are generally classified as sales-type leases or operating leases. Leases with business customers have fixed terms of generally two to four years.

The Company also offers fixed-term loans to qualified small businesses, large commercial accounts, governmental organizations, educational entities, and certain individual consumer customers. These loans are repaid in equal payments including interest and have defined terms of generally three to five years. The fair value of the fixed-term loan portfolio is determined using market observable inputs. The carrying value of these loans approximates fair value.

Flexible consumption models, as defined above, enable the Company to offer its customers the option to pay over time to provide them with financial flexibility to meet their changing technological requirements. Such models may result in identification of embedded lease arrangements that lead to the recognition of operating or sales-type leases.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Financing Receivables

The following table presents the components of the Company's financing receivables segregated by portfolio segment as of the dates indicated:

	August 4, 2023			February 3, 2023		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
(in millions)						
<i>Financing receivables, net:</i>						
Customer receivables, gross (a) (b)	\$ 180	\$ 10,439	\$ 10,619	\$ 685	\$ 10,293	\$ 10,978
Allowances for losses	(9)	(140)	(149)	(88)	(113)	(201)
Customer receivables, net	171	10,299	10,470	597	10,180	10,777
Residual interest	—	150	150	—	142	142
Financing receivables, net	\$ 171	\$ 10,449	\$ 10,620	\$ 597	\$ 10,322	\$ 10,919
Short-term	\$ 171	\$ 4,636	\$ 4,807	\$ 597	\$ 4,684	\$ 5,281
Long-term	\$ —	\$ 5,813	\$ 5,813	\$ —	\$ 5,638	\$ 5,638

(a) Customer receivables, gross include amounts due from customers under revolving loans, fixed-term loans, fixed-term leases, and accrued interest.

(b) The decrease in revolving customer financing receivables is attributable to the reclassification of the U.S. consumer revolving portfolio to current assets held for sale, as described above.

The following table presents the changes in allowance for financing receivable losses for the periods indicated:

	Three Months Ended					
	August 4, 2023			July 29, 2022		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
(in millions)						
<i>Allowance for financing receivable losses:</i>						
Balances at beginning of period	\$ 84	\$ 135	\$ 219	\$ 94	\$ 87	\$ 181
Charge-offs, net of recoveries	(16)	(1)	(17)	(12)	(2)	(14)
Provision charged to income statement	15	6	21	9	7	16
Held for sale adjustment	(74)	—	(74)	—	—	—
Balances at end of period	\$ 9	\$ 140	\$ 149	\$ 91	\$ 92	\$ 183

	Six Months Ended					
	August 4, 2023			July 29, 2022		
	Revolving	Fixed-term	Total	Revolving	Fixed-term	Total
(in millions)						
<i>Allowance for financing receivable losses:</i>						
Balances at beginning of period	\$ 88	\$ 113	\$ 201	\$ 102	\$ 87	\$ 189
Charge-offs, net of recoveries	(33)	(2)	(35)	(25)	(4)	(29)
Provision charged to income statement	28	29	57	14	9	23
Held for sale adjustment	(74)	—	(74)	—	—	—
Balances at end of period	\$ 9	\$ 140	\$ 149	\$ 91	\$ 92	\$ 183

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The Company recognizes an allowance for financing receivable losses, including both the lease receivable and unguaranteed residual, in an amount equal to the expected losses net of recoveries. The allowance for financing receivable losses on the lease receivable is determined based on various factors, including lifetime expected losses determined using macroeconomic forecast assumptions and management judgments applicable to and through the expected life of the portfolios as well as past due receivables, receivable type, and customer risk profile. The Company continues to monitor broader economic indicators and their potential impact on future credit loss performance.

Aging

The following table presents the aging of the Company's customer financing receivables, gross, including accrued interest, segregated by class, as of the dates indicated:

	August 4, 2023				February 3, 2023			
	Current	Past Due 1 — 90 Days	Past Due >90 Days	Total	Current	Past Due 1 — 90 Days	Past Due >90 Days	Total
(in millions)								
Revolving — DPA	\$ 7	\$ —	\$ —	\$ 7	\$ 457	\$ 34	\$ 17	\$ 508
Revolving — DBC	151	18	4	173	154	19	4	177
Fixed-term — Consumer and Commercial	9,412	969	58	10,439	9,309	927	57	10,293
Total customer receivables, gross	<u>\$ 9,570</u>	<u>\$ 987</u>	<u>\$ 62</u>	<u>\$ 10,619</u>	<u>\$ 9,920</u>	<u>\$ 980</u>	<u>\$ 78</u>	<u>\$ 10,978</u>

Aging is likely to fluctuate as a result of the variability in volume of large transactions entered into over the period, and the administrative processes that accompany those transactions. Aging is also impacted by the timing of the Company's fiscal period end date relative to calendar month-end customer payment due dates. As a result of these factors, fluctuations in aging from period to period do not necessarily indicate a material change in the collectibility of the portfolio.

Fixed-term consumer and commercial customer receivables are placed on non-accrual status if principal or interest is past due and considered delinquent, or if there is concern about the collectibility of a specific customer receivable. The receivables identified as doubtful for collectibility may be classified as current for aging purposes. Aged revolving portfolio customer receivables identified as delinquent are charged off.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Credit Quality

The following tables present customer receivables, gross, including accrued interest, by credit quality indicator, segregated by class, as of the dates indicated:

August 4, 2023

	Fixed-term — Consumer and Commercial							Revolving — DPA	Revolving — DBC	Total
	Fiscal Year of Origination									
	2024	2023	2022	2021	2020	Years Prior				
	(in millions)									
Higher	\$ 1,997	\$ 2,453	\$ 1,267	\$ 617	\$ 206	\$ 10	\$ 1	\$ 45	\$ 6,596	
Mid	611	1,205	480	214	63	5	3	50	2,631	
Lower	288	615	266	99	40	3	3	78	1,392	
Total	\$ 2,896	\$ 4,273	\$ 2,013	\$ 930	\$ 309	\$ 18	\$ 7	\$ 173	\$ 10,619	

February 3, 2023

	Fixed-term — Consumer and Commercial								Revolving — DPA	Revolving — DBC	Total							
	Fiscal Year of Origination																	
	2023	2022	2021	2020	2019	Years Prior												
	(in millions)																	
Higher	\$	3,210	\$	1,805	\$	914	\$	343	\$	37	\$	1	\$	123	\$	44	\$	6,477
Mid		1,242		631		362		119		17		1		136		54		2,562
Lower		1,017		364		157		65		7		1		249		79		1,939
Total	\$	5,469	\$	2,800	\$	1,433	\$	527	\$	61	\$	3	\$	508	\$	177	\$	10,978

The categories shown in the tables above segregate customer receivables based on the relative degrees of credit risk. The credit quality indicators for DPA revolving accounts are measured primarily as of each quarter-end date, while all other indicators are generally updated on a periodic basis.

For DPA revolving receivables, the Company makes credit decisions based on proprietary scorecards, which include the customer's credit history, payment history, credit usage, and other credit agency-related elements. The higher quality category includes prime accounts generally comparable to U.S. customer FICO scores of 720 or above. The mid category represents the mid-tier accounts that are comparable to U.S. customer FICO scores from 660 to 719. The lower category is generally sub-prime and represents accounts that are comparable to U.S. customer FICO scores below 660. For the DBC revolving receivables and fixed-term commercial receivables shown in the table above, an internal grading system is utilized that assigns a credit level score based on a number of considerations, including liquidity, operating performance, and industry outlook. The grading criteria and classifications for the fixed-term products differ from those for the revolving products as loss experience varies between these product and customer groups. The credit quality categories cannot be compared between the different classes as loss experience varies substantially between the classes.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Leases

The following table presents net revenue, cost of net revenue, and gross margin recognized at the commencement date of sales-type leases for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
Net revenue — products	\$ 292	\$ 219	\$ 539	\$ 439
Cost of net revenue — products	192	164	388	368
Gross margin — products	<u>\$ 100</u>	<u>\$ 55</u>	<u>\$ 151</u>	<u>\$ 71</u>

The following table presents the future maturity of the Company's fixed-term customer leases and associated financing payments, and reconciles the undiscounted cash flows to the customer receivables, gross recognized on the Condensed Consolidated Statement of Financial Position as of the date indicated:

	August 4, 2023
	(in millions)
Fiscal 2024 (remaining six months)	\$ 1,445
Fiscal 2025	2,063
Fiscal 2026	1,540
Fiscal 2027	822
Fiscal 2028 and beyond	297
Total undiscounted cash flows	6,167
Fixed-term loans	5,163
Revolving loans	180
Less: Unearned income	(891)
Total customer receivables, gross	<u>\$ 10,619</u>

Operating Leases

The Company's operating leases primarily consist of DFS captive fixed-term leases and contractually committed embedded leases identified within flexible consumption arrangements.

The following table presents the components of the Company's operating lease portfolio included in property, plant, and equipment, net as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
Equipment under operating lease, gross	\$ 3,833	\$ 3,725
Less: Accumulated depreciation	(1,687)	(1,517)
Equipment under operating lease, net	<u>\$ 2,146</u>	<u>\$ 2,208</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following table presents operating lease income related to lease payments and depreciation expense for the Company's operating lease portfolio for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
Income related to lease payments	\$ 330	\$ 253	\$ 651	\$ 485
Depreciation expense	\$ 236	\$ 194	\$ 469	\$ 359

The following table presents the future payments to be received by the Company as lessor in operating lease contracts as of the date indicated:

	August 4, 2023
	(in millions)
Fiscal 2024 (remaining six months)	\$ 623
Fiscal 2025	918
Fiscal 2026	544
Fiscal 2027	192
Fiscal 2028 and beyond	71
Total	<u>\$ 2,348</u>

DFS Debt

The Company maintains programs that facilitate the funding of leases, loans, and other alternative payment structures in the capital markets. The majority of DFS debt is non-recourse to Dell Technologies and represents borrowings under securitization programs and structured financing programs, for which the Company's risk of loss is limited to transferred loan and lease payments and associated equipment.

The following table presents DFS debt as of the dates indicated and excludes the allocated portion of the Company's other borrowings, which represents the additional amount considered to fund the DFS business:

	August 4, 2023	February 3, 2023
	(in millions)	
DFS debt		
<i>DFS U.S. debt:</i>		
Asset-based financing and securitization facilities	\$ 3,067	\$ 3,987
Fixed-term securitization offerings	3,471	2,679
Other	58	76
Total DFS U.S. debt	<u>6,596</u>	<u>6,742</u>
<i>DFS international debt:</i>		
Securitization facility	793	790
Other borrowings	762	871
Note payable	250	250
Dell Bank senior unsecured eurobonds	1,642	1,637
Total DFS international debt	<u>3,447</u>	<u>3,548</u>
Total DFS debt	<u>\$ 10,043</u>	<u>\$ 10,290</u>
Total short-term DFS debt	\$ 5,801	\$ 5,400
Total long-term DFS debt	\$ 4,242	\$ 4,890

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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DFS U.S. Debt

Asset-Based Financing and Securitization Facilities — The Company maintains separate asset-based financing facilities and a securitization facility in the United States, which are revolving facilities for fixed-term leases and loans and for revolving loans, respectively. This debt is collateralized solely by the U.S. loan and lease payments and associated equipment in the facilities. The debt has a variable interest rate and the duration of the debt is based on the terms of the underlying loan and lease payment streams. As of August 4, 2023, the total debt capacity related to the U.S. asset-based financing and securitization facilities was \$5.6 billion. The Company enters into interest swap agreements to effectively convert a portion of this debt from a floating rate to a fixed rate. See Note 7 of the Notes to the Condensed Consolidated Financial Statements for additional information about interest rate swaps.

The Company's two U.S. asset-based financing facilities for fixed-term leases and loans are effective through July 7, 2025 and June 21, 2024, respectively. The Company's U.S. securitization facility for revolving loans is effective through June 25, 2025. The Company intends to pay down the U.S. securitization facility for revolving loans prior to the close of the U.S. consumer revolving customer receivables portfolio sale described above.

The asset-based financing and securitization facilities contain standard structural features related to the performance of the funded receivables, which include defined credit losses, delinquencies, average credit scores, and minimum collection requirements. In the event one or more of these criteria are not met and the Company is unable to restructure the facility, no further funding of receivables will be permitted and the timing of the Company's expected cash flows from over-collateralization will be delayed. As of August 4, 2023, these criteria were met.

Fixed-Term Securitization Offerings — The Company periodically issues asset-backed debt securities under fixed-term securitization programs to private investors. The asset-backed debt securities are collateralized solely by the U.S. fixed-term lease and loan payments and associated equipment, which are held by Special Purpose Entities ("SPEs"), as discussed below. The interest rate on these securities is fixed and ranges from 0.43% to 6.80% per annum as of August 4, 2023, and the duration of these securities is based on the terms of the underlying lease and loan payment streams.

DFS International Debt

Securitization Facility — The Company maintains a securitization facility in Europe for fixed-term leases and loans. The debt under this facility has a variable interest rate, and the duration of the debt is based on the terms of the underlying loan and lease payment streams. This facility is effective through December 23, 2024 and had a total debt capacity of \$876 million as of August 4, 2023.

The securitization facility contains standard structural features related to the performance of the securitized receivables, which include defined credit losses, delinquencies, average credit scores, and minimum collection requirements. In the event one or more of these criteria are not met and the Company is unable to restructure the program, no further funding of receivables will be permitted and the timing of the Company's expected cash flows from over-collateralization will be delayed. As of August 4, 2023, these criteria were met.

Other Borrowings — In connection with the Company's international financing operations, the Company has entered into revolving structured financing debt programs related to its fixed-term lease and loan products sold in Canada, Europe, Australia, New Zealand, and the Middle East. The debt under these programs has a variable interest rate, and the duration of the debt is based on the terms of the underlying loan and lease payment streams. The Canadian facility, which is collateralized solely by Canadian loan and lease payments and associated equipment, had a total debt capacity of \$337 million as of August 4, 2023 and is effective through January 16, 2025. The European facility, which is collateralized solely by European loan and lease payments and associated equipment, had a total debt capacity of \$657 million as of August 4, 2023 and is effective through June 14, 2025. The Australia and New Zealand facility, which is collateralized solely by Australia and New Zealand loan and lease payments and associated equipment, had a total debt capacity of \$295 million as of August 4, 2023 and is effective through April 20, 2025. The Middle East facility, which is collateralized solely by Middle East loan and lease payments and associated equipment, had a total debt capacity of \$150 million as of August 4, 2023 and is effective through March 24, 2025.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Note Payable — On May 25, 2022, the Company entered into an unsecured credit agreement to fund receivables in Mexico. As of August 4, 2023, the aggregate principal amount of the note payable was \$250 million. The note bears interest at an annual rate of 4.24% and will mature on May 31, 2024.

Dell Bank Senior Unsecured Eurobonds — On June 24, 2020, Dell Bank issued 500 million Euro of 1.625% senior unsecured four year eurobonds due June 2024. On October 27, 2021, Dell Bank issued 500 million Euro of 0.5% senior unsecured five year eurobonds due October 2026. On October 18, 2022, Dell Bank issued 500 million Euro of 4.5% senior unsecured five year eurobonds due October 2027. The issuances of the senior unsecured eurobonds support the expansion of the financing operations in Europe.

Variable Interest Entities

In connection with the asset-based financing facilities, securitization facilities, and fixed-term securitization offerings discussed above, the Company transfers certain U.S. and European lease and loan payments and associated equipment to SPEs that meet the definition of a VIE and are consolidated, along with the associated debt described above, into the Condensed Consolidated Financial Statements as the Company is the primary beneficiary of the VIEs. The SPEs are bankruptcy-remote legal entities with separate assets and liabilities. The purpose of the SPEs is to facilitate the funding of customer loan and lease payments and associated equipment in the capital markets.

Some of the SPEs have entered into financing arrangements with multi-seller conduits that, in turn, issue asset-backed debt securities in the capital markets. DFS debt outstanding held by the consolidated VIEs is collateralized by the lease and loan payments and associated equipment. The Company's risk of loss related to securitized receivables is limited to the amount by which the Company's right to receive collections for assets securitized exceeds the amount required to pay interest, principal, and fees and expenses related to the asset-backed securities. The Company provides credit enhancement to the securitization in the form of over-collateralization.

The following table presents the assets and liabilities held by the consolidated VIEs as of the dates indicated, which are included in the Condensed Consolidated Statements of Financial Position:

	August 4, 2023	February 3, 2023
	(in millions)	
Assets held by consolidated VIEs		
Other current assets	\$ 282	\$ 274
Current assets held for sale	\$ 366	\$ —
Financing receivables, net of allowance		
Short-term	\$ 3,256	\$ 3,702
Long-term	\$ 3,298	\$ 3,295
Property, plant, and equipment, net	\$ 1,142	\$ 1,164
Liabilities held by consolidated VIEs		
Debt, net of unamortized debt issuance costs		
Short-term	\$ 4,556	\$ 4,761
Long-term	\$ 2,760	\$ 2,685

Lease and loan payments and associated equipment transferred via securitization through SPEs were \$ 1.1 billion and \$1.2 billion for the three months ended August 4, 2023 and July 29, 2022, respectively, and \$2.6 billion and \$2.9 billion for the six months ended August 4, 2023 and July 29, 2022, respectively.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Customer Receivable Sales

To manage certain concentrations of customer credit exposure, the Company may sell selected fixed-term customer receivables to unrelated third parties on a periodic basis, without recourse. The amount of customer receivables sold for this purpose was \$187 million and \$425 million for the six months ended August 4, 2023 and July 29, 2022, respectively. The Company's continuing involvement in these customer receivables is primarily limited to servicing arrangements.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 5 — LEASES

The Company enters into leasing transactions in which the Company is the lessee. These lease contracts are typically classified as operating leases. The Company's lease contracts are generally for office buildings used to conduct its business, and the determination of whether such contracts contain leases generally does not require significant estimates or judgments. The Company also leases certain global logistics warehouses, employee vehicles, and equipment. As of August 4, 2023, the remaining terms of the Company's leases range from one month to approximately ten years. As of August 4, 2023 and February 3, 2023, there were no material finance leases in which the Company was a lessee.

The Company also enters into leasing transactions in which the Company is the lessor, primarily through customer financing arrangements offered through DFS. DFS originates leases that are primarily classified as either sales-type leases or operating leases. See Note 4 of the Notes to the Condensed Consolidated Financial Statements for more information about the Company's lessor arrangements.

The following table presents components of lease costs included in the Condensed Consolidated Statements of Income for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
Operating lease costs	\$ 63	\$ 68	\$ 142	\$ 140
Variable costs	19	23	43	48
Total lease costs	<u>\$ 82</u>	<u>\$ 91</u>	<u>\$ 185</u>	<u>\$ 188</u>

For both the six months ended August 4, 2023 and July 29, 2022, sublease income, finance lease costs, and short-term lease costs were immaterial.

The following table presents supplemental information related to operating leases included in the Condensed Consolidated Statements of Financial Position as of the dates indicated:

Classification		August 4, 2023	February 3, 2023
(in millions, except for term and discount rate)			
Operating lease right-of-use assets	Other non-current assets	\$ 716	\$ 725
Current operating lease liabilities	Accrued and other current liabilities	\$ 255	\$ 260
Non-current operating lease liabilities	Other non-current liabilities	600	630
Total operating lease liabilities		<u>\$ 855</u>	<u>\$ 890</u>
Weighted-average remaining lease term (in years)		4.44	4.95
Weighted-average discount rate		4.12 %	3.48 %

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The following table presents supplemental cash flow information related to leases for the periods indicated:

	Six Months Ended	
	August 4, 2023	July 29, 2022
	(in millions)	
Cash paid for amounts included in the measurement of lease liabilities — operating cash outflows from operating leases	\$ 153	\$ 156
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 131	\$ 103

The following table presents the future maturity of the Company's operating lease liabilities under non-cancelable leases and reconciles the undiscounted cash flows for these leases to the lease liability recognized on the Condensed Consolidated Statements of Financial Position as of the date indicated:

	August 4, 2023
	(in millions)
Fiscal 2024 (remaining six months)	\$ 131
Fiscal 2025	232
Fiscal 2026	182
Fiscal 2027	145
Fiscal 2028	104
Thereafter	140
Total lease payments	934
Less: Imputed interest	(79)
Total	\$ 855
Current operating lease liabilities	\$ 255
Non-current operating lease liabilities	\$ 600

As of August 4, 2023, the Company's undiscounted operating leases that had not yet commenced were immaterial.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 6 — DEBT

The following table summarizes the Company's outstanding debt as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
Senior Notes:		
5.45% due June 2023	\$ —	\$ 1,000
4.00% due July 2024	1,000	1,000
5.85% due July 2025	1,000	1,000
6.02% due June 2026	3,500	4,500
4.90% due October 2026	1,750	1,750
6.10% due July 2027	500	500
5.25% due February 2028	1,000	1,000
5.30% due October 2029	1,750	1,750
6.20% due July 2030	750	750
5.75% due February 2033	1,000	1,000
8.10% due July 2036	1,000	1,000
3.38% due December 2041	982	1,000
8.35% due July 2046	800	800
3.45% due December 2051	1,099	1,250
Legacy Notes and Debentures:		
7.10% due April 2028	300	300
6.50% due April 2038	388	388
5.40% due September 2040	264	264
DFS Debt (Note 4)	10,043	10,290
Other	262	325
Total debt, principal amount	\$ 27,388	\$ 29,867
Unamortized discount, net of unamortized premium	(119)	(133)
Debt issuance costs	(131)	(146)
Total debt, carrying value	\$ 27,138	\$ 29,588
Total short-term debt, carrying value	\$ 6,961	\$ 6,573
Total long-term debt, carrying value	\$ 20,177	\$ 23,015

During the six months ended August 4, 2023, the net decrease in the Company's debt balance was principally attributable to:

- the repayment of \$1 billion principal amount of the 5.45% Senior Notes due June 2023; and
- the repayment of \$1 billion principal amount of the 6.02% Senior Notes due June 2026 in a tender offer, in connection with which the Company recognized an immaterial amount of debt extinguishment costs in interest and other, net in the Condensed Consolidated Statement of Income.

Outstanding Debt

Senior Notes — The Company completed offerings of multiple series of senior notes which were issued on June 1, 2016, June 22, 2016, March 20, 2019, April 9, 2020, December 13, 2021, and January 24, 2023 in aggregate principal amounts of \$20.0 billion, \$3.3 billion, \$4.5 billion, \$2.3 billion, \$2.3 billion, and \$2.0 billion, respectively (the "Senior Notes"). Interest on these borrowings is payable semiannually.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Legacy Notes and Debentures — The Company has outstanding unsecured notes and debentures (collectively, the “Legacy Notes and Debentures”) that were issued by Dell Inc. (“Dell”), a wholly-owned subsidiary of Dell Technologies Inc., prior to the acquisition of Dell by Dell Technologies Inc. in the going-private transaction that closed in October 2013. Interest on these borrowings is payable semiannually.

DFS Debt — See Note 4 and Note 7 of the Notes to the Condensed Consolidated Financial Statements, respectively, for discussion of DFS debt and the interest rate swap agreements that hedge a portion of that debt.

2021 Revolving Credit Facility — The Company’s revolving credit facility, which was entered into on November 1, 2021 (the “2021 Revolving Credit Facility”), matures on November 1, 2027. This facility provides the Company with revolving commitments in an aggregate principal amount of \$6.0 billion for general corporate purposes, including liquidity support for the Company’s commercial paper program, and includes a letter of credit sub-facility of up to \$0.5 billion and a swing-line loan sub-facility of up to \$ 0.5 billion. The 2021 Revolving Credit Facility also allows the Company to obtain incremental additional commitments on one or more occasions in minimum amounts of \$10 million.

Borrowings under the 2021 Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin plus, at the borrowers’ option, either (a) the specified adjusted term Secured Overnight Financing Rate (“SOFR”) or (b) a base rate. The margin applicable to SOFR and base rate borrowings varies based upon the Company’s existing credit ratings. The base rate is calculated based upon the greatest of the specified prime rate, the specified federal reserve bank rate, or SOFR plus 1%. The borrowers may voluntarily repay outstanding loans under the 2021 Revolving Credit Facility at any time without premium or penalty, other than customary breakage costs.

As of August 4, 2023, the Company had no outstanding borrowings under the 2021 Revolving Credit Facility.

Commercial Paper Program — During Fiscal 2023, the Company established a commercial paper program under which the Company may issue unsecured notes in a maximum aggregate face amount of \$5.0 billion outstanding at any time, with maturities up to 397 days from the date of issuance. The notes are sold on customary terms in the U.S. commercial paper market on a private placement basis. The proceeds of the notes are used for general corporate purposes. As of August 4, 2023, the Company had no outstanding borrowings under the commercial paper program.

The Company may purchase, redeem, prepay, refinance, or otherwise retire any amount of outstanding indebtedness under the terms of such indebtedness at any time and from time to time, in open market or negotiated transactions with the holders of such indebtedness or otherwise, as considered appropriate in light of market conditions and other relevant factors.

Covenants — The credit agreement governing the 2021 Revolving Credit Facility and the indentures governing the Senior Notes and the Legacy Notes and Debentures impose various limitations, subject to exceptions, on creating certain liens and entering into sale and lease-back transactions. The foregoing credit agreement and indentures contain customary events of default, including failure to make required payments, failure to comply with covenants, and the occurrence of certain events of bankruptcy and insolvency. The 2021 Revolving Credit Facility is also subject to an interest coverage ratio covenant that is tested at the end of each fiscal quarter with respect to the Company’s preceding four fiscal quarters. The Company was in compliance with this financial covenant as of August 4, 2023.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Aggregate Future Maturities

The following table presents the aggregate future maturities of the Company's debt as of August 4, 2023 for the periods indicated:

	Maturities by Fiscal Year						
	2024 (remaining six months)	2025	2026	2027	2028	Thereafter	Total
	(in millions)						
Senior Notes	\$ —	\$ 1,000	\$ 1,000	\$ 5,250	\$ 500	\$ 8,381	\$ 16,131
Legacy Notes and Debentures	—	—	—	—	—	952	952
DFS Debt	2,827	4,341	1,511	773	590	1	10,043
Other	100	122	27	8	5	—	262
Total maturities, principal amount	2,927	5,463	2,538	6,031	1,095	9,334	27,388
Associated carrying value adjustments	(2)	(7)	(7)	(36)	(8)	(190)	(250)
Total maturities, carrying value amount	<u>\$ 2,925</u>	<u>\$ 5,456</u>	<u>\$ 2,531</u>	<u>\$ 5,995</u>	<u>\$ 1,087</u>	<u>\$ 9,144</u>	<u>\$ 27,138</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 7 — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

As part of its risk management strategy, the Company uses derivative instruments, primarily foreign currency forward and option contracts and interest rate swaps, to hedge certain foreign currency and interest rate exposures, respectively.

The Company's objective is to offset gains and losses resulting from these exposures with gains and losses on the derivative contracts used to hedge the exposures, thereby reducing volatility of earnings and protecting the fair values of assets and liabilities. The earnings effects of the derivative instruments are presented in the same income statement line items as the earnings effects of the hedged items. For derivatives designated as cash flow hedges, the Company assesses hedge effectiveness both at the onset of the hedge and at regular intervals throughout the life of the instruments. For derivatives designated as fair value hedges, the Company assesses hedge effectiveness on qualifying instruments using the shortcut method whereby the hedges are considered perfectly effective at the onset of the hedge and over the life of the hedging relationship.

Foreign Exchange Risk

The Company uses foreign currency forward and option contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted transactions denominated in currencies other than the U.S. Dollar. Hedge accounting is applied based upon the criteria established by accounting guidance for derivative instruments and hedging activities. The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts. The risk of loss associated with forward contracts is equal to the exchange rate differential from the time the contract is entered into until the time it is settled. The majority of these contracts typically expire in twelve months or less.

During the three and six months ended August 4, 2023 and July 29, 2022, the Company did not discontinue any cash flow hedges related to foreign exchange contracts that had a material impact on the Company's results of operations due to the probability that the forecasted cash flows would not occur.

The Company uses forward contracts to hedge monetary assets and liabilities denominated in a foreign currency. These contracts generally expire in three months or less, are considered economic hedges, and are not designated for hedge accounting. The change in the fair value of these instruments represents a natural hedge as their gains and losses offset the changes in the underlying fair value of the monetary assets and liabilities due to movements in currency exchange rates.

In connection with DFS operations in Europe, forward contracts are used to hedge financing receivables denominated in foreign currencies other than Euro. These contracts are not designated for hedge accounting and most expire within three years or less.

Interest Rate Risk

The Company uses interest rate swaps to hedge the variability in cash flows related to the interest rate payments on structured financing debt. The interest rate swaps economically convert the variable rate on the structured financing debt to a fixed interest rate to match the underlying fixed rate being received on fixed-term customer leases and loans. These contracts are not designated for hedge accounting and most expire within four years or less.

Interest rate swaps are utilized to manage the interest rate risk, at a portfolio level, associated with DFS operations in Europe. The interest rate swaps economically convert the fixed rate on financing receivables to a three-month Euribor floating rate in order to match the floating rate nature of the banks' funding pool. The Company also uses interest rate swaps to manage the cash flows related to interest payments on Eurobonds. The interest rate swaps economically convert the fixed rate on its bonds to a floating rate to match the underlying lease repayments profile. These contracts are not designated for hedge accounting and most expire within five years or less.

The Company utilizes cross-currency amortizing swaps to hedge the currency and interest rate risk exposure associated with the European securitization program. The cross-currency swaps combine a Euro-based interest rate swap with a British Pound or U.S. Dollar foreign exchange forward contract in which the Company pays a fixed or floating British Pound or U.S. Dollar amount and receives a fixed or floating amount in Euros linked to the one-month Euribor. The notional value of the swaps amortizes in line with the expected cash flows and run-off of the securitized assets. The swaps are not designated for hedge accounting and expire within five years or less.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Periodically, the Company also uses interest rate swaps to modify the market risk exposures in connection with long-term debt. During Fiscal 2023, the Company entered into interest rate swaps designated as fair value hedges intended to hedge a portion of its interest rate exposure by converting the fixed interest rate of a certain tranche of debt to a floating interest rate based on the benchmark SOFR Overnight Index Swap rate. The gains and losses related to changes in the fair value of the interest rate swaps perfectly offset changes in the fair value of the hedged portion of the underlying debt that are attributable to the changes in the underlying benchmark interest rate. During the three months ended August 4, 2023, the Company repaid the hedged debt and terminated the associated interest rate swaps.

Derivative Instruments

The following table presents the notional amounts of outstanding derivative instruments as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
Foreign exchange contracts:		
Designated as cash flow hedging instruments	\$ 7,245	\$ 7,746
Non-designated as hedging instruments	6,434	6,833
Total	\$ 13,679	\$ 14,579
Interest rate contracts:		
Designated as fair value hedging instruments	\$ —	\$ 1,000
Non-designated as hedging instruments	6,395	7,214
Total	\$ 6,395	\$ 8,214

The following table presents the effect of derivative instruments designated as cash flow hedging instruments on the Condensed Consolidated Statements of Financial Position and the Condensed Consolidated Statements of Income for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in Accumulated OCI, Net of Tax, on Derivatives	Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income
	(in millions)		(in millions)
<i>For the three months ended August 4, 2023:</i>			
		Total net revenue	\$ (63)
Foreign exchange contracts	\$ 49	Total cost of net revenue	(5)
Interest rate contracts	—	Interest and other, net	—
Total	\$ 49	Total	\$ (68)
<i>For the three months ended July 29, 2022:</i>			
		Total net revenue	\$ 307
Foreign exchange contracts	\$ 166	Total cost of net revenue	(1)
Interest rate contracts	—	Interest and other, net	—
Total	\$ 166	Total	\$ 306

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Derivatives in Cash Flow Hedging Relationships	Gain (Loss) Recognized in Accumulated OCI, Net of Tax, on Derivatives (in millions)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income	Gain (Loss) Reclassified from Accumulated OCI into Income (in millions)
<i>For the six months ended August 4, 2023:</i>			
		Total net revenue	\$ (151)
Foreign exchange contracts	\$ 59	Total cost of net revenue	(8)
Interest rate contracts	—	Interest and other, net	—
Total	\$ 59	Total	\$ (159)
<i>For the six months ended July 29, 2022:</i>			
		Total net revenue	\$ 430
Foreign exchange contracts	\$ 538	Total cost of net revenue	(28)
Interest rate contracts	—	Interest and other, net	—
Total	\$ 538	Total	\$ 402

The following table presents the effect of derivative instruments not designated as hedging instruments on the Condensed Consolidated Statements of Income for the periods indicated:

	Three Months Ended		Six Months Ended		Location of Gain (Loss) Recognized
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022	
	(in millions)				
Foreign exchange contracts	\$ (40)	\$ (74)	\$ 17	\$ (305)	Interest and other, net
Interest rate contracts	24	1	3	18	Interest and other, net
Total	\$ (16)	\$ (73)	\$ 20	\$ (287)	

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The Company presents its derivative instruments on a net basis in the Condensed Consolidated Statements of Financial Position due to the right of offset by its counterparties under master netting arrangements. The following tables present the fair value of those derivative instruments presented on a gross basis as of the dates indicated:

	August 4, 2023				
	Other Current Assets	Other Non- Current Assets	Other Current Liabilities	Other Non- Current Liabilities	Total Fair Value
	(in millions)				
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	\$ 114	\$ —	\$ 5	\$ —	\$ 119
Foreign exchange contracts in a liability position	(18)	—	(4)	—	(22)
Interest rate contracts in an asset position	—	—	—	—	—
Interest rate contracts in a liability position	—	—	—	—	—
Net asset (liability)	96	—	1	—	97
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	163	1	29	—	193
Foreign exchange contracts in a liability position	(149)	—	(68)	—	(217)
Interest rate contracts in an asset position	6	68	—	—	74
Interest rate contracts in a liability position	—	—	(21)	(17)	(38)
Net asset (liability)	20	69	(60)	(17)	12
Total derivatives at fair value	<u>\$ 116</u>	<u>\$ 69</u>	<u>\$ (59)</u>	<u>\$ (17)</u>	<u>\$ 109</u>
	February 3, 2023				
	Other Current Assets	Other Non- Current Assets	Other Current Liabilities	Other Non- Current Liabilities	Total Fair Value
	(in millions)				
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	\$ 7	\$ —	\$ 30	\$ —	\$ 37
Foreign exchange contracts in a liability position	(21)	—	(142)	—	(163)
Interest rate contracts in an asset position	—	—	—	—	—
Interest rate contracts in a liability position	—	—	—	(6)	(6)
Net asset	(14)	—	(112)	(6)	(132)
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	282	1	368	—	651
Foreign exchange contracts in a liability position	(121)	—	(614)	(1)	(736)
Interest rate contracts in an asset position	14	133	—	—	147
Interest rate contracts in a liability position	—	—	—	(95)	(95)
Net asset (liability)	175	134	(246)	(96)	(33)
Total derivatives at fair value	<u>\$ 161</u>	<u>\$ 134</u>	<u>\$ (358)</u>	<u>\$ (102)</u>	<u>\$ (165)</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The following tables present the gross amounts of the Company's derivative instruments, amounts offset due to master netting agreements with the Company's counterparties, and the net amounts recognized in the Condensed Consolidated Statements of Financial Position as of the dates indicated:

August 4, 2023

			Gross Amounts not Offset in the Statement of Financial Position		Net Amount of Assets/ (Liabilities) Recognized in the Statement of Financial Position	
	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/(Liabilities) Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received or Pledged	
(in millions)						
<i>Derivative instruments:</i>						
Financial assets	\$ 386	\$ (201)	\$ 185	\$ —	\$ (43)	\$ 142
Financial liabilities	(277)	201	(76)	—	17	(59)
Total derivative instruments	<u>\$ 109</u>	<u>\$ —</u>	<u>\$ 109</u>	<u>\$ —</u>	<u>\$ (26)</u>	<u>\$ 83</u>

February 3, 2023

			Gross Amounts not Offset in the Statement of Financial Position		Net Amount of Assets/ (Liabilities) Recognized in the Statement of Financial Position	
	Gross Amounts of Recognized Assets/ (Liabilities)	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/(Liabilities) Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received or Pledged	
(in millions)						
<i>Derivative instruments:</i>						
Financial assets	\$ 835	\$ (540)	\$ 295	\$ —	\$ —	\$ 295
Financial liabilities	(1,000)	540	(460)	—	25	(435)
Total derivative instruments	<u>\$ (165)</u>	<u>\$ —</u>	<u>\$ (165)</u>	<u>\$ —</u>	<u>\$ 25</u>	<u>\$ (140)</u>

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NOTE 8 — GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Infrastructure Solutions Group and Client Solutions Group reporting units are consistent with the reportable segments identified in Note 16 of the Notes to the Condensed Consolidated Financial Statements. Other businesses consists of VMware Resale, Secureworks, and Virtustream, which each represent separate reporting units.

The following table presents goodwill allocated to the Company's reportable segments and changes in the carrying amount of goodwill as of the dates indicated:

	Infrastructure Solutions Group	Client Solutions Group	Other Businesses	Total
	(in millions)			
<i>Balances as of February 3, 2023</i>	\$ 15,017	\$ 4,232	\$ 427	\$ 19,676
Impact of foreign currency translation and other	(36)	—	—	(36)
<i>Balances as of August 4, 2023</i>	<u>\$ 14,981</u>	<u>\$ 4,232</u>	<u>\$ 427</u>	<u>\$ 19,640</u>

Intangible Assets

The following table presents the Company's intangible assets as of the dates indicated:

	August 4, 2023			February 3, 2023		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(in millions)					
Customer relationships	\$ 16,956	\$ (14,703)	\$ 2,253	\$ 16,956	\$ (14,474)	\$ 2,482
Developed technology	9,466	(8,817)	649	9,466	(8,660)	806
Trade names	875	(802)	73	875	(780)	95
Definite-lived intangible assets	27,297	(24,322)	2,975	27,297	(23,914)	3,383
Indefinite-lived trade names	3,085	—	3,085	3,085	—	3,085
Total intangible assets	<u>\$ 30,382</u>	<u>\$ (24,322)</u>	<u>\$ 6,060</u>	<u>\$ 30,382</u>	<u>\$ (23,914)</u>	<u>\$ 6,468</u>

Amortization expense related to definite-lived intangible assets was \$ 209 million and \$244 million for the three months ended August 4, 2023 and July 29, 2022, respectively, and \$408 million and \$487 million for the six months ended August 4, 2023 and July 29, 2022, respectively. There were no material impairment charges related to intangible assets during the three or six months ended August 4, 2023 and July 29, 2022.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The following table presents the estimated future annual pre-tax amortization expense of definite-lived intangible assets as of the date indicated:

	August 4, 2023
	(in millions)
Fiscal 2024 (remaining six months)	\$ 408
Fiscal 2025	644
Fiscal 2026	484
Fiscal 2027	376
Fiscal 2028	220
Thereafter	843
Total	\$ 2,975

Goodwill and Indefinite-Lived Intangible Assets Impairment Testing

Goodwill and indefinite-lived intangible assets are tested for impairment annually during the third fiscal quarter and whenever events or circumstances may indicate that an impairment has occurred.

For the annual impairment review during the third quarter of Fiscal 2023, the Company elected to bypass the assessment of qualitative factors to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying amount, including goodwill. In electing to bypass the qualitative assessment, the Company proceeded directly to perform a quantitative goodwill impairment test to measure the fair value of each goodwill reporting unit relative to its carrying amount, and to determine the amount of goodwill impairment loss to be recognized, if any.

Management exercised significant judgment related to the above assessment, including the identification of goodwill reporting units, assignment of assets and liabilities to goodwill reporting units, assignment of goodwill to reporting units, and determination of the fair value of each goodwill reporting unit. The fair value of each goodwill reporting unit is generally estimated using a combination of public company multiples and discounted cash flow methodologies. The discounted cash flow and public company multiples methodologies require significant judgment, including estimation of future revenues, gross margins, and operating expenses, which are dependent on internal forecasts, current and anticipated economic conditions and trends, selection of market multiples through assessment of the reporting unit's performance relative to peer competitors, the estimation of the long-term revenue growth rate and discount rate of the Company's business, and the determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the fair value of the goodwill reporting unit, potentially resulting in a non-cash impairment charge.

The fair value of the indefinite-lived trade names is generally estimated using discounted cash flow methodologies. These methodologies require significant judgment, including estimation of future revenue, the estimation of the long-term revenue growth rate of the Company's business and the determination of the Company's weighted average cost of capital and royalty rates. Changes in these estimates and assumptions could materially affect the fair value of the indefinite-lived intangible assets, potentially resulting in a non-cash impairment charge.

Based on the results of the annual impairment test performed during Fiscal 2023, the fair values of each of the reporting units and indefinite-lived intangibles exceeded their carrying values. No goodwill or indefinite-lived assets impairment test was performed during the six months ended August 4, 2023.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 9 — DEFERRED REVENUE

Deferred revenue consists of support and deployment services, software maintenance, training, Software-as-a-Service, and undelivered hardware and professional services, consisting of installations and consulting engagements. Deferred revenue is recorded when the Company has invoiced or payments have been received for undelivered products or services where transfer of control has not occurred. Revenue is recognized as the Company's performance obligations under the contract are completed.

The following table presents the changes in the Company's deferred revenue for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
<i>Deferred revenue:</i>				
Deferred revenue at beginning of period	\$ 29,695	\$ 27,403	\$ 30,286	\$ 27,573
Revenue deferrals	6,025	5,572	10,744	10,547
Revenue recognized	(5,408)	(4,950)	(10,718)	(9,930)
Other (a)	—	—	—	(165)
Deferred revenue at end of period	\$ 30,312	\$ 28,025	\$ 30,312	\$ 28,025
Short-term deferred revenue	\$ 16,174	\$ 14,724	\$ 16,174	\$ 14,724
Long-term deferred revenue	\$ 14,138	\$ 13,301	\$ 14,138	\$ 13,301

(a) For the six months ended July 29, 2022, Other represents the reclassification of deferred revenue to accrued and other liabilities.

Remaining Performance Obligations — Remaining performance obligations represent the aggregate amount of the transaction price allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligations include deferred revenue plus unbilled amounts not yet recorded in deferred revenue. The value of the transaction price allocated to remaining performance obligations as of August 4, 2023 was approximately \$39 billion. The Company expects to recognize approximately 58% of remaining performance obligations as revenue in the next twelve months, and the remainder thereafter.

The aggregate amount of the transaction price allocated to remaining performance obligations does not include amounts owed under cancelable contracts where there is no substantive termination penalty. The Company applied the practical expedient to exclude the value of remaining performance obligations for contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidation, adjustments for revenue that have not materialized, and adjustments for currency.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 10 — COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in various claims, suits, assessments, investigations, and legal proceedings that arise from time to time in the ordinary course of its business, including those identified below, consisting of matters involving consumer, antitrust, tax, intellectual property, and other issues on a global basis.

The Company accrues a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company reviews these accruals at least quarterly and adjusts them to reflect ongoing negotiations, settlements, rulings, advice of legal counsel, and other relevant information. To the extent new information is obtained and the Company's views on the probable outcomes of claims, suits, assessments, investigations, or legal proceedings change, changes in the Company's accrued liabilities are recorded in the period in which such a determination is made. For some matters, the incurrence of a liability is not probable or the amount cannot be reasonably estimated and therefore accruals have not been made.

The following is a discussion of the Company's significant legal matters and other proceedings:

Class Actions Related to the Class V Transaction — On December 28, 2018, the Company completed a transaction (the "Class V transaction") in which it paid \$14.0 billion in cash and issued 149,387,617 shares of its Class C Common Stock to holders of its Class V Common Stock in exchange for all outstanding shares of Class V Common Stock. As a result of the Class V transaction, the tracking stock feature of the Company's capital structure associated with the Class V Common Stock was terminated. Certain stockholders of the Company, subsequently brought class action complaints arising out of the Class V transaction in which they named as defendants (collectively, the "defendants") Michael S. Dell and certain other directors serving on the Company's board of directors at the time of the Class V transaction (collectively, the "director defendants"), certain stockholders of the Company, consisting of Mr. Dell and Silver Lake Group LLC and certain of its affiliated funds (collectively, the "stockholder defendants"), and Goldman Sachs & Co. LLC ("Goldman Sachs"), which served as financial advisor to the Company in connection with the transaction. The plaintiffs generally alleged that the director defendants and the stockholder defendants breached their fiduciary duties under Delaware law to the former holders of the Class V Common Stock in connection with the Class V transaction by offering a transaction value that was allegedly billions of dollars below fair value.

As previously reported, during the fourth quarter of Fiscal 2023, the plaintiffs and the defendants entered into an agreement to settle the lawsuit. Under the terms of the settlement, the plaintiffs agreed to the dismissal of all claims upon payment of a total of \$1.0 billion (the "settlement amount"), which includes all costs, expenses and fees of the plaintiff class relating to the action and its resolution. The settlement terms required that the settlement amount be paid by the Company and/or the Company's insurers pursuant to indemnification obligations of the Company to the defendants. The Company is subject to indemnification obligations, upon the satisfaction of specified conditions, to the director and stockholder defendants and their affiliates pursuant to provisions of the Delaware General Corporation Law, the Company's certificate of incorporation and bylaws, and agreements with the defendants. A special committee of the Board of Directors consisting of directors who were not defendants in the action, advised by independent counsel, informed the Board of Directors of its determination that the defendants are entitled to indemnification under the foregoing obligations.

During Fiscal 2023, the Company established a \$1.0 billion liability on the Consolidated Statements of Financial Position and recognized \$0.9 billion expense, net of \$106 million in insurance proceeds, within interest and other, net within the Consolidated Statements of Income related to the settlement agreement. The Company accounted for the expected insurance proceeds as a loss recovery and recognized a benefit within interest and other, net within the Condensed Consolidated Statements of Income and corresponding receivable on the Condensed Consolidated Statements of Financial Position.

On May 16, 2023, the Company paid the settlement amount following approval of the settlement by the Delaware Court of Chancery. The payment is reflected within cash flows from operating activities within the Condensed Consolidated Statements of Cash Flows. The Company does not expect to incur additional expenses with respect to the settlement.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Other Litigation — Dell does not currently anticipate that any of the other various legal proceedings it is involved in will have a material adverse effect on its business, financial condition, results of operations, or cash flows.

In accordance with the relevant accounting guidance, the Company provides disclosures of matters where it is at least reasonably possible that the Company could experience a material loss exceeding the amounts already accrued for these or other proceedings or matters. In addition, the Company also discloses matters based on its consideration of other matters and qualitative factors, including the experience of other companies in the industry, and investor, customer, and employee relations considerations. As of August 4, 2023, the Company does not believe there is a reasonable possibility that a material loss exceeding the amounts already accrued for these or other proceedings or matters has been incurred. However, since the ultimate resolution of any such proceedings and matters is inherently unpredictable, the Company's business, financial condition, results of operations, or cash flows could be materially affected in any particular period by unfavorable outcomes in one or more of these proceedings or matters. Whether the outcome of any claim, suit, assessment, investigation, or legal proceeding, individually or collectively, could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows will depend on a number of factors, including the nature, timing, and amount of any associated expenses, amounts paid in settlement, damages, or other remedies or consequences.

Indemnifications Obligations

In the ordinary course of business, the Company enters into various contracts under which it may agree to indemnify other parties for losses incurred from certain events as defined in the relevant contract, such as litigation, regulatory penalties, or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments related to these indemnification obligations have not been material to the Company.

Under the Separation and Distribution Agreement entered into with VMware, Inc. upon the completion of the spin-off of VMware, Inc. by means of a special stock dividend (the "VMware Spin-off") on November 1, 2021, Dell Technologies has agreed to indemnify VMware, Inc., each of its subsidiaries and each of their respective directors, officers, and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to Dell Technologies as part of the separation of Dell Technologies and VMware, Inc. (individually and together with its subsidiaries, "VMware") and their respective businesses (the "Separation"). VMware similarly has agreed to indemnify Dell Technologies Inc., each of its subsidiaries and each of their respective directors, officers, and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to VMware as part of the Separation. Dell Technologies expects VMware to fully perform under the terms of the Separation and Distribution Agreement.

For information on the cross-indemnifications related to the tax matters agreement between the Company and VMware effective upon the Separation on November 1, 2021, see Note 15 of the Notes to the Condensed Consolidated Financial Statements.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 11 — INCOME AND OTHER TAXES

For the three months ended August 4, 2023, the Company's effective income tax rate was 36.3% on pre-tax income of \$0.7 billion compared to 20.3% on pre-tax income of \$0.6 billion for the three months ended July 29, 2022. For the six months ended August 4, 2023, the Company's effective income tax rate was 27.2% on pre-tax income of \$1.4 billion compared to 14.8% on pre-tax income of \$1.8 billion for the six months ended July 29, 2022. The changes in the Company's effective income tax rate were attributable to changes in the Company's jurisdictional mix of income, higher U.S. tax on foreign operations, and the impact of discrete tax items.

The differences between the estimated effective income tax rates and the U.S. federal statutory rate of 21% principally result from the geographical distribution of income, differences between the book and tax treatment of certain items, and discrete tax items. In certain jurisdictions, the Company's tax rate is significantly less than the applicable statutory rate as a result of tax holidays. The majority of the Company's foreign income subject to these tax holidays and lower tax rates is attributable to Singapore and China. A significant portion of these income tax benefits relates to a tax holiday that will be effective until January 31, 2029. Most of the Company's other tax holidays will expire in whole or in part during fiscal years 2030 through 2031. Many of these tax holidays and reduced tax rates may be extended when certain conditions are met or may be terminated early if certain conditions are not met or as a result of changes in tax legislation. As of August 4, 2023, the Company was not aware of any matters of noncompliance related to these tax holidays or enacted tax legislative changes affecting these tax holidays.

In June 2023, the Company received Revenue Agent's Reports for the examination by the Internal Revenue Service ("IRS") of fiscal years 2015 through 2017 and fiscal years 2018 through 2019. The Company agreed with the IRS assessments relating to fiscal years 2015 through 2017 and settled those positions on August 24, 2023. The impact to the financial statements for that settlement is not material. For fiscal years 2018 through 2019, the IRS proposed adjustments primarily relating to certain transactions the Company completed as part of its business integration efforts, with which the Company disagrees and which it will contest through the IRS administrative appeals procedures. In August 2023, subsequent to the close of the Company's second quarter of fiscal year 2024, the Company submitted a written protest to the IRS relating to certain assessments. The Company anticipates the appeals process for the resolution of these matters will extend beyond the next twelve months.

The Company is also currently under income tax audits in various U.S. state and foreign taxing jurisdictions. The Company is undergoing negotiations, and in some cases contested proceedings, relating to tax matters with the taxing authorities in these jurisdictions. With respect to major U.S. state and foreign taxing jurisdictions, the Company is generally not subject to tax examinations for years prior to the fiscal year ended January 29, 2010. The Company believes that it has provided adequate reserves related to all matters contained in tax periods open to examination, including the IRS audits described above. Although the Company believes it has made adequate provisions for the uncertainties surrounding these audits, should the Company experience unfavorable outcomes, such outcomes could have a material impact on its results of operations, financial position, and cash flows.

Judgment is required in evaluating the Company's uncertain tax positions and determining the Company's provision for income taxes. Unrecognized tax benefits were \$1.3 billion as of both August 4, 2023 and February 3, 2023 and are included in other non-current liabilities in the Condensed Consolidated Statements of Financial Position. Although timing of resolution or closure of uncertain tax positions is not certain, the Company believes it is reasonably possible that certain tax matters in various jurisdictions could be concluded within the next twelve months. The resolution of these matters could reduce the Company's unrecognized tax benefits up to \$0.4 billion including interest and penalties. Such a reduction would have a material impact on the Company's effective tax rate.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The Company takes certain non-income tax positions in the jurisdictions in which it operates and has received certain non-income tax assessments from various jurisdictions. The Company believes that a material loss in these matters is not probable and that it is not reasonably possible that a material loss exceeding amounts already accrued has been incurred. The Company believes its positions in these non-income tax litigation matters are supportable and that it ultimately will prevail in the matters. In the normal course of business, the Company's positions and conclusions related to its non-income taxes could be challenged and assessments may be made. To the extent new information is obtained and the Company's views on its positions, probable outcomes of assessments, or litigation change, changes in estimates to the Company's accrued liabilities would be recorded in the period in which such a determination is made. In the resolution process for income tax and non-income tax audits, the Company is required in certain situations to provide collateral guarantees or indemnification to regulators and tax authorities until the matter is resolved.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 12 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) is presented in stockholders' equity (deficit) in the Condensed Consolidated Statements of Financial Position and consists of amounts related to foreign currency translation adjustments, unrealized net gains (losses) on cash flow hedges, and actuarial net gains (losses) from pension and other postretirement plans.

The following table presents changes in accumulated other comprehensive income (loss), net of tax, by the following components as of the dates indicated:

	Foreign Currency Translation Adjustments	Cash Flow Hedges	Pension and Other Postretirement Plans	Accumulated Other Comprehensive Income (Loss)
	(in millions)			
<i>Balances as of February 3, 2023</i>	\$ (747)	\$ (222)	\$ (32)	\$ (1,001)
Other comprehensive income before reclassifications	25	59	1	85
Amounts reclassified from accumulated other comprehensive income (loss)	—	159	—	159
Total change for the period	25	218	1	244
<i>Balances as of August 4, 2023</i>	\$ (722)	\$ (4)	\$ (31)	\$ (757)

Amounts related to the Company's cash flow hedges are reclassified to net income during the same period in which the items being hedged are recognized in earnings. See Note 7 of the Notes to the Condensed Consolidated Financial Statements for more information on the Company's derivative instruments.

The following table presents reclassifications out of accumulated other comprehensive income (loss), net of tax, to net income for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	Cash Flow Hedges			
	(in millions)			
<i>Total reclassifications, net of tax:</i>				
Net revenue	\$ (63)	\$ 307	\$ (151)	\$ 430
Cost of net revenue	(5)	(1)	(8)	(28)
Total reclassifications, net of tax	\$ (68)	\$ 306	\$ (159)	\$ 402

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NOTE 13 — CAPITALIZATION

The following table presents the Company's authorized, issued, and outstanding common stock as of the dates indicated:

	Authorized	Issued	Outstanding
		(in millions)	
<i>Common stock as of August 4, 2023</i>			
Class A	600	379	379
Class B	200	91	91
Class C	7,900	347	254
Class D	100	—	—
	8,800	817	724
<i>Common stock as of February 3, 2023</i>			
Class A	600	379	379
Class B	200	95	95
Class C	7,900	324	242
Class D	100	—	—
	8,800	798	716

Preferred Stock

The Company is authorized to issue one million shares of preferred stock, par value \$ 0.01 per share. As of August 4, 2023 and February 3, 2023, no shares of preferred stock were issued or outstanding.

Common Stock

Dell Technologies Common Stock — The Class A Common Stock, the Class B Common Stock, the Class C Common Stock, and the Class D Common Stock are collectively referred to as Dell Technologies Common Stock. The par value for all series of Dell Technologies Common Stock is \$0.01 per share. The Class A Common Stock, the Class B Common Stock, the Class C Common Stock, and the Class D Common Stock share equally in dividends declared or accumulated and have equal participation rights in undistributed earnings.

Voting Rights — Each holder of record of (a) Class A Common Stock is entitled to ten votes per share of Class A Common Stock; (b) Class B Common Stock is entitled to ten votes per share of Class B Common Stock; (c) Class C Common Stock is entitled to one vote per share of Class C Common Stock; and (d) Class D Common Stock is not entitled to any vote on any matter except to the extent required by provisions of Delaware law (in which case such holder is entitled to one vote per share of Class D Common Stock).

Conversion Rights — Under the Company's certificate of incorporation, at any time and from time to time, any holder of Class A Common Stock or Class B Common Stock has the right to convert all or any of the shares of Class A Common Stock or Class B Common Stock, as applicable, held by such holder into shares of Class C Common Stock on a one-to-one basis.

During the three months ended August 4, 2023, the Company issued 4,716,548 shares of Class C Common Stock to stockholders upon the conversion of the same number of shares of Class B Common Stock into Class C Common Stock in accordance with the Company's certificate of incorporation.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Dividends

On February 24, 2022, the Company announced that the Board of Directors adopted a dividend policy providing for our payment of quarterly cash dividends on the Dell Technologies Common Stock at a rate of \$0.33 per share per fiscal quarter beginning in the first quarter of Fiscal 2023. On March 2, 2023, the Company announced that the Board of Directors approved a 12% increase in the quarterly dividend rate from \$0.33 per share per fiscal quarter to a rate of \$0.37 per share per fiscal quarter beginning in the first quarter of Fiscal 2024.

The Company paid the following dividends during the periods presented:

Three Months Ended	Declaration Date	Record Date	Payment Date	Dividend per Share		Amount (in millions)
Fiscal 2024						
May 5, 2023	March 2, 2023	April 25, 2023	May 5, 2023	\$	0.37	\$ 270
August 4, 2023	June 16, 2023	July 25, 2023	August 4, 2023	\$	0.37	\$ 268
Fiscal 2023						
April 29, 2022	February 24, 2022	April 20, 2022	April 29, 2022	\$	0.33	\$ 248
July 29, 2022	June 7, 2022	July 20, 2022	July 29, 2022	\$	0.33	\$ 242

During the three and six months ended August 4, 2023, the Company also paid an immaterial amount of dividend equivalents on eligible vested equity awards which are not reflected above.

Repurchases of Common Stock

Effective as of September 23, 2021, the Company's Board of Directors approved a stock repurchase program under which the Company is authorized to repurchase up to \$5.0 billion of shares of Class C Common Stock with no fixed expiration date. During the six months ended August 4, 2023, the Company repurchased approximately 11 million shares of Class C Common Stock for a total purchase price of approximately \$0.5 billion. During the six months ended July 29, 2022, the Company repurchased approximately 42 million shares of Class C Common Stock for a total purchase price of approximately \$2.1 billion.

The above repurchases of Class C Common Stock exclude shares withheld from stock awards to settle employee tax withholding obligations related to the vesting of such awards.

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NOTE 14 — EARNINGS PER SHARE

Basic earnings per share is based on the weighted-average effect of all common shares issued and outstanding and is calculated by dividing net income by the weighted-average shares outstanding during the period. Diluted earnings per share is calculated by dividing net income by the weighted-average number of common shares used in the basic earnings per share calculation plus the number of common shares that would be issued assuming exercise or conversion of all potentially dilutive instruments. The Company excludes equity instruments from the calculation of diluted earnings per share if the effect of including such instruments is antidilutive.

The following table presents basic and diluted earnings per share for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
<i>Earnings per share attributable to Dell Technologies Inc.</i>				
Dell Technologies Common Stock — Basic	\$ 0.64	\$ 0.69	\$ 1.44	\$ 2.12
Dell Technologies Common Stock — Diluted	\$ 0.63	\$ 0.68	\$ 1.42	\$ 2.06

The following table presents the computation of basic and diluted earnings per share for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
<i>Numerator: Dell Technologies Common Stock</i>				
Net income attributable to Dell Technologies Inc. - basic and diluted	\$ 462	\$ 511	\$ 1,045	\$ 1,583
<i>Denominator: Dell Technologies Common Stock weighted-average shares outstanding</i>				
Weighted-average shares outstanding — basic	726	739	725	746
Dilutive effect of options, restricted stock units, restricted stock, and other	12	16	12	22
Weighted-average shares outstanding — diluted	738	755	737	768
Weighted-average shares outstanding — antidilutive	—	15	8	8

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NOTE 15 — RELATED PARTY TRANSACTIONS

VMware is considered to be a related party of the Company as a result of Michael Dell's ownership interests in both Dell Technologies and VMware as well as Mr. Dell's service as Chairman and Chief Executive Officer of Dell Technologies and as Chairman of the Board of VMware, Inc.

The information provided below includes a summary of transactions with VMware. Transactions with related parties other than VMware during the periods presented were immaterial, individually and in aggregate.

Transactions with VMware

Dell Technologies and VMware engage in the following ongoing related party transactions:

- Pursuant to original equipment manufacturer and reseller arrangements, Dell Technologies integrates or bundles VMware's products and services with Dell Technologies' products and sells them to end-users. Dell Technologies also acts as a distributor, purchasing VMware's standalone products and services for resale to end-user customers. Where applicable, costs under these arrangements are presented net of rebates received by Dell Technologies.
- Dell Technologies procures products and services from VMware for its internal use. For the three and six months ended August 4, 2023 and July 29, 2022, costs incurred associated with products and services purchased from VMware for internal use were immaterial.
- Dell Technologies sells and leases products and sells services to VMware. For the three and six months ended August 4, 2023 and July 29, 2022, revenue recognized from sales of services to VMware was immaterial.
- DFS provides financing to certain VMware end-users. Upon acceptance of the financing arrangement by both VMware's end-users and DFS, DFS recognizes amounts due to related parties on the Condensed Consolidated Statements of Financial Position. Associated financing fees are recorded to product net revenue on the Condensed Consolidated Statements of Income and are reflected within sales and leases of products to VMware in the table below.
- Dell Technologies and VMware also enter into joint marketing, sales, and branding arrangements, for which both parties may incur costs. For the three and six months ended August 4, 2023 and July 29, 2022, consideration received from VMware for joint marketing, sales, and branding arrangements was immaterial.
- Dell Technologies and VMware entered into a transition services agreement in connection with the VMware Spin-off to provide various support services, including investment advisory services, certain support services from Dell Technologies personnel, and other transitional services. Costs associated with this agreement were immaterial for the three and six months ended July 29, 2022. Activities under the agreement concluded during Fiscal 2023.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The following table presents information about the impact of Dell Technologies' related party transactions with VMware on the Condensed Consolidated Statements of Income for the periods indicated:

Classification		Three Months Ended		Six Months Ended	
		August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)					
Sales and leases of products to VMware	Net revenue - products	\$ 38	\$ 35	\$ 78	\$ 81
Purchase of VMware products for resale	Cost of net revenue - products	\$ 384	\$ 426	\$ 591	\$ 681
Purchase of VMware services for resale	Cost of net revenue - services	\$ 880	\$ 762	\$ 1,756	\$ 1,471

The following table presents information about the impact of Dell Technologies' related party transactions with VMware on the Condensed Consolidated Statements of Financial Position as of the dates indicated:

	Classification	August 4, 2023	February 3, 2023
		(in millions)	
Deferred costs related to VMware products and services for resale	Other current assets	\$ 2,898	\$ 3,000
Deferred costs related to VMware products and services for resale	Other non-current assets	\$ 2,277	\$ 2,537

Due To/From Related Party

The following table presents amounts due to and from VMware as of the dates indicated:

	August 4, 2023	February 3, 2023
(in millions)		
Due from related party, net, current (a)	\$ 404	\$ 378
Due from related party, net, non-current (b)	\$ 236	\$ 440
Due to related party, current (c)	\$ 1,252	\$ 2,067

- (a) Amounts due from related party, net, current consists of amounts due from VMware, inclusive of current net tax receivables from VMware under the Tax Agreements described below. Amounts, excluding tax, are generally settled in cash within 60 days of each quarter-end.
- (b) Amounts due from related party, net, non-current consists of the non-current portion of net receivables from VMware under the Tax Agreements.
- (c) Amounts due to related party, current includes amounts due to VMware, which are generally settled in cash within 60 days of each quarter-end.

Related Party Tax Matters

Tax Agreements — In connection with the VMware Spin-off and concurrently with the execution of the Separation and Distribution Agreement, effective as of April 14, 2021, Dell Technologies and VMware entered into a Tax Matters Agreement (the "Tax Matters Agreement") and agreed to terminate the tax sharing agreement as amended on December 30, 2019 (together with the Tax Matters Agreement, the "Tax Agreements"). The Tax Matters Agreement governs Dell Technologies' and VMware's respective rights and obligations, both for pre-spin-off periods and post-spin-off periods, regarding income and other taxes, and related matters, including tax liabilities and benefits, attributes, and returns.

The timing of the tax payments due to and from related parties is governed by the Tax Agreements. VMware's portion of the mandatory one-time transition tax on accumulated earnings of foreign subsidiaries (the "Transition Tax") is governed by a letter agreement between VMware and Dell Technologies entered into on April 1, 2019.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Pursuant to the Tax Agreements, net receipts from VMware during the six months ended August 4, 2023 and net payments to VMware during the six months ended July 29, 2022 were immaterial.

As a result of the activity under the Tax Agreements with VMware, amounts due from VMware were \$ 484 million and \$599 million as of August 4, 2023 and February 3, 2023, respectively, primarily related to VMware's estimated tax obligation resulting from the Transition Tax. The 2017 Tax Cuts and Jobs Act included a deferral election for an eight-year installment payment method on the Transition Tax. Dell Technologies expects VMware to pay the remainder of its Transition Tax over a period of two years.

Indemnification — Upon consummation of the VMware Spin-off, Dell Technologies recorded net income tax indemnification receivables from VMware related to certain income tax liabilities for which Dell Technologies is jointly and severally liable, but for which it is indemnified by VMware under the Tax Matters Agreement. The amounts that VMware may be obligated to pay Dell Technologies could vary depending on the outcome of certain unresolved tax matters, which may not be resolved for several years. The net receivable as of August 4, 2023 and February 3, 2023 was \$93 million and \$146 million, respectively.

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NOTE 16 — SEGMENT INFORMATION

The Company has two reportable segments that are based on the following business units: Infrastructure Solutions Group ("ISG") and Client Solutions Group ("CSG").

ISG enables the Company's customers' digital transformation with solutions that address the fundamental shift to multicloud environments, machine learning, artificial intelligence ("AI"), and data analytics. The Company's comprehensive storage portfolio includes traditional as well as next-generation storage solutions, including all-flash arrays, scale-out file, object platforms, hyperconverged infrastructure, and software-defined storage. The Company's server portfolio includes high-performance rack, blade, and tower servers. The Company's servers are designed with the capability to run high value workloads across customers' IT environments, including the training, fine-tuning, and operationalization of AI models. The ISG networking portfolio helps the Company's business customers transform and modernize their infrastructure, mobilize and enrich end-user experiences, and accelerate business applications and processes. ISG also offers attached software, peripherals, and services, including support and deployment, configuration, and extended warranty services.

CSG includes sales to commercial and consumer customers of branded hardware (such as desktops, workstations, and notebooks) and branded peripherals (such as displays, docking stations, and other electronics), as well as third-party software and peripherals. CSG also includes services offerings, including support and deployment, configuration, and extended warranty services.

The reportable segments disclosed herein are based on information reviewed by the Company's management to evaluate the business segment results. The Company's measure of segment revenue and segment operating income for management reporting purposes excludes operating results of other businesses, unallocated corporate transactions, the impact of purchase accounting, amortization of intangible assets, transaction-related expenses, stock-based compensation expense, and other corporate expenses, as applicable. The Company does not allocate assets to the above reportable segments for internal reporting purposes.

Pursuant to the Commercial Framework Agreement (the "CFA") established between Dell Technologies and VMware in connection with the VMware Spin-off, Dell Technologies continues to act as a distributor of VMware's standalone products and services and purchase such products and services for resale to end-user customers ("VMware Resale"). Dell Technologies also continues to integrate VMware's products and services with Dell Technologies' offerings and sell them to end users. The results of standalone VMware Resale transactions are reflected in other businesses. The results of integrated offering transactions are reflected within CSG or ISG, depending upon the nature of the underlying offering sold.

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The following table presents a reconciliation of net revenue by the Company's reportable segments to the Company's consolidated net revenue as well as a reconciliation of segment operating income to the Company's consolidated operating income for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
<i>Consolidated net revenue:</i>				
Infrastructure Solutions Group	\$ 8,461	\$ 9,536	\$ 16,054	\$ 18,821
Client Solutions Group	12,942	15,490	24,925	31,077
Reportable segment net revenue	21,403	25,026	40,979	49,898
Other businesses (a)	1,528	1,399	2,871	2,638
Unallocated transactions (b)	3	—	6	5
Total consolidated net revenue	<u>\$ 22,934</u>	<u>\$ 26,425</u>	<u>\$ 43,856</u>	<u>\$ 52,541</u>
<i>Consolidated operating income:</i>				
Infrastructure Solutions Group	\$ 1,049	\$ 1,046	\$ 1,789	\$ 2,128
Client Solutions Group	969	978	1,861	2,093
Reportable segment operating income	2,018	2,024	3,650	4,221
Other businesses (a)	(44)	(71)	(80)	(135)
Unallocated transactions (b)	3	(1)	5	1
Impact of purchase accounting (c)	(4)	(3)	(8)	(12)
Amortization of intangibles	(209)	(244)	(408)	(487)
Transaction-related expenses (d)	(3)	(3)	(6)	(8)
Stock-based compensation expense (e)	(223)	(236)	(448)	(468)
Other corporate expenses (f)	(373)	(196)	(471)	(292)
Total consolidated operating income	<u>\$ 1,165</u>	<u>\$ 1,270</u>	<u>\$ 2,234</u>	<u>\$ 2,820</u>

- (a) Other businesses consists of (i) VMware Resale, (ii) Secureworks, and (iii) Virtustream, and do not meet the requirements for a reportable segment, either individually or collectively.
- (b) Unallocated transactions includes other corporate items that are not allocated to Dell Technologies' reportable segments.
- (c) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction that was completed in September 2016.
- (d) Transaction-related expenses includes acquisition, integration, and divestiture related costs.
- (e) Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date.
- (f) Other corporate expenses includes severance, impairment charges, facility action, payroll taxes associated with stock-based compensation, and other costs.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The following table presents the disaggregation of net revenue by reportable segment, and by major product categories within the segments for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
Net revenue:				
<i>Infrastructure Solutions Group:</i>				
Servers and networking	\$ 4,274	\$ 5,209	\$ 8,111	\$ 10,257
Storage	4,187	4,327	7,943	8,564
Total ISG net revenue	<u>\$ 8,461</u>	<u>\$ 9,536</u>	<u>\$ 16,054</u>	<u>\$ 18,821</u>
<i>Client Solutions Group:</i>				
Commercial	\$ 10,554	\$ 12,141	\$ 20,416	\$ 24,112
Consumer	2,388	3,349	4,509	6,965
Total CSG net revenue	<u>\$ 12,942</u>	<u>\$ 15,490</u>	<u>\$ 24,925</u>	<u>\$ 31,077</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

NOTE 17 — SUPPLEMENTAL CONSOLIDATED FINANCIAL INFORMATION

The following table presents additional information on selected assets included in the Condensed Consolidated Statements of Financial Position as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 8,364	\$ 8,607
Restricted cash - other current assets (a)	281	272
Restricted cash - other non-current assets (a)	5	15
Total cash, cash equivalents, and restricted cash	\$ 8,650	\$ 8,894
Inventories:		
Production materials	\$ 2,197	\$ 3,225
Work-in-process	604	708
Finished goods	783	843
Total inventories	\$ 3,584	\$ 4,776
Deferred Costs:		
Total deferred costs, current (b)	\$ 5,837	\$ 5,459
Property, plant, and equipment, net:		
Computer equipment	\$ 7,385	\$ 6,899
Land and buildings	2,936	3,059
Machinery and other equipment	3,227	3,134
Total property, plant, and equipment	13,548	13,092
Accumulated depreciation and amortization	(7,296)	(6,883)
Total property, plant, and equipment, net	\$ 6,252	\$ 6,209

(a) Restricted cash includes cash required to be held in escrow pursuant to DFS securitization arrangements.

(b) Deferred costs are included in other current assets in the Condensed Consolidated Statements of Financial Position. Amounts classified as long-term deferred costs are included in other non-current assets and are not disclosed above.

Warranty Liability

The following table presents changes in the Company's liability for standard limited warranties for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
Warranty liability:				
Warranty liability at beginning of period	\$ 438	\$ 468	\$ 467	\$ 480
Costs accrued for new warranty contracts and changes in estimates for pre-existing warranties (a)	202	244	398	467
Service obligations honored	(201)	(249)	(426)	(484)
Warranty liability at end of period	\$ 439	\$ 463	\$ 439	\$ 463

(a) Changes in cost estimates related to pre-existing warranties are aggregated with accruals for new standard warranty contracts. The Company's warranty liability process does not differentiate between estimates made for pre-existing warranties and those made for new warranty obligations.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Severance Charges

The Company incurs costs related to employee severance and records a liability for these costs when it is probable that employees will be entitled to termination benefits and the amounts can be reasonably estimated. The liability related to these actions is included in accrued and other current liabilities in the Condensed Consolidated Statements of Financial Position.

The following table presents the activity related to the Company's severance liability for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
Severance liability:				
Severance liability at beginning of period	\$ 162	\$ 63	\$ 408	\$ 74
Severance charges	364	46	412	63
Cash paid and other	(69)	(21)	(363)	(49)
Severance liability at end of period	\$ 457	\$ 88	\$ 457	\$ 88

The following table presents severance charges as included in the Condensed Consolidated Statements of Income for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
Severance charges:				
Cost of net revenue	\$ 27	\$ (2)	\$ 48	\$ 1
Selling, general, and administrative	324	46	350	57
Research and development	13	2	14	5
Total severance charges	\$ 364	\$ 46	\$ 412	\$ 63

Supply Chain Finance Program

The Company maintains a Supply Chain Finance Program (the "SCF Program"), which enables eligible suppliers of the Company, at the supplier's sole discretion, to sell receivables due from the Company to a third-party financial institution. The Company has no involvement in establishing the terms or conditions of the arrangement between its suppliers and the financial institution and no economic interest in a supplier's decision to sell a receivable. Suppliers may elect to sell varying amounts of their outstanding receivables as part of the SCF Program. The Company does not provide secured legal assets or other forms of guarantees under the arrangement.

The SCF Program does not impact the Company's liquidity as payments for participating supplier invoices are remitted by the Company to the financial institution on the original invoice due date. Further, the Company negotiates payment terms with suppliers regardless of their decision to participate in the SCF Program. Payment terms with such suppliers vary and do not exceed 120 days.

Any amounts due to the financial institution for suppliers participating in the SCF Program are recorded within Accounts Payable on the Company's Condensed Consolidated Statements of Financial Position and associated payments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

As of August 4, 2023 and February 3, 2023, the Company had \$ 1.1 billion and \$1.0 billion, respectively, included within Accounts Payable representing invoices due to suppliers confirmed as valid under the SCF Program.

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Interest and other, net

The following table presents information regarding interest and other, net for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
	(in millions)			
<i>Interest and other, net:</i>				
Investment income, primarily interest	\$ 66	\$ 16	\$ 125	\$ 31
Loss on investments, net	(29)	(255)	(44)	(241)
Interest expense	(352)	(298)	(757)	(563)
Foreign exchange	(65)	(66)	(97)	(155)
Other	(71)	(32)	(42)	(44)
Total interest and other, net	<u>\$ (451)</u>	<u>\$ (635)</u>	<u>\$ (815)</u>	<u>\$ (972)</u>

DELL TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

NOTE 18 — SUBSEQUENT EVENTS

There were no known events occurring after August 4, 2023 and up until the date of issuance of this report that would materially affect the information presented herein.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes included in the Company's annual report on Form 10-K for the fiscal year ended February 3, 2023 and the unaudited Condensed Consolidated Financial Statements included in this report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs, and that are subject to numerous risks and uncertainties. Our actual results may differ materially from those expressed or implied in any forward-looking statements.

Unless otherwise indicated, all results presented are prepared in a manner that complies, in all material respects, with generally accepted accounting principles in the United States of America ("GAAP"). Unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal period.

Unless the context indicates otherwise, references in this report to "we," "us," "our," the "Company," and "Dell Technologies" mean Dell Technologies Inc. and its consolidated subsidiaries, references to "Dell" mean Dell Inc. and Dell Inc.'s consolidated subsidiaries, and references to "EMC" mean EMC Corporation and EMC Corporation's consolidated subsidiaries.

Our fiscal year is the 52- or 53-week period ending on the Friday nearest January 31. We refer to our fiscal year ending February 2, 2024 as "Fiscal 2024" and our fiscal year ended February 3, 2023 as "Fiscal 2023." Fiscal 2024 will include 52 weeks and Fiscal 2023 included 53 weeks.

INTRODUCTION

Company Overview

Dell Technologies helps organizations build their digital futures and individuals transform how they work, live, and play. We provide customers with one of the industry's broadest and most innovative solutions portfolio for the data era, including traditional infrastructure and extending to multicloud environments. Our differentiated and holistic IT solutions enable us to capture growth as customer spending priorities evolve.

Dell Technologies' integrated solutions help customers modernize their IT infrastructure, manage and operate in a multicloud world, address workforce transformation, and provide critical solutions that keep people and organizations connected. We are helping customers accelerate their digital transformations to improve and strengthen business and workforce productivity. With our extensive portfolio and our commitment to innovation, we offer secure, integrated solutions that extend from the edge to the core to the cloud, and we are at the forefront of software-defined and cloud native infrastructure solutions.

Dell Technologies operates globally in approximately 180 countries, supported by a world-class organization across key functional areas, including technology and product development, marketing, sales, financial services, and services. We have a number of durable competitive advantages that provide a critical foundation for our success. Our go-to-market model includes a 29,000-person direct sales force and a global network of approximately 240,000 channel partners. We employ approximately 34,000 service and support professionals and maintain approximately 2,200 vendor-managed service centers. We also manage a world-class supply chain at significant scale with approximately \$77 billion in annual procurement expenditures and over 725 parts distribution centers.

We further strengthen customer relationships through our financing offerings provided by Dell Financial Services and its affiliates ("DFS") and our flexible consumption models, including utility, subscription, and as-a-Service models, which we continue to expand under Dell APEX. These offerings enable our customers to pay over time and provide them with financial flexibility to meet their changing technological requirements.

Our Vision and Strategy

Our vision is to become the most essential technology company for the data era. We help customers address their evolving IT needs and their broader digital transformation objectives as they embrace today's multicloud world. We intend to execute our vision by growing our core offerings, including opportunities such as artificial intelligence ("AI"), edge, telecom, data management, and as-a-Service consumption models.

We believe we are uniquely positioned in the data and multicloud era and that our results will continue to benefit from our durable competitive advantages. We intend to continue to execute our business model and position our Company for long-term success while balancing liquidity, profitability, and growth and keeping our purpose at the forefront of our decision-making: to create technologies that drive human progress.

The IT industry is rapidly evolving with demand for simpler, more agile solutions as companies leverage multiple clouds across their increasingly complex IT environments. To meet our customer needs, we continue to invest in research and development, sales, and other key areas of our business to deliver superior products and solutions capabilities and to drive long-term sustainable growth.

Products and Services

We design, develop, manufacture, market, sell, and support a wide range of comprehensive and integrated solutions, products, and services. We are organized into two business units, referred to as Infrastructure Solutions Group and Client Solutions Group, which are our reportable segments.

- Infrastructure Solutions Group ("ISG") — ISG enables our customers' digital transformations with solutions that address the fundamental shift to multicloud environments, machine learning, AI, and data analytics. ISG helps customers simplify, streamline, and automate cloud operations. ISG solutions are built for multicloud environments and are optimized to run cloud native workloads in both public and private clouds, as well as traditional on-premise workloads.

Our comprehensive storage portfolio includes traditional as well as next-generation storage solutions, including all-flash arrays, scale-out file, object platforms, hyper-converged infrastructure, and software-defined storage. We have simplified our storage portfolio and continue to make enhancements to our storage offerings that we expect will drive long-term improvements in the business.

Our server portfolio includes high-performance rack, blade, and tower servers. Our servers are designed with the capability to run high value workloads across customers' IT on premises, multicloud, and edge environments, including the training, fine-tuning, and operationalization of AI models. Our networking portfolio helps our business customers transform and modernize their infrastructure, mobilize and enrich end-user experiences, and accelerate business applications and processes.

Our strengths in server, storage, and virtualization software solutions allow us to offer leading converged and hyper-converged solutions, enabling our customers to accelerate their IT transformation with scalable integrated solutions instead of building and assembling their own IT platforms. ISG also offers software, peripherals, and services, including configuration, and support and deployment.

Approximately half of ISG revenue is generated by sales to customers in the Americas, with the remaining portion derived from sales to customers in the Europe, Middle East, and Africa region ("EMEA") and the Asia-Pacific and Japan region ("APJ").

- *Client Solutions Group ("CSG")* — CSG includes branded PCs including notebooks, desktops, and workstations and branded peripherals including displays and docking stations, as well as third-party software and peripherals. CSG also includes services offerings, such as support and deployment, configuration, and extended warranties.

Our CSG offerings are designed with our customers' needs in mind and we seek to optimize performance, reliability, manageability, design, and security. Our commercial portfolio provides our customers with solutions centered around flexibility to address their complex needs such as IT modernization, hybrid work transformation, and other critical needs. Within our high-end consumer and gaming offerings, we provide our customers with powerful performance, processing, and end-user experiences.

Approximately half of CSG revenue is generated by sales to customers in the Americas, with the remaining portion derived from sales to customers in EMEA and APJ.

Our "other businesses," described below, primarily consist of our resale of standalone offerings of VMware, Inc. (individually and together with its subsidiaries, "VMware"), referred to as "VMware Resale," and offerings of SecureWorks Corp. ("Secureworks"). These businesses are not classified as reportable segments, either individually or collectively.

- *VMware Resale* consists of our sale of standalone VMware offerings. Under our Commercial Framework Agreement with VMware discussed in this report, Dell Technologies continues to act as a key channel partner for VMware, reselling VMware's offerings to our customers. This partnership is intended to facilitate mutually beneficial growth for both Dell Technologies and VMware.

VMware works with customers in the areas of hybrid and multicloud, modern applications, networking, security, and digital workspaces, helping customers manage their IT resources across private clouds and complex multicloud, multi-device environments.

- *Secureworks* (NASDAQ: SCWX) is a leading global cybersecurity provider of technology-driven security solutions singularly focused on protecting its customers by outpacing and outmaneuvering the adversary. The solutions offered by Secureworks enable organizations of varying size and complexity to prevent security breaches, detect malicious activity, respond rapidly when a security breach occurs, and identify emerging threats.

Our offerings are continually evolving in response to customer needs. As a result, reclassifications of certain products and services solutions in major product categories may be required. For further discussion regarding our current reportable segments, see "Results of Operations — Business Unit Results" and Note 16 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Dell Financial Services

DFS supports our businesses by offering and arranging various financing options and services for our customers globally. DFS originates, collects, and services customer receivables primarily related to the purchase or use of our product, software, and services solutions. We also arrange financing for some of our customers in various countries where DFS does not currently operate as a captive enterprise. We further strengthen customer relationships through flexible consumption models, including utility, subscription, and as-a-Service models, which enable us to offer our customers the option to pay over time to provide them with financial flexibility to meet their changing technological requirements. The results of these operations are allocated to our segments based on the underlying product or service financed and may be impacted by, among other items, changes in the interest rate environment and the translation of those changes to pricing. For additional information about our financing arrangements, see Note 4 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Relationship with VMware

On November 1, 2021, we completed our spin-off of VMware by means of a special stock dividend (the "VMware Spin-off"). In connection with and upon completion of the VMware Spin-off, we entered into a Commercial Framework Agreement (the "CFA") with VMware, which provides the framework under which we and VMware continue our commercial relationship. Pursuant to the CFA, we continue to act as a distributor of VMware's standalone products and services and purchase such products and services for resale to customers. We also continue to integrate VMware's products and services with Dell Technologies' offerings and sell them to customers.

VMware is considered to be a related party of the Company as a result of Michael Dell's ownership interests in both Dell Technologies and VMware and Mr. Dell's service as Chairman and Chief Executive Officer of Dell Technologies and as Chairman of the Board of VMware, Inc. For more information regarding related party transactions with VMware, see Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Strategic Investments and Acquisitions

As part of our strategy, we will continue to evaluate opportunities for strategic investments through our venture capital investment arm, Dell Technologies Capital, with a focus on emerging technology areas that are relevant to our business and that will complement our existing portfolio of solutions. Our investment areas include storage, software-defined networking, management and orchestration, security, machine learning and AI, Big Data and analytics, cloud, edge computing, and software development operations. The technologies or products these companies have under development are typically in the early stages and may never have commercial value, which could result in a loss of a substantial part of our investment in the companies.

As of August 4, 2023 and February 3, 2023, we held strategic investments in non-marketable securities of \$1.2 billion and \$1.3 billion, respectively. See Note 3 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information.

In addition to these investments, we also may make disciplined acquisitions targeting businesses that advance our strategic objectives and accelerate our innovation agenda.

Product Backlog

Product backlog represents the value of unfulfilled manufacturing orders and is included as a component of remaining performance obligations to the extent we determine that the manufacturing orders are non-cancelable. Our business model generally gives us the ability to optimize product backlog at any point in time, such as by expediting shipping or prioritizing customer orders for products that have shorter lead times. During Fiscal 2023, we lowered our backlog across both CSG and ISG from previously elevated levels as constraints in limited-source components began to diminish as a result of improving supply positions and overall declines in the demand environment.

Business Trends and Challenges

During the first half of Fiscal 2024, the effects of the evolving macroeconomic environment continued to impact our net revenue performance when compared to the first half of Fiscal 2023. Within CSG, our first half Fiscal 2024 net revenue performance was impacted by industry-wide declines in demand that began in the second quarter of Fiscal 2023. Within ISG, our first half Fiscal 2024 net revenue performance was impacted as certain customers remained cautious and were measured in their IT spending.

During the second quarter of Fiscal 2024, while net revenue declined, we experienced sequential growth in the demand for our offerings as certain customers responded to early signs of macroeconomic stabilization. Despite some indicators of a stabilizing environment, we currently anticipate a decline in net revenue for the second half of Fiscal 2024 relative to the net revenue we achieved in the second half of Fiscal 2023, driven primarily by net revenue attributable to ISG. We anticipate the decline in net revenue will, in part, be attributable to the continued impact of macroeconomic conditions on demand and increasing competitive pricing pressure. We expect that the decline in net revenue will be partially offset by disciplined cost management measures as we continue to make prudent decisions to navigate this environment.

Despite continued near-term challenges, we believe our durable competitive advantages continue to position us for long-term success.

Supply Chain — Dell Technologies maintains single-source and limited-source supplier relationships for certain components because the relationships are advantageous in the areas of performance, quality, support, delivery, capacity, and price considerations.

During the second quarter of Fiscal 2024, our supply chain continued to operate efficiently at standard lead times for our customers and we experienced declines in both component and logistics costs, which we refer to as input costs. We expect component cost deflation to moderate during the second half of Fiscal 2024. Component cost trends are dependent on the strength or weakness of actual end-user demand and supply dynamics, which will continue to evolve and ultimately impact the translation of the cost environment to pricing and operating results. Logistics costs, which we believe have now normalized, continued to decrease from previously elevated levels as a result of declines in both expedited shipments and overall rate costs in the freight network.

Foreign Currency Exposure — We manage our business on a U.S. dollar basis. However, we have a large global presence, generating approximately half of our net revenue from sales to customers outside of the United States during the second quarter of Fiscal 2024 and Fiscal 2023. As a result, our operating results can be, and particularly in recent periods have been, impacted by fluctuations in foreign currency exchange rates. We utilize a comprehensive hedging strategy intended to mitigate the impact of foreign currency volatility over time, and we adjust pricing when possible to further minimize foreign currency impacts.

ISG — We expect that ISG will continue to be impacted by the changing nature of the IT infrastructure market and competitive environment. With our scale and strong solutions portfolio, we believe we are well-positioned to respond to ongoing competitive dynamics.

Through our collaborative, customer-focused approach to innovation, we strive to deliver new and relevant solutions and software to our customers quickly and efficiently. We continue to focus on customer base expansion and lifetime value of customer relationships. Our customer base includes service providers, such as cloud service providers, Software-as-a-Service companies, consumer webtech providers, and telecommunications companies. These service providers turn to Dell Technologies for our advanced solutions that enable efficient infrastructure and service delivery at cloud scale.

While we anticipate challenges in the demand environment as customers re-prioritize and exercise caution in response to macroeconomic conditions, we expect that data growth will continue to generate long-term demand for our storage solutions and services. Cloud native applications are expected to continue to be a key trend in the infrastructure market. We benefit from offering solutions that address the emerging trends of enterprises deploying software-defined storage, hyper-converged infrastructure, and modular solutions based on server-centric architectures. These trends are changing the way customers are consuming our storage offerings. We continue to expand our offerings in external storage arrays, which incorporate flexible, cloud-based functionality. Our storage business is subject to seasonal trends, which we expect to continue.

We anticipate that ISG will benefit from the continued expansion of, and advances in, AI. Through our server and storage offerings, as well as our Dell-validated AI solutions, we are well positioned to capture growth and support our customers needs. As demonstrated by our PowerEdge XE servers, we continue to optimize and enhance our offerings to run high value and transformational workloads, such as AI.

CSG — Our CSG offerings are an important element of our strategy, generating strong cash flow and opportunities for cross-selling of complementary solutions. Within CSG, while we participate in all segments of the PC market, we are focused on commercial and high-end consumer computing devices, as we believe they are the most stable and profitable markets. Competitive dynamics continue to be a factor in our CSG business and continue to impact pricing and operating results.

We remain committed to our long-term CSG strategy and will continue to make investments to innovate across the portfolio. We expect that the CSG demand environment will continue to be subject to seasonal trends.

Recurring Revenue and Consumption Models — Our customers are seeking new and innovative models that address how they consume our solutions. In part, customers are looking for predictable cost models and to reduce complexity, align solutions offerings to their business needs, and provide consistent operations throughout their IT enterprise.

We offer options including leases, loans, immediate pay, as-a-Service, subscription, and utility models designed to match customers' consumption and financing preferences. We believe these options are particularly advantageous for our customers during times of economic uncertainty as they provide customers with financial flexibility to further enable them to procure our solutions.

These offerings typically result in multiyear agreements which generate recurring revenue streams over the term of the arrangement. We expect that these offerings will further strengthen our customer relationships and provide a foundation for growth in recurring revenue. We define recurring revenue as revenue recognized that is primarily related to hardware and software maintenance as well as operating leases, subscription, as-a-Service, and usage-based offerings.

Ukraine War — We are monitoring and responding to effects of the ongoing war in Ukraine. When Russia invaded Ukraine, we made the decision to not sell, service, or support products in Russia, Belarus, and restricted regions of Ukraine. We have resumed product sales to non-sanctioned areas in Ukraine. We are focused on providing products and support to Ukrainian customers as they rebuild infrastructure and restore businesses and the financial sector.

Other Macroeconomic Risks and Uncertainties — The impacts of trade protection measures, including increases in tariffs and trade barriers, changes in government policies and international trade arrangements, and geopolitical issues may affect our ability to conduct business in some non-U.S. markets. We monitor and seek to mitigate these risks with adjustments to our manufacturing, supply chain, and distribution networks.

Key Performance Metrics

Our key performance metrics include net revenue, operating income, and cash flows from operations, which are discussed elsewhere in this management's discussion and analysis.

NON-GAAP FINANCIAL MEASURES

In this management's discussion and analysis, we use supplemental measures of our performance which are derived from our consolidated financial information but which are not presented in our consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures include non-GAAP product gross margin; non-GAAP services gross margin; non-GAAP gross margin; non-GAAP operating expenses; non-GAAP operating income; non-GAAP net income; earnings before interest and other, net, taxes, depreciation, and amortization ("EBITDA"); and adjusted EBITDA. These non-GAAP financial measures are not meant to be considered as indicators of performance in isolation from or as a substitute for gross margin, operating expenses, operating income, or net income prepared in accordance with GAAP, and should be read only in conjunction with financial information presented on a GAAP basis.

We use non-GAAP financial measures to supplement financial information presented on a GAAP basis. Management considers these non-GAAP measures in evaluating our operating trends and performance. Moreover, we believe these non-GAAP financial measures provide our stakeholders with useful and transparent information to help them evaluate our operating results by facilitating an enhanced understanding of our operating performance and enabling them to make more meaningful period to period comparisons. There are limitations to the use of the non-GAAP financial measures presented in this report. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Non-GAAP product gross margin, non-GAAP services gross margin, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, and non-GAAP net income, as defined by us, exclude amortization of intangible assets, the impact of purchase accounting, transaction-related expenses, stock-based compensation expense, other corporate expenses and, for non-GAAP net income, fair value adjustments on equity adjustments and an aggregate adjustment for income taxes. As the excluded items have a material impact on our financial results, our management compensates for this limitation by relying primarily on our GAAP results and using non-GAAP financial measures supplementally or for projections when comparable GAAP financial measures are not available.

Reconciliations of each non-GAAP financial measure to its most directly comparable GAAP financial measure are presented below. We encourage you to review the reconciliations in conjunction with the presentation of the non-GAAP financial measures for each of the periods presented. The discussion below includes information on each of the excluded items as well as our reasons for excluding them from our non-GAAP results. In future fiscal periods, we may exclude such items and may incur income and expenses similar to these excluded items. Accordingly, the exclusion of these items and other similar items in our non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent, or unusual.

The following is a summary of the items excluded from the most comparable GAAP financial measures to calculate our non-GAAP financial measures:

- Amortization of Intangible Assets — Amortization of intangible assets primarily consists of amortization of customer relationships, developed technology, and trade names. In connection with our acquisition by merger of EMC, referred to as the "EMC merger transaction," and the acquisition of Dell Inc. by Dell Technologies Inc., referred to as the "going-private transaction," all of the tangible and intangible assets and liabilities of EMC and Dell Inc. and its consolidated subsidiaries, respectively, were accounted for and recognized at fair value on the transaction dates. Accordingly, for the periods presented, amortization of intangible assets primarily represents amortization associated with intangible assets recognized in connection with the EMC merger transaction and the going-private transaction. Amortization charges for purchased intangible assets are significantly impacted by the timing and magnitude of our acquisitions, and these charges may vary in amount from period to period. We exclude these charges for purposes of calculating the non-GAAP financial measures presented below to facilitate an enhanced understanding of our current operating performance and provide more meaningful period to period comparisons.

- *Impact of Purchase Accounting* — The impact of purchase accounting includes purchase accounting adjustments primarily related to the EMC merger transaction recorded under the acquisition method of accounting in accordance with the accounting guidance for business combinations. In accordance with such guidance, all of the assets and liabilities acquired were accounted for and recognized at fair value as of the respective transaction dates, and the fair value adjustments continue to amortize over the estimated useful lives in the periods following the transactions. The fair value adjustments that are still amortizing primarily relate to property, plant, and equipment. We believe that excluding the impact of purchase accounting for purposes of calculating the non-GAAP financial measures presented below facilitates an enhanced understanding of our current operating performance and provides more meaningful period to period comparisons.
- *Transaction-Related (Income) Expenses* — Transaction-related expenses typically consist of acquisition, integration, and divestiture related costs and are expensed as incurred. These expenses primarily represent costs for legal, banking, consulting, and advisory services. From time to time, this category also may include transaction-related income related to divestitures of businesses or asset sales. We exclude these items for purposes of calculating the non-GAAP financial measures presented below to facilitate an enhanced understanding of our current operating performance and provide more meaningful period to period comparisons.
- *Stock-based Compensation Expense* — Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date. To estimate the fair value of performance-based awards containing a market condition, we use the Monte Carlo valuation model. For other share-based awards, the fair value is generally based on the closing price of the Class C Common Stock as reported on the NYSE on the date of grant. Although stock-based compensation is an important aspect of the compensation of our employees and executives, the fair value of the stock-based awards may bear little resemblance to the actual value realized upon the vesting or future exercise of the related stock-based awards. We believe that excluding stock-based compensation expense for purposes of calculating the non-GAAP financial measures presented below facilitates an enhanced understanding of our current operating performance and provides more meaningful period to period comparisons.
- *Other Corporate Expenses* — Other corporate expenses consist of impairment charges, incentive charges related to equity investments, severance, facility action, payroll taxes associated with stock-based compensation, and other costs. Severance costs are primarily related to severance and benefits for employees terminated pursuant to cost savings initiatives. During the second quarter of Fiscal 2024, we recognized \$364 million of severance expense related to workforce reduction activities. During the second quarter of Fiscal 2023, we recognized \$189 million in costs associated with exiting our business in Russia, primarily related to asset impairments and other exit related costs. Other corporate expenses vary from period to period and are significantly impacted by the timing and nature of these events. Therefore, although we may incur these types of expenses in the future, we believe that eliminating these charges for purposes of calculating the non-GAAP financial measures presented below facilitates an enhanced understanding of our current operating performance and provides more meaningful period to period comparisons.
- *Fair Value Adjustments on Equity Investments* — Fair value adjustments on equity investments primarily consist of the gain (loss) on strategic investments, which includes the recurring fair value adjustments of investments in publicly-traded companies, as well as those in privately-held companies, which are adjusted for observable price changes and any potential impairments. See Note 3 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information on our strategic investment activity. Given the volatility in the ongoing adjustments to the valuation of these strategic investments, we believe that excluding these gains and losses for purposes of calculating non-GAAP net income presented below facilitates an enhanced understanding of our current operating performance and provides more meaningful period to period comparisons.
- *Aggregate Adjustment for Income Taxes* — The aggregate adjustment for income taxes is the estimated combined income tax effect for the adjustments described above, as well as an adjustment for discrete tax items. Due to the variability in recognition of discrete tax items from period to period, we believe that excluding these benefits or charges for purposes of calculating non-GAAP net income facilitates an enhanced understanding of our current operating performance and provides more meaningful period to period comparisons. The tax effects are determined based on the tax jurisdictions where the above items were incurred. See Note 11 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information on our income taxes.

The following table presents a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP measure for the periods indicated:

	Three Months Ended			Six Months Ended		
	August 4, 2023	% Change	July 29, 2022	August 4, 2023	% Change	July 29, 2022
(in millions, except percentages)						
Product gross margin	\$ 2,933	(7) %	\$ 3,139	\$ 5,594	(15) %	\$ 6,594
Non-GAAP adjustments:						
Amortization of intangibles	84		105	163		209
Impact of purchase accounting	—		—	—		2
Stock-based compensation expense	13		13	26		26
Other corporate expenses	7		13	15		16
Non-GAAP product gross margin	<u>\$ 3,037</u>	(7) %	<u>\$ 3,270</u>	<u>\$ 5,798</u>	(15) %	<u>\$ 6,847</u>
Services gross margin	\$ 2,454	7 %	\$ 2,300	\$ 4,811	4 %	\$ 4,629
Non-GAAP adjustments:						
Stock-based compensation expense	24		24	49		49
Other corporate expenses	21		56	42		66
Non-GAAP services gross margin	<u>\$ 2,499</u>	5 %	<u>\$ 2,380</u>	<u>\$ 4,902</u>	3 %	<u>\$ 4,744</u>
Gross margin	\$ 5,387	(1) %	\$ 5,439	\$ 10,405	(7) %	\$ 11,223
Non-GAAP adjustments:						
Amortization of intangibles	84		105	163		209
Impact of purchase accounting	—		—	—		2
Stock-based compensation expense	37		37	75		75
Other corporate expenses	28		69	57		82
Non-GAAP gross margin	<u>\$ 5,536</u>	(2) %	<u>\$ 5,650</u>	<u>\$ 10,700</u>	(8) %	<u>\$ 11,591</u>
Operating expenses	\$ 4,222	1 %	\$ 4,169	\$ 8,171	(3) %	\$ 8,403
Non-GAAP adjustments:						
Amortization of intangibles	(125)		(139)	(245)		(278)
Impact of purchase accounting	(4)		(3)	(8)		(10)
Transaction-related expenses	(3)		(3)	(6)		(8)
Stock-based compensation expense	(186)		(199)	(373)		(393)
Other corporate expenses	(345)		(127)	(414)		(210)
Non-GAAP operating expenses	<u>\$ 3,559</u>	(4) %	<u>\$ 3,698</u>	<u>\$ 7,125</u>	(5) %	<u>\$ 7,504</u>

	Three Months Ended			Six Months Ended		
	August 4, 2023	% Change	July 29, 2022	August 4, 2023	% Change	July 29, 2022
(in millions, except percentages)						
Operating income	\$ 1,165	(8) %	\$ 1,270	\$ 2,234	(21) %	\$ 2,820
Non-GAAP adjustments:						
Amortization of intangibles	209		244	408		487
Impact of purchase accounting	4		3	8		12
Transaction-related expenses	3		3	6		8
Stock-based compensation expense	223		236	448		468
Other corporate expenses	373		196	471		292
Non-GAAP operating income	<u>\$ 1,977</u>	1 %	<u>\$ 1,952</u>	<u>\$ 3,575</u>	(13) %	<u>\$ 4,087</u>
Net income	\$ 455	(10) %	\$ 506	\$ 1,033	(34) %	\$ 1,575
Non-GAAP adjustments:						
Amortization of intangibles	209		244	408		487
Impact of purchase accounting	4		3	8		12
Transaction-related (income) expenses	60		(4)	59		(6)
Stock-based compensation expense	223		236	448		468
Other corporate expenses	372		212	471		308
Fair value adjustments on equity investments	29		255	44		241
Aggregate adjustment for income taxes	(69)		(186)	(225)		(385)
Non-GAAP net income	<u>\$ 1,283</u>	1 %	<u>\$ 1,266</u>	<u>\$ 2,246</u>	(17) %	<u>\$ 2,700</u>

In addition to the above measures, we also use EBITDA and adjusted EBITDA to provide additional information for evaluation of our operating performance. Adjusted EBITDA excludes purchase accounting adjustments related to the EMC merger transaction and the going-private transaction, acquisition, integration, and divestiture related costs, impairment charges, and severance, facility action, and other costs, and stock-based compensation expense. We believe that, due to the non-operational nature of the purchase accounting entries, it is appropriate to exclude these adjustments.

As is the case with the non-GAAP measures presented above, users should consider the limitations of using EBITDA and adjusted EBITDA, including the fact that those measures do not provide a complete measure of our operating performance. EBITDA and adjusted EBITDA do not purport to be alternatives to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. In particular, EBITDA and adjusted EBITDA are not intended to be a measure of cash flow available for management's discretionary use, as these measures do not consider certain cash requirements, such as working capital needs, capital expenditures, contractual commitments, interest payments, tax payments, and other debt service requirements.

The following table presents a reconciliation of EBITDA and adjusted EBITDA to net income for the periods indicated:

	Three Months Ended			Six Months Ended		
	August 4, 2023	% Change	July 29, 2022	August 4, 2023	% Change	July 29, 2022
(in millions, except percentages)						
Net income	\$ 455	(10) %	\$ 506	\$ 1,033	(34) %	\$ 1,575
Adjustments:						
Interest and other, net (a)	451		635	815		972
Income tax expense (benefit)	259		129	386		273
Depreciation and amortization	831		744	1,640		1,470
EBITDA	<u>\$ 1,996</u>	(1) %	<u>\$ 2,014</u>	<u>\$ 3,874</u>	(10) %	<u>\$ 4,290</u>
EBITDA	\$ 1,996	(1) %	\$ 2,014	\$ 3,874	(10) %	\$ 4,290
Adjustments:						
Stock-based compensation expense	223		236	448		468
Transaction-related expenses	3		3	6		8
Other corporate expenses	373		196	471		292
Adjusted EBITDA	<u>\$ 2,595</u>	6 %	<u>\$ 2,449</u>	<u>\$ 4,799</u>	(5) %	<u>\$ 5,058</u>

(a) See "Results of Operations — Interest and Other, Net" for more information on the components of interest and other, net.

RESULTS OF OPERATIONS

Consolidated Results

The following table summarizes our consolidated results for the periods indicated. Unless otherwise indicated, all changes identified for the current-period results represent comparisons to results for the prior corresponding fiscal period.

	Three Months Ended					Six Months Ended				
	August 4, 2023			July 29, 2022		August 4, 2023			July 29, 2022	
	% of		% Change	% of		% of		% Change	% of	
	Dollars	Net Revenue		Dollars	Net Revenue	Dollars	Net Revenue		Dollars	Net Revenue
(in millions, except percentages)										
Net revenue:										
Products	\$ 16,935	73.8 %	(19) %	\$ 20,810	78.8 %	\$ 31,971	72.9 %	(23) %	\$ 41,274	78.6 %
Services	5,999	26.2 %	7 %	5,615	21.2 %	11,885	27.1 %	5 %	11,267	21.4 %
Total net revenue	\$ 22,934	100.0 %	(13) %	\$ 26,425	100.0 %	\$ 43,856	100.0 %	(17) %	\$ 52,541	100.0 %
Gross margin:										
Products (a)	\$ 2,933	17.3 %	(7) %	\$ 3,139	15.1 %	\$ 5,594	17.5 %	(15) %	\$ 6,594	16.0 %
Services (b)	2,454	40.9 %	7 %	2,300	41.0 %	4,811	40.5 %	4 %	4,629	41.1 %
Total gross margin	\$ 5,387	23.5 %	(1) %	\$ 5,439	20.6 %	\$ 10,405	23.7 %	(7) %	\$ 11,223	21.4 %
Operating expenses	\$ 4,222	18.4 %	1 %	\$ 4,169	15.8 %	\$ 8,171	18.6 %	(3) %	\$ 8,403	16.0 %
Operating income	\$ 1,165	5.1 %	(8) %	\$ 1,270	4.8 %	\$ 2,234	5.1 %	(21) %	\$ 2,820	5.4 %
Net income	\$ 455	2.0 %	(10) %	\$ 506	1.9 %	\$ 1,033	2.4 %	(34) %	\$ 1,575	3.0 %

Non-GAAP Financial Information

	Three Months Ended					Six Months Ended				
	August 4, 2023			July 29, 2022		August 4, 2023			July 29, 2022	
	% of Net		%	% of Net		% of		%	% of Net	
	Dollars	Revenue	Change	Dollars	Revenue	Dollars	Net Revenue	Change	Dollars	Revenue
	(in millions, except percentages)									
Non-GAAP gross margin:										
Products (a)	\$ 3,037	17.9 %	(7) %	\$ 3,270	15.7 %	\$ 5,798	18.1 %	(15) %	\$ 6,847	16.6 %
Services (b)	2,499	41.7 %	5 %	2,380	42.4 %	4,902	41.2 %	3 %	4,744	42.1 %
Total non-GAAP gross margin	\$ 5,536	24.1 %	(2) %	\$ 5,650	21.4 %	\$ 10,700	24.4 %	(8) %	\$ 11,591	22.1 %
Non-GAAP operating expenses	\$ 3,559	15.5 %	(4) %	\$ 3,698	14.0 %	\$ 7,125	16.2 %	(5) %	\$ 7,504	14.3 %
Non-GAAP operating income	\$ 1,977	8.6 %	1 %	\$ 1,952	7.4 %	\$ 3,575	8.2 %	(13) %	\$ 4,087	7.8 %
Non-GAAP net income	\$ 1,283	5.6 %	1 %	\$ 1,266	4.8 %	\$ 2,246	5.1 %	(17) %	\$ 2,700	5.1 %
EBITDA	\$ 1,996	8.7 %	(1) %	\$ 2,014	7.6 %	\$ 3,874	8.8 %	(10) %	\$ 4,290	8.2 %
Adjusted EBITDA	\$ 2,595	11.3 %	6 %	\$ 2,449	9.3 %	\$ 4,799	10.9 %	(5) %	\$ 5,058	9.6 %

(a) Product gross margin and non-GAAP product gross margin percentages are calculated as a percentage of product net revenue.

(b) Services gross margin and non-GAAP services gross margin percentages are calculated as a percentage of services net revenue.

Non-GAAP product gross margin, non-GAAP services gross margin, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, EBITDA, and adjusted EBITDA are not measurements of financial performance prepared in accordance with GAAP. See “Non-GAAP Financial Measures” for additional information about these non-GAAP financial measures, including our reasons for including these measures, material limitations with respect to the usefulness of the measures, and a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure.

Overview

During the second quarter and first six months of Fiscal 2024, net revenue decreased by 13% and 17%, respectively, driven by declines in both CSG and ISG net revenue, which reflected the impact of challenging global macroeconomic conditions. The decline in CSG net revenue was primarily attributable to a decrease in units sold, partially offset by an increase in average selling prices. ISG net revenue decreased primarily as a result of a reduction in net revenue attributable to servers and networking and, to a lesser extent, a decline in storage net revenue.

During the second quarter of Fiscal 2024, operating income and non-GAAP operating income decreased by 8% to \$1.2 billion and increased 1% to \$2.0 billion, respectively. The decline in operating income was driven by a decrease in net revenue coupled with an increase in other corporate expenses. Non-GAAP operating income remained effectively flat as the impact of a decrease in net revenue was largely offset by a decline in input costs and by the impact of cost management measures.

During the first six months of Fiscal 2024, operating income and non-GAAP operating income decreased by 21% to \$2.2 billion and 13% to \$3.6 billion, respectively. The declines were primarily attributable to a reduction in both ISG and CSG operating income as a result of a decrease in net revenue which was partially offset by the impact of disciplined cost management measures. The decline in ISG operating income was primarily attributable to decreases in storage and, to a lesser extent, servers and networking. The decline in CSG operating income was driven by decreases in both commercial and consumer. The decrease in operating income was also impacted by an increase in other corporate expenses.

During the second quarter and first six months of Fiscal 2024, operating income as a percentage of net revenue increased 30 basis points to 5.1% and decreased 30 basis points to 5.1%, respectively. Non-GAAP operating income as a percentage of net revenue increased 120 basis points to 8.6% and 40 basis points to 8.2% during the second quarter and first six months of Fiscal 2024, respectively. Operating income and non-GAAP operating income as a percentage of net revenue during both the second quarter and first six months of Fiscal 2024 benefited from growth in gross margin as a percentage of net revenue, which increased primarily due to the impacts of an overall decrease in input costs coupled with an increase in average selling prices. The impact of increases in gross margin as a percentage of net revenue was offset by increases in operating expense as a percentage of net revenue that were driven by a decline in net revenue which outpaced the impact of continued cost management measures. Operating income as a percentage of net revenue during both periods was further impacted by an increase in other corporate expenses.

Cash provided by operating activities was \$5.0 billion and \$0.5 billion during the first six months of Fiscal 2024 and Fiscal 2023, respectively. Cash provided by operating activities during the first six months of Fiscal 2024 was primarily driven by profitability and working capital management as we reduced inventory, demonstrated strong cash collections performance, and benefited from the timing of purchases and payments to vendors. Cash provided by operating activities during the first six months of Fiscal 2023 reflected profitability, partially offset by the impact of working capital dynamics. See “Liquidity, Cash Requirements, and Market Conditions” for additional information about our cash flow metrics.

Despite the near-term challenges driven by uncertainty in the macroeconomic environment, we continue to see opportunities to create value and grow as we respond to long-term demand for our IT solutions driven by a technology and data-enabled world. We have demonstrated our ability to adjust to changing market conditions with complementary solutions and innovation across both segments of our business, an agile workforce, and the strength of our global supply chain. As we continue to innovate and modernize our core offerings, we believe that Dell Technologies is well-positioned for long-term profitable growth.

Net Revenue

During the second quarter and first six months of Fiscal 2024, net revenue decreased 13% and 17%, respectively, primarily driven by declines in both CSG and ISG net revenue. See “Business Unit Results” for further information.

- **Product Net Revenue** — Product net revenue includes revenue from the sale of hardware products and software licenses. During the second quarter and first six months of Fiscal 2024, product net revenue decreased 19% and 23%, respectively, due to declines in both CSG and ISG product net revenue. CSG product net revenue decreased primarily as a result of a decline in units sold, which impacted both our commercial and consumer offerings, partially offset by an increase in average selling prices. The decline in ISG product net revenue was primarily attributable to a decrease in product net revenue for servers and networking, driven by a decrease in units sold, and, to a lesser extent, a decline in our product net revenue for storage offerings.
- **Services Net Revenue** — Services net revenue includes revenue from our services offerings and support services related to hardware products and software licenses. During the second quarter and first six months of Fiscal 2024, services net revenue increased 7% and 5%, respectively, driven primarily by growth within other businesses, which was principally attributable to VMware Resale, as well as third-party software support and maintenance within CSG and strength in hardware support and maintenance in both CSG and ISG. A substantial portion of services net revenue is derived from offerings that have been deferred over a period of time, and, as a result, reported growth rates for services net revenue will be different than reported growth rates for product net revenue.

From a geographical perspective, net revenue decreased in the Americas, EMEA, and APJ regions during both the second quarter and first six months of Fiscal 2024.

Gross Margin

During the second quarter of Fiscal 2024, gross margin and non-GAAP gross margin decreased 1% to \$5.4 billion and 2% to \$5.5 billion, respectively. During the first six months of Fiscal 2024, gross margin and non-GAAP gross margin decreased 7% to \$10.4 billion and 8% to \$10.7 billion, respectively. The declines were driven by decreases in CSG and, to a lesser extent, ISG gross margin that were primarily attributable to decreases in net revenue, the effect of which was partially offset by lower input costs.

During the second quarter of Fiscal 2024, gross margin and non-GAAP gross margin percentage increased 290 basis points to 23.5% and 270 basis points to 24.1%, respectively. During the first six months of Fiscal 2024, both gross margin and non-GAAP gross margin percentage increased 230 basis points to 23.7% and 24.4%, respectively. The increases were primarily attributable to the impacts of an overall decline in input costs coupled with an increase in average selling price across many of our offerings as we maintained strong pricing discipline.

- **Product Gross Margin** — During the second quarter of Fiscal 2024, product gross margin and non-GAAP product gross margin both decreased 7% to \$2.9 billion and \$3.0 billion, respectively. During the first six months of Fiscal 2024, product gross margin and non-GAAP product gross margin both decreased 15% to \$5.6 billion and \$5.8 billion, respectively. The decreases were primarily driven by declines in both CSG and ISG product gross margin, which were largely attributable to declines in product net revenue.

During the second quarter of Fiscal 2024, both product gross margin percentage and non-GAAP product gross margin percentage increased 220 basis points to 17.3% and 17.9%, respectively, while during the first six months of Fiscal 2024, both product gross margin percentage and non-GAAP product gross margin percentage increased 150 basis points to 17.5% and 18.1%, respectively. The increases were driven primarily by the impacts of an overall decline in input costs coupled with an increase in average selling price across many of our offerings as we maintained strong pricing discipline.

- Services Gross Margin — During the second quarter of Fiscal 2024, services gross margin and non-GAAP services gross margin increased 7% to \$2.5 billion and 5% to \$2.5 billion, respectively. During the first six months of Fiscal 2024, services gross margin and non-GAAP services gross margin increased 4% to \$4.8 billion and 3% to \$4.9 billion, respectively. The increases were primarily attributable to growth within ISG services gross margin driven by support and maintenance associated with products sold in prior periods.

During the second quarter and first six months of Fiscal 2024, services gross margin percentage decreased 10 basis points to 40.9% and 60 basis points to 40.5%, respectively. The decreases were driven by a decline in services gross margin percentage for CSG, due to a shift in mix of CSG services delivered, partially offset by an increase in ISG services gross margin percentage coupled with the impact of asset impairment costs associated with exiting our Russia business in Fiscal 2023.

During the second quarter and first six months of Fiscal 2024, non-GAAP services gross margin percentage decreased 70 basis points to 41.7% and 90 basis points to 41.2%, respectively. The decreases were driven by a decline in services gross margin percentage for CSG, due to a shift in mix of CSG services delivered, partially offset by an increase in ISG services gross margin percentage.

Vendor Programs

Our gross margin is affected by our ability to achieve competitive pricing with our vendors and contract manufacturers, including through our negotiation of a variety of vendor rebate programs to achieve lower net costs for the various components we include in our products. Under these programs, vendors provide us with rebates or other discounts from the list prices for the components, which are generally elements of their pricing strategy. We account for vendor rebates and other discounts as a reduction in cost of net revenue. We manage our costs on a total net cost basis, which includes supplier list prices reduced by vendor rebates and other discounts.

The terms and conditions of our vendor rebate programs are largely based on product volumes and are generally negotiated either at the beginning of the annual or quarterly period, depending on the program. The timing and amount of vendor rebates and other discounts we receive under the programs may vary from period to period, reflecting changes in the competitive environment. We monitor our component costs and seek to address the effects of any changes to terms that might arise under our vendor rebate programs. Our gross margins for the second quarter and first six months of Fiscal 2024 were not materially affected by any changes to the terms of our vendor rebate programs, as the amounts we received under these programs were generally stable relative to our total net cost. We are not aware of any significant changes to our vendor rebate programs that will materially impact our results in the near term.

Operating Expenses

The following table presents information regarding our operating expenses for the periods indicated:

	Three Months Ended					Six Months Ended				
	August 4, 2023			July 29, 2022		August 4, 2023			July 29, 2022	
	Dollars	% of Net	%	Dollars	% of Net	Dollars	% of Net	%	Dollars	% of Net
		Revenue	Change		Revenue		Revenue	Change		Revenue
(in millions, except percentages)										
Operating expenses:										
Selling, general, and administrative	\$ 3,517	15.3 %	(1) %	\$ 3,543	13.4 %	\$ 6,778	15.4 %	(4) %	\$ 7,096	13.5 %
Research and development	705	3.1 %	13 %	626	2.4 %	1,393	3.2 %	7 %	1,307	2.5 %
Total operating expenses	\$ 4,222	18.4 %	1 %	\$ 4,169	15.8 %	\$ 8,171	18.6 %	(3) %	\$ 8,403	16.0 %

	Three Months Ended					Six Months Ended				
	August 4, 2023			July 29, 2022		August 4, 2023			July 29, 2022	
	% of Net		%	% of Net		% of Net		%	% of Net	
	Dollars	Revenue	Change	Dollars	Revenue	Dollars	Revenue	Change	Dollars	Revenue
	(in millions, except percentages)									
Non-GAAP operating expenses	\$ 3,559	15.5 %	(4) %	\$ 3,698	14.0 %	\$ 7,125	16.2 %	(5) %	\$ 7,504	14.3 %

During the second quarter of Fiscal 2024, total operating expenses increased 1%, driven by growth in research and development expenses. During the first six months of Fiscal 2024, total operating expenses decreased 3% due to a decline in selling, general, and administrative expenses.

- *Selling, General, and Administrative* — Selling, general, and administrative (“SG&A”) expenses decreased 1% and 4%, respectively, during the second quarter and first six months of Fiscal 2024. These decreases were attributable to continued disciplined cost management which resulted in a reduction in outside services and advertising expenses, among other items, partially offset by an increase in employee compensation and benefits expense. Employee compensation and benefits expense increased primarily as a result of costs incurred in connection with workforce reductions.
- *Research and Development* — Research and development (“R&D”) expenses are primarily composed of personnel-related expenses incurred in connection with product development. R&D expenses increased 13% and 7%, respectively, during the second quarter and first six months of Fiscal 2024 driven by an increase in employee compensation and benefits expense.

As a percentage of net revenue, R&D expenses for the second quarter of Fiscal 2024 and Fiscal 2023 were 3.1% and 2.4%, respectively, and for the first six months of Fiscal 2024 and Fiscal 2023 were 3.2% and 2.5%, respectively. The increases in R&D expenses as a percentage of net revenue were attributable to continued R&D investments as we support R&D initiatives to innovate and introduce new and enhanced solutions into the market.

During the second quarter and first six months of Fiscal 2024, non-GAAP operating expenses decreased 4% and 5%, respectively, principally due to continued disciplined cost management which resulted in a decline in outside services and advertising expenses, among other items.

We continue to make selective investments designed to enable growth, marketing, and R&D, while balancing our efforts to drive cost efficiencies in the business. We also expect to continue making investments in support of our own digital transformation to modernize our IT operations.

Operating Income

During the second quarter of Fiscal 2024, operating income and non-GAAP operating income decreased by 8% to \$1.2 billion and increased 1% to \$2.0 billion, respectively. The decline in operating income was driven by a decrease in net revenue coupled with an increase in other corporate expenses. Non-GAAP operating income remained effectively flat as the impact of a decrease in net revenue was largely offset by a decline in input costs and by the impact of cost management measures.

During the first six months of Fiscal 2024, operating income and non-GAAP operating income decreased by 21% to \$2.2 billion and 13% to \$3.6 billion, respectively. The declines were primarily attributable to a reduction in both ISG and CSG operating income as a result of a decrease in net revenue which was partially offset by the impact of disciplined cost management measures. The decline in ISG operating income was primarily attributable to decreases in storage and, to a lesser extent, servers and networking. The decline in CSG operating income was driven by decreases in both commercial and consumer. The decrease in operating income was also impacted by an increase in other corporate expenses.

During the second quarter and first six months of Fiscal 2024, operating income as a percentage of net revenue increased 30 basis points to 5.1% and decreased 30 basis points to 5.1%, respectively. Non-GAAP operating income as a percentage of net revenue increased 120 basis points to 8.6% and 40 basis points to 8.2% during the second quarter and first six months of Fiscal 2024, respectively. Operating income and non-GAAP operating income as a percentage of net revenue during both the second quarter and first six months of Fiscal 2024 benefited from growth in gross margin as a percentage of net revenue, which increased primarily due to the impacts of an overall decrease in input costs coupled with an increase in average selling prices. The impact of increases in gross margin as a percentage of net revenue was offset by increases in operating expense as a percentage of net revenue that were driven by a decline in net revenue which outpaced the impact of continued cost management measures. Operating income as a percentage of net revenue during both periods was further impacted by an increase in other corporate expenses.

Interest and Other, Net

The following table presents information regarding interest and other, net for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions)				
<i>Interest and other, net:</i>				
Investment income, primarily interest	\$ 66	\$ 16	\$ 125	\$ 31
Loss on investments, net	(29)	(255)	(44)	(241)
Interest expense	(352)	(298)	(757)	(563)
Foreign exchange	(65)	(66)	(97)	(155)
Other	(71)	(32)	(42)	(44)
Total interest and other, net	<u>\$ (451)</u>	<u>\$ (635)</u>	<u>\$ (815)</u>	<u>\$ (972)</u>

During the second quarter and first six months of Fiscal 2024, the change in interest and other, net was favorable, driven by a decrease in net loss on investments and an increase in investment income, partially offset by an increase in interest expense. The decrease in net loss on investments resulted from fair value adjustments on our non-marketable strategic investment portfolio that occurred in the second quarter of Fiscal 2023.

Income and Other Taxes

The following table presents information regarding our income and other taxes for the periods indicated:

	Three Months Ended		Six Months Ended	
	August 4, 2023	July 29, 2022	August 4, 2023	July 29, 2022
(in millions, except percentages)				
Income before income taxes	\$ 714	\$ 635	\$ 1,419	\$ 1,848
Income tax expense	\$ 259	\$ 129	\$ 386	\$ 273
Effective income tax rate	36.3 %	20.3 %	27.2 %	14.8 %

For the second quarter of Fiscal 2024 and Fiscal 2023, our effective income tax rate was 36.3% and 20.3%, respectively. For the first six months of Fiscal 2024 and Fiscal 2023, our effective income tax rate was 27.2% and 14.8%, respectively. The changes in our effective income tax rate were attributable to a change in our jurisdictional mix of income, higher U.S. tax on foreign operations, and the impact of discrete tax items.

Our effective income tax rate can fluctuate depending on the geographic distribution of our worldwide earnings, as our foreign earnings are generally taxed at lower rates than in the United States. The differences between our effective income tax rates and the U.S. federal statutory rate of 21% principally result from the geographical distribution of income, differences between the book and tax treatment of certain items, and discrete tax items. In certain jurisdictions, our tax rate is significantly less than the applicable statutory rate as a result of tax holidays. The majority of our foreign income subject to these tax holidays is attributable to Singapore and China. A significant portion of these income tax benefits relates to a tax holiday that will be effective until January 31, 2029. Most of our other tax holidays will expire in whole or in part during Fiscal 2030 through Fiscal 2031. Many of these tax holidays and reduced tax rates may be extended when certain conditions are met or may be terminated early if certain conditions are not met or as a result of changes in tax legislation. As of August 4, 2023, we were not aware of any matters of noncompliance or enacted tax legislative changes affecting these tax holidays.

For further discussion regarding tax matters, including the status of income tax audits, see Note 11 of the Notes to the Condensed Consolidated Financial Statements included in this report.

Net Income

During both the second quarter of Fiscal 2024 and Fiscal 2023, net income was \$0.5 billion. Non-GAAP net income was \$1.3 billion for both the second quarter of Fiscal 2024 and Fiscal 2023. Net income performance reflected a decline in operating income and an increase in tax expense that were offset by a favorable change in interest and other, net. Consistent with non-GAAP operating income, non-GAAP net income reflected a decrease in net revenue that was largely offset by a decline in input costs and the impact of cost management measures.

During the first six months of Fiscal 2024 and Fiscal 2023, net income was \$1.0 billion and \$1.6 billion, respectively. Non-GAAP net income was \$2.2 billion and \$2.7 billion for the first six months of Fiscal 2024 and Fiscal 2023, respectively. The decreases in both net income and non-GAAP net income were principally attributable to a decline in operating income.

Business Unit Results

Our reportable segments are based on the ISG and CSG business units. A description of our business units is provided under "Introduction." See Note 16 of the Notes to the Condensed Consolidated Financial Statements included in this report for a reconciliation of net revenue and operating income by reportable segment to consolidated net revenue and consolidated operating income, respectively.

Infrastructure Solutions Group

The following table presents net revenue and operating income attributable to ISG for the periods indicated:

	Three Months Ended			Six Months Ended		
	August 4, 2023	% Change	July 29, 2022	August 4, 2023	% Change	July 29, 2022
(in millions, except percentages)						
<i>Net revenue:</i>						
Servers and networking	\$ 4,274	(18) %	\$ 5,209	\$ 8,111	(21) %	\$ 10,257
Storage	4,187	(3) %	4,327	7,943	(7) %	8,564
Total ISG net revenue	\$ 8,461	(11) %	\$ 9,536	\$ 16,054	(15) %	\$ 18,821
<i>Operating income:</i>						
ISG operating income	\$ 1,049	— %	\$ 1,046	\$ 1,789	(16) %	\$ 2,128
% of segment net revenue	12.4 %		11.0 %	11.1 %		11.3 %

Net Revenue — During the second quarter and first six months of Fiscal 2024, ISG net revenue decreased 11% and 15%, respectively, driven by a decline in servers and networking net revenue and, to a lesser extent, a decline in storage net revenue.

Revenue from sales of servers and networking decreased 18% and 21% during the second quarter and first six months of Fiscal 2024, respectively, driven by a decrease in units sold, the effect of which was partially offset by an increase in average selling price of our server offerings. The average selling price for our server offerings increased as a result of richer configurations and the impact of attached offerings.

During the second quarter and first six months of Fiscal 2024, storage revenue decreased 3% and 7%, respectively, due to a decline in net revenue across the majority of our storage offerings.

From a geographical perspective, net revenue attributable to ISG decreased in the Americas, EMEA, and APJ during the second quarter and first six months of Fiscal 2024.

Operating Income — During the second quarter of Fiscal 2024, ISG operating income as a percentage of net revenue increased 140 basis points to 12.4%, principally due to the impact of an overall decline in input costs coupled with an increase in average selling price. The increase in operating income as a percentage of net revenue was partially offset by an increase in operating expenses as a percentage of net revenue due to a decline in revenue that outpaced the impact of cost management measures.

During the first six months of Fiscal 2024, ISG operating income as a percentage of net revenue decreased 20 basis points to 11.1%, principally due to an increase in operating expenses as a percentage of net revenue that resulted from a decline in net revenue which outpaced the impact of cost management measures. The impact of an increase in operating expenses as a percentage of net revenue was partially offset by the impacts of an overall decrease in input costs coupled with an increase in average selling price.

Client Solutions Group

The following table presents net revenue and operating income attributable to CSG for the periods indicated:

	Three Months Ended			Six Months Ended		
	August 4, 2023	% Change	July 29, 2022	August 4, 2023	% Change	July 29, 2022
(in millions, except percentages)						
Net revenue:						
Commercial	\$ 10,554	(13) %	\$ 12,141	\$ 20,416	(15) %	\$ 24,112
Consumer	2,388	(29) %	3,349	4,509	(35) %	6,965
Total CSG net revenue	\$ 12,942	(16) %	\$ 15,490	\$ 24,925	(20) %	\$ 31,077
Operating income:						
CSG operating income	\$ 969	(1) %	\$ 978	\$ 1,861	(11) %	\$ 2,093
% of segment net revenue	7.5 %		6.3 %	7.5 %		6.7 %

Net Revenue — During the second quarter and first six months of Fiscal 2024, CSG net revenue decreased 16% and 20%, respectively, driven by a decline in units sold as uncertain macroeconomic conditions continued to impact industry-wide demand.

Commercial net revenue decreased 13% and 15%, respectively, during the second quarter and first six months of Fiscal 2024. The decreases were primarily due to a decrease in units sold which was partially offset by the effect of an increase in the average selling price of our commercial offerings.

Consumer net revenue decreased 29% and 35%, respectively, during the second quarter and first six months of Fiscal 2024, principally due to a decrease in units sold. During the first six months of Fiscal 2024, the decline was partially offset by the effect of an increase in the average selling price of our consumer offerings.

Average selling prices for our CSG offerings increased during the second quarter and first six months of Fiscal 2024 primarily as a result of a shift in mix towards our commercial offerings coupled with richer configurations and the impact of attached offerings.

From a geographical perspective, net revenue attributable to CSG decreased primarily in APJ and, to a lesser extent, in the Americas and EMEA during both the second quarter and first six months of Fiscal 2024.

Operating Income — During the second quarter and first six months of Fiscal 2024, CSG operating income as a percentage of net revenue increased 120 and 80 basis points, respectively, to 7.5%, primarily due to the impact of an overall decrease in input costs coupled with an increase in average selling prices. The impact was partially offset by an increase in operating expenses as a percentage of net revenue, which increased as a result of a decline in CSG net revenue that outpaced the impact of cost management measures.

OTHER BALANCE SHEET ITEMS

Accounts Receivable

We sell products and services directly to customers and through a variety of sales channels, including retail distribution. Our accounts receivable, net, was \$10.4 billion and \$12.5 billion as of August 4, 2023 and February 3, 2023, respectively. The reduction in accounts receivable, net primarily reflects strong collections coupled with a decline in net revenue. We maintain an allowance for expected credit losses to cover receivables that may be deemed uncollectible. The allowance for expected credit losses is an estimate based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and its reasonable and supportable expectation of future conditions, as well as specific identifiable customer accounts that are deemed at risk. As of August 4, 2023 and February 3, 2023, the allowance for expected credit losses was \$80 million and \$78 million, respectively. Based on our assessment, we believe that we are adequately reserved for expected credit losses. We are monitoring the impact of current economic conditions and the aging of our accounts receivable on our expected losses and have not experienced deterioration in delinquency or loss rates. We will continue to take actions, where necessary, to reduce our exposure to credit losses.

Dell Financial Services and Financing Receivables

We offer or arrange various financing options and services for our customers globally, including through captive financing operations. DFS originates, collects, and services customer receivables primarily related to the purchase of our product, software, and service solutions. We further strengthen customer relationships through flexible consumption models, including utility, subscription, and as-a-Service models, which enable us to offer our customers the option to pay over time to provide them with financial flexibility to meet their changing technological requirements. We have historically seen an increasing interest in our various financing options during times of macroeconomic uncertainty. New financing originations were \$2.4 billion and \$2.3 billion for the second quarter of Fiscal 2024 and Fiscal 2023, respectively, and \$4.2 billion and \$4.4 billion for the first six months of Fiscal 2024 and Fiscal 2023, respectively.

Our leases are generally classified as sales-type leases or operating leases. On commencement of sales-type leases, we recognize profit up-front, and recognize amounts due from the customer under the lease contract as financing receivables. Interest income is recognized as net product revenue over the term of the lease. Upon origination of operating leases, we record equipment under operating leases, classified as property, plant, and equipment. We recognize product revenue and depreciation expense, classified as cost of net revenue, over the contract term.

As of August 4, 2023 and February 3, 2023, our financing receivables, net were \$10.6 billion and \$10.9 billion, respectively. The decline in financing receivables was driven by the reclassification of the U.S. consumer revolving customer financing receivables portfolio to current assets held for sale on the Condensed Consolidated Statements of Financial Position. See Note 4 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about the reclassification. We maintain an allowance to cover expected financing receivable credit losses and evaluate credit loss expectations based on our total portfolio. For the second quarter and first six months of Fiscal 2024 and Fiscal 2023, the principal charge-off rate for our financing receivables portfolio was 0.6% and 0.5%, respectively. The credit quality of our financing receivables has improved in recent years as the mix of high-quality commercial accounts in our portfolio has continued to increase. We continue to monitor broader economic indicators and their potential impact on future credit loss performance. We have an extensive process to manage our exposure to customer credit risk, including active management of credit lines and our collection activities. We also sell selected fixed-term financing receivables without recourse to unrelated third parties on a periodic basis, primarily to manage certain concentrations of customer credit exposure. Based on our assessment of the customer financing receivables, we believe that we are adequately reserved.

We retain a residual interest in equipment leased under our lease programs. As of August 4, 2023 and February 3, 2023, the residual interest recorded as part of financing receivables was \$150 million and \$142 million, respectively. The amount of the residual interest is established at the inception of the lease based upon estimates of the value of the equipment at the end of the lease term using historical studies, industry data, and future value-at-risk demand valuation methods. On a quarterly basis, we assess the carrying amount of our recorded residual values for expected losses. Generally, expected losses as a result of residual value risk on equipment under lease are not considered to be significant primarily because of the existence of a secondary market with respect to the equipment. Further, the lease agreement defines applicable return conditions and remedies for non-compliance to ensure that the leased equipment will be in good operating condition upon return. No expected losses were recorded related to residual assets during the second quarter and first six months of Fiscal 2024 and Fiscal 2023.

As of August 4, 2023 and February 3, 2023, equipment under operating leases, net was \$2.1 billion and \$2.2 billion, respectively. We assess the carrying amount of the equipment under operating leases for impairment whenever events or circumstances may indicate that an impairment has occurred. No material impairment losses were recorded related to such equipment during the second quarter and first six months of Fiscal 2024 and Fiscal 2023.

DFS offerings are initially funded through cash on hand at the time of origination, most of which is subsequently replaced with asset-backed financing. For DFS offerings which qualify as sales-type leases, the initial funding of financing receivables is reflected as an impact to cash flows from operations and is largely subsequently offset by cash proceeds from financing. For DFS operating leases, the initial funding is classified as a capital expenditure and reflected as an impact to cash flows used in investing activities.

See Note 4 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our financing receivables and the associated allowances, and equipment under operating leases.

LIQUIDITY, CASH REQUIREMENTS, AND MARKET CONDITIONS

Liquidity and Capital Resources

We rely on operating cash flows, which are impacted by trends in the demand environment, as our primary source of liquidity for our ongoing business operations. We monitor the efficiency of our balance sheet to ensure that we have adequate liquidity to support our business and strategic initiatives.

In addition to internally generated cash, we have access to other capital sources to finance our strategic initiatives and fund growth in our financing operations. Our strategy is to deploy capital from any potential source, whether internally generated cash or debt, depending on the adequacy and availability of that source of capital and whether it can be accessed in a cost-effective manner.

We believe that our current cash and cash equivalents, together with cash that will be provided by future operations and borrowings expected to be available under our revolving credit facility and commercial paper program, will be sufficient over at least the next twelve months and for the foreseeable future thereafter to meet our material cash requirements, including funding of our operations, debt-related payments, capital expenditures, and other corporate needs.

As part of our overall capital allocation strategy, we intend to return capital to our stockholders through both share repurchase programs and dividend payments, drive growth, and maintain our investment grade credit rating.

The following table presents our cash and cash equivalents as well as our available borrowings as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
<i>Cash and cash equivalents, and available borrowings:</i>		
Cash and cash equivalents	\$ 8,364	\$ 8,607
Remaining available borrowings under 2021 Revolving Credit Facility	5,999	5,999
Total cash and cash equivalents, and available borrowings	<u>\$ 14,363</u>	<u>\$ 14,606</u>

During the first six months of Fiscal 2024, cash and cash equivalents decreased by \$0.2 billion primarily as a result of the repayment of Senior Notes, capital expenditures, and the return of capital to our stockholders, partially offset by cash flows from operations.

As of August 4, 2023, our 2021 Revolving Credit Facility had a maximum capacity of \$6.0 billion. Available borrowings under this facility are reduced by draws on the facility and outstanding letters of credit. As of August 4, 2023, there were no borrowings outstanding under the facility and remaining available borrowings totaled approximately \$6.0 billion. The 2021 Revolving Credit Facility also acts as a backstop to provide liquidity support for our commercial paper program.

During Fiscal 2023, we established a commercial paper program under which we may issue unsecured notes in a maximum aggregate face amount of \$5.0 billion outstanding at any time, with maturities up to 397 days from the date of issue. As of August 4, 2023, we had no outstanding borrowings under the program.

We may regularly use our available borrowings from the 2021 Revolving Credit Facility and issuances under the commercial paper program on a short-term basis for general corporate purposes. See Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our debt.

Debt

The following table presents our outstanding debt as of the dates indicated:

	August 4, 2023	Change	February 3, 2023
		(in millions)	
Core debt			
Senior Notes	\$ 16,131	\$ (2,169)	\$ 18,300
Legacy Notes and Debentures	952	—	952
DFS allocated debt	(1,467)	(271)	(1,196)
Total core debt	15,616	(2,440)	18,056
DFS related debt			
DFS debt	10,043	(247)	10,290
DFS allocated debt	1,467	271	1,196
Total DFS related debt	11,510	24	11,486
Other	262	(63)	325
Total debt, principal amount	27,388	(2,479)	29,867
Carrying value adjustments	(250)	29	(279)
Total debt, carrying value	\$ 27,138	\$ (2,450)	\$ 29,588

The outstanding principal amount of our debt decreased \$2.5 billion to \$27.4 billion as of August 4, 2023, driven primarily by the prepayment of \$2.0 billion principal amount of Senior Notes.

We define core debt as the total principal amount of our debt, less DFS related debt and other debt. Our core debt was \$15.6 billion and \$18.1 billion as of August 4, 2023 and February 3, 2023, respectively. See Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our debt.

DFS related debt primarily represents debt from our securitization and structured financing programs. Our risk of loss under these programs is limited to transferred lease and loan payments and associated equipment, as the credit holders have no recourse to Dell Technologies.

To fund expansion of the DFS business, we balance the use of the securitization and structured financing programs with other sources of liquidity. We approximate the amount of our core debt used to fund the DFS business by applying a 7:1 debt-to-equity ratio to the sum of our financing receivables balance and equipment under our DFS operating leases, net. The debt-to-equity ratio is based on the underlying credit quality of the assets. During the second quarter of Fiscal 2024, we entered into a definitive agreement to sell our U.S. consumer revolving customer financing receivables portfolio. In accordance with applicable accounting guidance, we reclassified \$389 million of financing receivables, net of allowance, to current assets held for sale on the Condensed Consolidated Statement of Financial Position as of August 4, 2023. This amount is included in the calculation of DFS allocated debt. See Note 4 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our DFS debt.

We believe we will continue to be able to make our debt principal and interest payments, including short-term maturities, from existing and expected sources of cash, primarily from operating cash flows. Cash used for debt principal and interest payments may include short-term borrowings under our commercial paper program, our revolving credit facility, or other borrowings. Under our variable-rate debt, we could experience variations in our future interest expense from potential fluctuations in applicable reference rates, or from possible fluctuations in the level of DFS debt required to meet future demand for customer financing.

We have made steady progress in paying down debt and we will continue to pursue deleveraging over the long-term as an important component of our overall capital allocation strategy. At our sole discretion, we may purchase, redeem, prepay, refinance, or otherwise retire any amount of our outstanding indebtedness under the terms of such indebtedness at any time and from time to time, in open market or negotiated transactions with the holders of such indebtedness or otherwise, as we consider appropriate in light of market conditions and other relevant factors.

Cash Flows

The following table presents a summary of our Condensed Consolidated Statements of Cash Flows for the periods indicated:

	Six Months Ended	
	August 4, 2023	July 29, 2022
	(in millions)	
<i>Net change in cash from:</i>		
Operating activities	\$ 4,991	\$ 455
Investing activities	(1,289)	(1,498)
Financing activities	(3,829)	(2,752)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(117)	(194)
Change in cash, cash equivalents, and restricted cash	<u>\$ (244)</u>	<u>\$ (3,989)</u>

Operating Activities — Cash provided by operating activities was \$5.0 billion during the first six months of Fiscal 2024, and was primarily driven by profitability and working capital management as we reduced inventory, demonstrated strong cash collections performance, and benefited from the timing of purchases and payments to vendors. Cash provided by operating activities also reflected the impact of the \$0.9 billion net payment to settle the Class V transaction litigation. During the first six months of Fiscal 2023, cash provided by operating activities was \$0.5 billion, which primarily reflected profitability that was partially offset by the impact of working capital dynamics.

Investing Activities — Investing activities primarily consist of cash used to fund capital expenditures for property, plant, and equipment inclusive of equipment under DFS operating leases and equipment used to support our as-a-Service offerings, which we refer to collectively as revenue-generating assets. Additional activities include capitalized software development costs, acquisitions and divestitures, and the maturities, sales, and purchases of investments. Cash used in investing activities was \$1.3 billion and \$1.5 billion during the first six months of Fiscal 2024 and Fiscal 2023, respectively, and was primarily applied to capital expenditures.

Financing Activities — Financing activities primarily consist of the proceeds and repayments of debt and return of capital to our stockholders. Cash used in financing activities was \$3.8 billion during the first six months of Fiscal 2024 and primarily consisted of principal repayments of our Senior Notes, repurchases of common stock, inclusive of payments to settle employee tax withholdings on stock-based compensation, and the payment of quarterly dividends. During the first six months of Fiscal 2023, cash used in financing activities was \$2.8 billion and primarily consisted of repurchases of common stock, inclusive of payments to settle employee tax withholdings on stock-based compensation, and the payment of quarterly dividends.

DFS Cash Flow Impacts — DFS offerings are initially funded through cash on hand at the time of origination, most of which is subsequently replaced with asset-backed financing. For DFS offerings that qualify as sales-type leases, the initial funding of financing receivables is reflected as an impact to cash flows from operations and is largely subsequently offset by cash proceeds from financing. For operating leases, the initial funding is classified as a capital expenditure and reflected as cash flows used in investing activities. DFS new financing originations were \$4.2 billion and \$4.4 billion during the first six months of Fiscal 2024 and Fiscal 2023, respectively. As of August 4, 2023, the Company had \$10.6 billion of total net financing receivables and \$2.1 billion of equipment under operating leases, net.

Supply Chain Finance Program — We maintain a Supply Chain Finance Program (the "SCF Program") which enables eligible suppliers to sell receivables due from us to a third-party financial institution at the suppliers' sole discretion. The SCF Program does not impact the Company's liquidity. Payments by us to participating suppliers are remitted to the financial institution on the original invoice due date. Further, we negotiate payment terms with our suppliers regardless of their decision to participate in the SCF Program. Payments made under the SCF Program are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows. See Note 17 of the Notes to the Condensed Consolidated Financial Statements included in this report for more information regarding the SCF Program.

Capital Commitments and Other Cash Requirements

Capital Expenditures — We spent \$1.3 billion and \$1.5 billion, respectively, during the first six months of Fiscal 2024 and Fiscal 2023 on property, plant, and equipment and capitalized software development costs. Of total expenditures incurred, funding of revenue-generating assets totaled \$0.5 billion and \$0.7 billion during the first six months of Fiscal 2024 and Fiscal 2023, respectively. Product demand, product mix, the use of contract manufacturers, and ongoing investments in operating and information technology infrastructure influence the level and prioritization of our capital expenditures. Aggregate capital expenditures for Fiscal 2024 are currently expected to total between \$3.2 billion and \$3.4 billion, of which approximately \$1.7 billion are expected to relate to revenue-generating assets.

Repurchases of Common Stock — Effective as of September 23, 2021, our Board of Directors approved a stock repurchase program with no fixed expiration date under which we are authorized to repurchase up to \$5 billion of shares of our Class C Common Stock. During the first six months of Fiscal 2024, the Company repurchased approximately 11 million shares of Class C Common Stock for a total purchase price of approximately \$0.5 billion. During the first six months of Fiscal 2023, the Company repurchased approximately 42 million shares of Class C Common Stock for a total purchase price of approximately \$2.1 billion.

Dividend Payments — On February 24, 2022, we announced that our Board of Directors adopted a dividend policy providing for our payment of quarterly cash dividends on our common stock at a rate of \$0.33 per share per fiscal quarter beginning in the first quarter of Fiscal 2023. On March 2, 2023, the Company announced that the Board of Directors approved a 12% increase in the quarterly dividend rate from \$0.33 per share per fiscal quarter to a rate of \$0.37 per share per fiscal quarter beginning in the first quarter of Fiscal 2024. During the first six months of Fiscal 2024 and Fiscal 2023, the Company paid \$545 million and \$490 million, respectively, in dividends and dividend equivalents.

Purchase Obligations — Purchase obligations are defined as contractual obligations to purchase goods or services that are enforceable and legally binding on us. These obligations specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations do not include contracts that may be canceled without penalty.

We utilize several suppliers to manufacture sub-assemblies for our products. Our efficient supply chain management allows us to enter into flexible and mutually beneficial purchase arrangements with our suppliers in order to minimize inventory risk. Consistent with industry practice, we acquire raw materials or other goods and services, including product components, by issuing to suppliers authorizations to purchase based on our projected demand and manufacturing needs. These purchase orders are typically fulfilled within 30 days and are entered into during the ordinary course of business in order to establish best pricing and continuity of supply for our production. Purchase orders are not included in purchase obligations, as they typically represent our authorization to purchase rather than binding purchase obligations.

Market Conditions

We regularly monitor economic conditions and associated impacts on the financial markets and our business. We consistently evaluate the financial health of our supplier base, carefully manage customer credit, diversify counterparty risk, and monitor the concentration risk of our cash and cash equivalents balances globally. We routinely monitor our financial exposure to borrowers and counterparties.

We monitor credit risk associated with our financial counterparties using various market credit risk indicators such as credit ratings issued by nationally recognized credit rating agencies and changes in market credit default swap levels. We perform periodic evaluations of our positions with these counterparties and may limit exposure to any one counterparty in accordance with our policies. We monitor and manage these activities depending on current and expected market developments.

We use derivative instruments to hedge certain foreign currency exposures. We use forward contracts and purchased options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted transactions denominated in currencies other than the U.S. dollar. In addition, we primarily use forward contracts and may use purchased options to hedge monetary assets and liabilities denominated in a foreign currency. See Note 7 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about our use of derivative instruments.

We are exposed to interest rate risk related to our variable-rate debt portfolio. In the normal course of business we follow established policies and procedures to manage this risk, including monitoring of our asset and liability mix and the use of derivative instruments. As a result, we do not anticipate any material losses from interest rate risk.

Summarized Guarantor Financial Information

Dell International L.L.C. and EMC Corporation (the “Issuers”), both of which are wholly-owned subsidiaries of Dell Technologies Inc., completed private offerings of multiple series of senior secured notes issued on June 1, 2016, March 20, 2019, and April 9, 2020 (the “Senior Notes”). In June 2021, the Issuers completed an exchange offer and issued \$18.4 billion aggregate principal amount of registered senior notes under the Securities Act of 1933 in exchange for the same principal amount and substantially identical terms of the Senior Notes. The aggregate principal amount of unregistered Senior Notes remaining outstanding following the settlement of the exchange offer was approximately \$0.1 billion. During Fiscal 2022, the tangible and intangible assets of the Issuers and guarantors that secured obligations under the Senior Notes were released as collateral. As a result, the Senior Notes became fully unsecured. In addition, all guarantees of the Senior Notes by subsidiaries of Dell Inc. were released.

On January 24, 2023, the Issuers completed a public offering of unsecured senior notes (together with the Senior Notes, the “Registered Senior Notes”) in the aggregate principal amount of \$2.0 billion. The unsecured senior notes were sold pursuant to a shelf registration statement.

Guarantees — The Registered Senior Notes are guaranteed on a joint and several unsecured basis by Dell Technologies Inc. and its wholly-owned subsidiaries, Denali Intermediate, Inc. and Dell Inc. (collectively, the “Guarantors”).

Basis of Preparation of the Summarized Financial Information — The tables below are summarized financial information provided in conformity with Rule 13-01 of the SEC’s Regulation S-X. The summarized financial information of the Issuers and Guarantors (collectively, the “Obligor Group”) is presented on a combined basis, excluding intercompany balances and transactions between entities in the Obligor Group. The Obligor Group’s amounts due from, amounts due to, and transactions with Non-Obligor Subsidiaries and VMware, Inc. and its consolidated subsidiaries (the “Related Party”) have been presented separately. The Obligor Group’s investment balances in Non-Obligor Subsidiaries have been excluded.

The following table presents summarized results of operations information for the Obligor Group for the period indicated:

	Six Months Ended	
	August 4, 2023	
	(in millions)	
Net revenue (a)	\$	4,522
Gross margin (b)		1,873
Operating income		288
Interest and other, net (c)		(1,981)
Loss before income taxes	\$	(1,693)
Net loss attributable to Obligor Group	\$	(1,287)

(a) Includes net revenue from services provided and product sales to Non-Obligor Subsidiaries of \$420 million and \$49 million, respectively.

(b) Includes cost of net revenue from the resale of solutions purchased from Non-Obligor Subsidiaries and the Related Party of \$465 million and \$196 million, respectively. Includes cost of net revenue from shared services provided by Non-Obligor Subsidiaries of \$291 million.

(c) Includes interest expense on intercompany loan payables of \$1,304 million and other expenses from services provided by Non-Obligor Subsidiaries of \$42 million.

The following table presents summarized balance sheet information for the Obligor Group as of the dates indicated:

	August 4, 2023	February 3, 2023
	(in millions)	
ASSETS		
Current assets	\$ 2,060	\$ 2,972
Intercompany receivables	—	595
Due from related party, net	344	312
Short-term intercompany loan receivables	—	227
Total current assets	2,404	4,106
Due from related party, net	236	440
Goodwill and intangible assets	14,588	14,818
Other non-current assets	3,175	3,009
Total assets	\$ 20,403	\$ 22,373
LIABILITIES		
Current liabilities	\$ 5,117	\$ 6,611
Intercompany payable	1,016	—
Due to related party	56	110
Total current liabilities	6,189	6,721
Long-term debt	15,856	17,996
Intercompany loan payables	38,827	38,896
Other non-current liabilities	3,603	3,891
Total liabilities	\$ 64,475	\$ 67,504

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting us, see “Part II — Item 7A — Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended February 3, 2023. Our exposure to market risks has not changed materially from that set forth in our Annual Report.

ITEM 4 — CONTROLS AND PROCEDURES

This report includes the certifications of our Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 under the Securities Exchange Act of 1934 (the “Exchange Act”). See Exhibits 31.1 and 31.2 filed with this report. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of August 4, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of August 4, 2023.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended August 4, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information required by this item is incorporated herein by reference to the information set forth under the caption “Legal Matters” in Note 10 of the Notes to the Condensed Consolidated Financial Statements included in Part I of this report.

ITEM 1A — RISK FACTORS

In addition to the other information set forth in this report, the risks discussed in “Part I — Item 1A — Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended February 3, 2023 could materially affect our business, operating results, financial condition, or prospects. The risks described in our Annual Report on Form 10-K and our subsequent SEC reports are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be immaterial that also may materially adversely affect our business, operating results, financial condition, or prospects.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities

The following table presents information with respect to our purchases of Class C Common Stock during the second quarter of Fiscal 2024:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
(in millions, except per share amounts)				
Repurchases from May 6, 2023 to June 2, 2023	1.3	\$ 46.06	1.3	\$ 1,184
Repurchases from June 3, 2023 to June 30, 2023	2.4	\$ 48.71	2.4	\$ 1,065
Repurchases from July 1, 2023 to August 4, 2023	1.5	\$ 53.92	1.5	\$ 986
Total	5.2		5.2	

This table excludes shares withheld from stock awards to settle employee withholding obligations related to the vesting of such awards.

Effective as of September 23, 2021, our Board of Directors approved our current stock repurchase program with no established expiration date under which we may repurchase from time to time, through open market purchases, block trades, or accelerated or other structured share purchases, up to \$5 billion of shares of Class C Common Stock, exclusive of any fees, commissions, or other expenses related to such repurchases.

See Note 13 of the Notes to the Condensed Consolidated Financial Statements included in this report for additional information about the stock repurchase program.

ITEM 5 — OTHER INFORMATION

Rule 10b5-1 Trading Plans

On June 6, 2023, Richard J. Rothberg, our General Counsel, adopted a written plan for the sale of up to 49,480 shares of the Company's Class C Common Stock that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. The plan will expire on December 1, 2023, or on any earlier date on which all of the shares have been sold.

ITEM 6 — EXHIBITS

Exhibit Number	Description
4.1†	Consent to the Extension of Registration Rights Under the Second Amended and Restated Registration Rights Agreement, dated June 5, 2023, among Dell Technologies Inc. (the "Company") and SL SPV-2 L.P., Silver Lake Partners IV, L.P., Silver Lake Technology Investors IV, L.P., Silver Lake Partners V DE (AIV), L.P., Silver Lake Technology Investors V, L.P.
10.1*	Dell Technologies Inc. 2023 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 22, 2023) (Commission File No. 001-37867).
10.2†*	Separation Agreement and Release, dated July 27, 2023, between the Company and Anthony Charles Whitten.
10.3†*	Amended and Restated Compensation Program for Independent Non-Employee Directors.
10.4†*	Form of Time-Based Restricted Stock Unit Agreement under the Dell Technologies Inc. 2023 Stock Incentive Plan.
10.5†*	Form of Performance-Based Restricted Stock Unit Agreement under the Dell Technologies Inc. 2023 Stock Incentive Plan.
10.6†*	Form of Deferred Stock Unit Agreement under the Dell Technologies Inc. 2023 Stock Incentive Plan.
22.1†	List of Guarantor Subsidiaries and Issuers of Guaranteed Securities.
31.1†	Certification of Michael S. Dell, Chairman and Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Yvonne McGill, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1††	Certifications of Michael S. Dell, Chairman and Chief Executive Officer, and Yvonne McGill, Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 .INS†	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101 .SCH†	Inline XBRL Taxonomy Extension Schema Document.
101 .CAL††	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101 .DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101 .LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document.
101 .PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101).

† Filed with this report.

†† Furnished with this report.

* Management contracts or compensation plans or arrangements in which directors or executive officers participate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DELL TECHNOLOGIES INC.

By: /s/ BRUNILDA RIOS
 Brunilda Rios
Senior Vice President, Corporate Finance and Chief Accounting Officer
 (On behalf of registrant and as principal accounting officer)

Date: September 12, 2023

Dell Technologies Inc.**Consent to the Extension of Registration Rights Under the
Second Amended and Restated Registration Rights Agreement**

Reference is made herein to the Second Amended and Restated Registration Rights Agreement, dated as of December 25, 2018, as amended by Amendment No. 1, dated as of May 27, 2019, Amendment No. 2, dated as of April 15, 2020, and Amendment No. 3, dated as of September 15, 2020 (as so amended, the "Registration Rights Agreement"), by and among Dell Technologies Inc. (the "Company"), a Delaware corporation, and each of (a) Michael S. Dell and Susan Lieberman Dell Separate Property Trust, (b) SL SPV-2, L.P., a Delaware limited partnership, Silver Lake Partners IV, L.P., a Delaware limited partnership, Silver Lake Technology Investors IV, L.P., a Delaware limited partnership, Silver Lake Partners V DE (AIV), L.P., a Delaware limited partnership, and Silver Lake Technology Investors V, L.P., a Delaware limited partnership (collectively, the "SLP Stockholders"), and (c) Venezia Investments Pte. Ltd., a Singapore corporation. Capitalized terms used but not defined in this Consent shall have the meanings ascribed to such terms in the Registration Rights Agreement. Capitalized terms defined in this Consent shall have the meanings ascribed to such terms herein for purposes of this Consent and the Registration Rights Agreement.

WHEREAS, pursuant to Section 2.1(a) of the Registration Rights Agreement, the Company is required to use its reasonable best efforts to file a Shelf Registration Statement for a public offering of the Registrable Securities no later than the first day on which such filing can be made with the SEC on or after December 31, 2020 (such date, the "Shelf Registration Filing Deadline");

WHEREAS, in accordance with Section 2.1(a) of the Registration Rights Agreement, the Shelf Registration Filing Deadline may be extended for one or more periods of up to three months each upon the express written consent of the Company and the SLP Stockholders; and

WHEREAS, the Company and the SLP Stockholders wish to consent to an extension of the Shelf Registration Filing Deadline for a period of three months to September 30, 2023;

NOW, THEREFORE, the Company and the SLP Stockholders hereby consent and agree that, for all purposes under the Registration Rights Agreement, the Shelf Registration Filing Deadline shall be extended to no later than the first day on which such filing can be made with the SEC on or after September 30, 2023.

Except as expressly set forth in this Consent, no other terms and conditions of the Registration Rights Agreement are hereby amended, modified, supplemented or waived.

This Consent and all claims or causes of action (whether in tort, contract or otherwise) that may be based upon, arise out of or relate to this Consent or the negotiation, execution, interpretation or performance of this Consent (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Consent) shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable rules or principles of conflicts of laws.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Consent this June 5, 2023.

COMPANY:

DELL TECHNOLOGIES INC.

By: /s/ Christopher A. Garcia

Name: Christopher A. Garcia

Title: Senior Vice President and Assistant Secretary

SLP STOCKHOLDERS:

SL SPV-2, L.P.

By: SLTA SPV-2, L.P., its General Partner

By: SLTA SPV-2 (GP), L.L.C., its General Partner

By: Silver Lake Group, L.L.C., its Managing Member

By: /s/ Andrew J. Schader

Name: Andrew J. Schader

Title: Managing Director

SILVER LAKE PARTNERS IV, L.P.

By: Silver Lake Technology Associates IV, L.P., its General Partner

By: SLTA IV (GP), L.L.C., its General Partner

By: Silver Lake Group, L.L.C., its Managing Member

By: /s/ Andrew J. Schader

Name: Andrew J. Schader

Title: Managing Director

SILVER LAKE TECHNOLOGY INVESTORS IV, L.P.

By: Silver Lake Technology Associates IV, L.P., its General Partner

By: SLTA IV (GP), L.L.C., its General Partner

By: Silver Lake Group, L.L.C., its Managing Member

By: /s/ Andrew J. Schader

Name: Andrew J. Schader

Title: Managing Director

SILVER LAKE PARTNERS V DE (AIV), L.P.

By: Silver Lake Technology Associates V, L.P., its General Partner

By: SLTA V (GP), L.L.C., its General Partner

By: Silver Lake Group, L.L.C., its Managing Member

By: /s/ Andrew J. Schader

Name: Andrew J. Schader

Title: Managing Director

SILVER LAKE TECHNOLOGY INVESTORS V, L.P.

By: Silver Lake Technology Associates V, L.P., its General Partner

By: SLTA V (GP), L.L.C., its General Partner

By: Silver Lake Group, L.L.C., its Managing Member

By: /s/ Andrew J. Schader

Name: Andrew J. Schader

Title: Managing Director

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") set forth the mutual agreement of Dell Technologies Inc., for itself and its subsidiaries (collectively, "Dell") and **Anthony Charles Whitten** ("Executive") regarding the subject matters addressed below.

1. Separation Date. Executive's employment with Dell will end as of the close of business on August 18, 2023 ("Separation Date"). Executive may work remotely during the period prior to the Separation Date and shall only be required to render transition services as may be reasonably requested upon advance notice.

2. Consideration from Dell. If Executive signs this Agreement and does not revoke it, Dell will provide Executive with the following good and valuable consideration. Executive agrees that, except as expressly set forth in this Agreement and Dell's health and welfare and retirement plans, following the Separation Date, Executive shall not be entitled to receive from Dell the payment or distribution of any amounts of pay, commissions, bonuses, benefits, cash, incentives, stock, stock options or other type of property.

- a. Severance Compensation.** Executive shall receive no cash severance payment.
- b. Outstanding Equity Awards.** If Executive timely signs this Agreement and does not revoke it, Dell shall cause Executive's restricted stock unit award granted August 16, 2021 to continue to vest (without any further service requirement) in such portion of the award that is scheduled to vest, respectively, on August 16, 2024 and August 16, 2025 and such vested portion shall be paid on the respective scheduled payment dates in accordance with its terms through August 16, 2025, and the remaining unvested portion of the award otherwise due to vest on August 16, 2026 shall be immediately forfeited on the Separation Date. Dell will withhold from such awards the amounts it determines necessary to satisfy applicable tax withholding requirements when due. For the avoidance of doubt, except as set forth herein, any other unvested outstanding equity awards upon the Separation Date shall also be forfeited on the Separation Date.
- c. Joint Statement.** Dell will cause to be issued a joint statement from Executive and Dell's Chairman of the Board and Chief Executive Officer in the form agreed to by Executive and Dell unless otherwise agreed by the parties.

Limitation of Post-Employment Obligations. Executive and Dell agree to modify the terms of Executive's Protection of Sensitive Information, Noncompetition and Nonsolicitation Agreement as follows: the term "Direct Competitor" shall include only Microsoft, Amazon, Google, Hewlett-Packard, Hewlett-Packard Enterprise, Lenovo, NetApp, Nutanix, Pure Storage, CDW, Cisco, IBM, and Oracle. Executive and Dell further agree to modify Executive's outstanding Restricted Stock Unit awards under the 2013 Stock Incentive Plan as follows: the term "Competitor" shall include only Microsoft, Amazon, Google, Hewlett-Packard, Hewlett-Packard Enterprise, Lenovo, NetApp, Nutanix, Pure Storage, CDW, Cisco, IBM, and Oracle. For the avoidance of doubt, Executive shall be permitted to provide services to all other entities not listed above and if Executive is engaged with an entity that acquires or is acquired by one of the above referenced entities, Executive shall not be treated as being engaged with a Direct Competitor or Competitor so long as Executive continues to only provide services to the same entity (or the same business unit if the entity that he is then rendering services to is merged into a Direct Competitor or an affiliate thereof) and not services to any other competitive business unit of a Direct Competitor. Nothing in this Agreement shall be construed to modify Executive's rights under the Dell Technologies Inc. 2013 Stock Incentive Plan, as amended and restated. Executive must comply with all terms and conditions of Executive's award agreements relevant to a former employee of Dell as of

the Separation Date (as modified by this Agreement), the plan and other governing agreements. Dell represents to Executive that, as of the date hereof, it is not aware of (i) any unasserted claims that it has against Executive and (ii) any actions or omissions by Executive that would constitute "Conduct Detrimental to the Company" as such term is defined in Executive's award agreements.

The payments pursuant to this Agreement are intended to comply with Internal Revenue Code (the "Code") Section 409A. This Agreement shall be interpreted to comply with, and avoid any penalty under, Code Section 409A. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Code Section 409A and, if necessary, any such provision shall be deemed amended to comply with Code Section 409A and regulations thereunder. To the extent required to avoid a penalty under Code Section 409A, each payment hereunder that would otherwise be made on account of Executive's "separation from service" within the meaning of Section 409A of the Code and during the six-month period immediately following such separation from service shall instead be made on the first business day after the date that is six months following such separation from service. While this Agreement is intended to comply with Code Section 409A, neither Dell nor any of its affiliates makes or has made any representation, warranty or guarantee of any federal, state or local tax consequences of Executive's entitlements under this Agreement, including, but not limited to, under Code Section 409A. If the parties in good faith agree that this Agreement is not in compliance with Code Section 409A, the parties shall take good faith reasonable steps to modify this Agreement to comply with Code Section 409A while endeavoring to maintain the intended economic benefits hereunder.

3. Complete Release. Executive hereby fully releases Dell (including but not limited to EMC Corporation and all its subsidiaries and affiliates) and all of its owners, partners, significant shareholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, joint ventures, and affiliates (and agents, directors, officers, employees, representatives, and attorneys of such subsidiaries and affiliates), in their respective official capacities as such and/or in relation any and all activities related to Dell (collectively, "Released Parties"), from any and all known or unknown claims or demands Executive may have against any of them through the date hereof. Executive expressly waives and opts out of all claims described above, whether asserted on an individual or class action basis, against any Released Party including but not limited to all such claims arising out of any contract, express or implied, and whether executory or not, any covenant of good faith and fair dealing, express or implied, any tort (**whether intentional or negligent, including claims arising out of the negligence or gross negligence by any Released Party and claims of express or implied defamation by any Released Party**), and any federal, state, or other governmental statute, regulation, or ordinance, including, without limitation, those relating to qui tam, employment discrimination, termination of employment, payment of wages or provision of benefits, Title VII of the Civil Rights Act of 1964 as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Genetic Information Nondiscrimination Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Fair Labor Standards Act, the Equal Pay Act, the Massachusetts Wage Act, M.G.L. c. 149, s. 148, et seq., the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act ("OWBPA"), the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Worker Adjustment and Retraining Notification ("WARN") Act, the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), and the Occupational Safety and Health Act. Executive further releases any and all claims that Executive may have under State law and any other claim under Federal law. Executive represents that Executive has not assigned to any other person any of such claims and that Executive has the full right to grant this release. Notwithstanding any other provision herein, Dell and Executive agree that Executive is not waiving any claims that may arise in the future under the Age Discrimination in Employment Act, any claim for benefits under the Dell Inc. 401(k) Plan or the Dell Inc. Comprehensive Welfare Benefits Plan, any claims with respect to coverage under applicable indemnification agreements or policies or directors' and officers' liability insurance policies, any claims as a stockholder of Dell, any unreimbursed

expenses or any future claims based on Dell's obligations and agreements set forth in this Agreement.

- 4 Participation in Government Matters.** Executive understands that nothing in this Agreement, including the Complete Release, Confidentiality, and Non-disparagement sections, restricts or prohibits Executive from communicating with, providing testimony before, providing confidential information to, or filing or cooperating in a claim or investigation directly with a self-regulatory authority or a governmental agency or entity (without the need to seek Dell's prior approval), including the U.S. Equal Employment Opportunity Commission, the Department of Justice, the Securities Exchange Commission, the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the Whistleblower provisions of state or federal law or regulation or receiving an award from any Regulator that provides awards for providing information. However, to the maximum extent permitted by law, Executive waves Executive's right to receive any individual monetary relief from Dell resulting from such claims.
- 5. Release of Unknown Claims.** For the purpose of implementing a full and complete release, Executive expressly acknowledges that the release that Executive gives in this Agreement is intended to include in its effect, without limitation, claims that Executive did not know or suspect to exist in Executive's favor at the time of the effective date of this Agreement, regardless of whether knowledge of such claims, or the facts upon which they might be based, would materially have affected the settlement of this matter, and that the consideration given under the Agreement was also for the release of those claims and contemplates the extinguishment of any such unknown claims. In furtherance of this settlement, Executive waives any right Executive may have under California Civil Code Section 1542 (and other similar statutes and regulations), which section reads as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party.
- 6. Compensation Paid.** Executive represents, warrants, and agrees that Executive has been paid all wages due and owing to Executive including, but not limited to any wages, commissions, bonuses, and any accrued but unused paid time off benefits earned through the Separation Date. . If Executive or someone on Executive's behalf claims any entitlement to further compensation from Dell, Executive agrees that Dell is entitled to full offset of the amounts set forth in this Agreement.
- 7. Non-Admission of Liability.** Dell and Executive understand and agree that they are entering into this Agreement to, among other things, resolve any claims or differences that may exist between them. By entering into this Agreement, neither Dell nor Executive admits any liability or wrongdoing.
- 8. Future Employment.** Executive agrees that Executive has no right to future employment at Dell and that should Executive seek employment with Dell in the future, any decision regarding rehire is at Dell's sole discretion. Executive further expressly waives and opts out of all future claims, whether asserted on an individual or class action basis, against any Released Party related to a decision not to hire Executive.
- 9. Company Documents, Information, or Property.** Executive agrees that, on or before August 31, 2023 Executive will have returned to Dell any and all documents relating to Dell or its business operations (and any and all copies thereof, whether in paper form or electronic form), computer equipment, badges, credit cards, and any other Dell property in Executive's possession or control (other than de minimis items and Executive's computer monitor). Executive represents and agrees that Executive will not take, nor has Executive taken, any such documents or property from the control or premises of Dell and that if, at any time after the Separation Date,

Executive should come into possession of any such documents or property, Executive will return such documents or property to Dell immediately or destroy them at Dell's direction. Notwithstanding the foregoing, Executive shall be entitled to retain Executive's contacts and calendar and personal correspondence and all information and documentation reasonably necessary for Executive to prepare his personal tax returns.

- 10. Post-Employment Obligations.** Executive agrees that, except as otherwise provided in this Agreement, those provisions of Executive's agreements with Dell that are intended to survive Executive's termination remain in full force and effect. This includes Executive's Dell Employment Agreement, long-term incentive agreements, and all confidentiality or non-competition agreements (as modified by this Agreement). Moreover, as a material inducement to Dell to enter into this Agreement, Executive reaffirms Executive's intent to comply with Executive's post-employment obligations to Dell under the foregoing agreements, as modified by this Agreement.
- 11. Non-disparagement.** Executive agrees that, except as may be required by law or court order or governmental or regulatory investigation, Executive will not, for the 24-month period following the Separation Date, directly or indirectly, make any statement, oral or written, or perform any act or omission which is or would be reasonably expected to be disparaging in any material respect to the reputation or goodwill of Dell or its senior executive officers or board of directors. For the 24-month period following the Separation Date, Dell's board of directors and senior executive officers will not, directly or indirectly, make any statement, oral or written or perform any act or omission which is or would be reasonably expected to be disparaging in any material respect to the reputation of Executive. Executive and Dell understand that either party's compliance with a subpoena or other legally compulsive process or Executive's or Dell's participation as a witness or as a party in any lawsuit will not be a violation of this provision. Executive and Dell shall be permitted to make truthful statements in the normal course of permitted competitive activities or to rebut false or misleading statements made about Executive by Dell or its senior executive officers or board of directors or made about Dell (and its senior executive officers or board of directors) by Executive.
- 12. Cooperation.** Executive agrees that Executive will give Dell Executive's reasonable cooperation in connection with any claims, lawsuits, or proceedings that relate in any manner to Executive's conduct or duties at Dell or that are based on facts about which Executive obtained personal knowledge while employed at Dell, upon request from Dell's general counsel. In return, Dell agrees to reimburse Executive for direct and reasonable out of pocket expenses incurred with respect to rendering such cooperation (including travel expenses at the same class level as in effect for Executive prior to the Separation Date and reasonable legal fees and expenses if Executive in good faith believes that independent counsel would be appropriate under the prevailing circumstances). Any such cooperation shall be upon reasonable advance written notice and shall be subject to Executive's business and personal commitments. Executive shall not be required to cooperate against Executive's own legal interests or the legal interests of the then current employer of Executive.
- 13. Successors.** This Agreement shall be binding upon Executive and Dell and their respective heirs, representatives, executors, administrators, successors, insurers, and assigns, and shall inure to the benefit of each and all of them and to their respective heirs, representatives, executors, administrators or assigns.
- 14. Applicable Law and Venue.** SUBJECT TO AND WITHOUT LIMITING OR DISPLACING ANY AGREEMENT TO ARBITRATE, THIS AGREEMENT SHALL BE INTERPRETED IN ALL RESPECTS BY THE INTERNAL LAWS OF THE STATE OF TEXAS, AND THE VENUE FOR THE RESOLUTION OF ANY DISPUTES (LOCATION OF ANY LAWSUIT) SHALL BE SOLELY IN THE STATE AND FEDERAL COURTS OF WILLIAMSON COUNTY, TEXAS.

15. Severability. The fact that one or more paragraphs (or portion thereof) of this Agreement may be deemed invalid or unenforceable by any court shall not invalidate the remaining paragraphs or portions of such paragraphs of this Agreement.

16. Certain Acknowledgments. Executive acknowledges that Executive is signing this Agreement voluntarily with full knowledge of its contents. If Executive decides not to sign this Agreement, Dell will not retaliate against Executive. Executive is not relying on any promise or representation not specifically and explicitly made in this Agreement. This Agreement may not be amended or modified except by a written agreement signed by Executive and an authorized officer of Dell. Executive understands that any changes that the parties agree to make to this Agreement after it has been presented to Executive, whether such changes are material or non-material, will not extend the amount of time Executive has to consider the Agreement.

17. Consideration and Revocation Periods. Executive understands that Executive may take up to 21 days following Executive's receipt of this Agreement to consider this Agreement. Executive understands that Executive may use as much or as little of this period as Executive chooses before signing the Agreement. Executive is advised to consult with an attorney before signing this Agreement. If Executive accepts this Agreement, Executive must sign it and return it to **Richard Rothberg** on or before the expiration of the 21-day period or Dell's withdrawal of the offer contained in the Agreement. By signing this Agreement, Executive acknowledges that Executive was afforded a period of at least 21 days from the date Dell's proposal was presented to Executive in which to consider it. In addition, Executive understands that Executive has a period of seven days within which to revoke this Agreement after signing it. To revoke this Agreement, Executive understands that Executive must provide written notification of revocation to **Richard Rothberg** within seven days from the date Executive signed it.

*If the foregoing accurately sets forth Executive's agreement with Dell, please signify by signing below and returning this Agreement in its entirety to **Richard Rothberg** on or before close of business on the twenty-first day after this Agreement was first presented to Executive. If Dell has not received a signed copy of this Agreement by that time, the offer reflected in this Agreement will automatically terminate and expire without further notice from Dell.*

For Executive:

Date: July 26, 2023 /s/ Anthony Charles Whitten
Anthony Charles Whitten

For Dell:

Date: July 27, 2023 /s/ Richard Rothberg
Richard Rothberg
General Counsel
Dell Technologies Inc.

DELL TECHNOLOGIES INC.

**Amended and Restated
Compensation Program for Independent Non-Employee Directors**

Each independent non-employee member (a "director") of the Board of Directors ("Board") of Dell Technologies Inc. (the "Company") shall be entitled to the payments described below while serving as a director on the Board. Other directors of the Board shall receive no compensation for their Board service. Any director compensation policies enacted from time to time hereafter are deemed to be incorporated herein upon their effective date, except as otherwise provided therein.

EFFECTIVE DATE: August 8, 2023

ANNUAL COMPENSATION:

- Annual Board Retainer: \$325,000, payable as follows:
 - \$100,000 in cash (the "Annual Cash Retainer"), unless the independent non-employee director (hereafter, a "director") makes a timely election to receive all or a portion of the Annual Cash Retainer in the form of deferred stock units over Class C common stock of the Company ("Class C Shares," and such units, "DSUs"), Class C Shares ("Stock") or a combination thereof (in each case subject to the limitations described below), and
 - \$225,000 (the "Annual Equity Retainer") in restricted stock units that settle in Class C Shares ("DTAs"), unless the director makes a timely election to receive all or a portion of the DTAs as DSUs (subject to the limitations described below), in which case the director shall receive DSUs in lieu of such DTAs (in whole or in part).
- Committee Chair Retainers: \$25,000, all payable in cash unless the director makes a timely election to receive all or a portion of such payment in DSUs, Stock or a combination thereof (in each case subject to the limitations described below), in which case the director shall receive the form or forms of award elected, in lieu of such cash payment (in whole or in part).
- Lead Independent Director Retainer: \$40,000, all payable in cash unless the director makes a timely election to receive all or a portion of such payment in Stock (subject to the limitations described below), in which case the director shall receive the Stock in lieu of such cash payment (in whole or in part).
- All of the foregoing equity-based awards will be granted under the Dell Technologies Inc. 2023 Stock Incentive Plan, as amended and restated from time to time (the "Plan"), with all awards being granted annually. The equity awards are subject to vesting as described below, to the extent applicable.

TIMING OF ELECTIONS:

- Generally: Elections to receive DSUs (alone or in combination with other applicable forms of payment) must be made prior to the beginning of the calendar year to which they relate. Elections to receive Stock (alone or in combination with other applicable forms of payment) may be made at any time with respect to amounts that have not yet been paid out as to the relevant year and for which the director has not made an effective DSU election.
- New directors: Each new director may make an election to receive DSUs, Stock or a combination thereof within 30 days after becoming a director, but this election will only apply to the portion of the Annual Board Retainer or Committee Chair Retainer (if applicable) earned after the date of the election.
- Irrevocability of DSU Elections. Once the calendar year to which a director's DSU elections relate commences, all elections to receive DSUs are irrevocable with respect to that year, and no new DSU elections may be made with respect to that year. A director may submit a new election to receive DSUs for each subsequent calendar year prior to the beginning of that calendar year.
- Carryover of Current Elections. Each director's elections will remain in effect for subsequent years as provided in the director's most recently submitted election forms if no new elections are timely submitted.

INDIVIDUAL COMPENSATION ELECTIONS:

- Directors may elect the forms of payment of their compensation on an individual basis.
- Elections must be made in multiples as follows:

- Allocation of the Annual Cash Retainer among DSUs, Stock and cash (including a combination thereof) must be made in each case in multiples of 25% (up to a maximum of 100%).
- Allocation of the Annual Equity Retainer to DSUs must be made in multiples of 25% (up to a maximum of 100%).
- Allocation of the Committee Chair Retainer among DSUs, Stock and cash (including a combination thereof) must be made in each case in multiples of 25% (up to a maximum of 100%).
- Allocation of the Lead Independent Director Retainer among Stock and cash (including a combination thereof) must be made in each case in multiples of 25% (up to a maximum of 100%).

ANNUAL BOARD RETAINER SUMMARY

Payment Form	Maximum Allocation	Payment Timing /Transfer Restrictions	Vesting+	Default Form of Payment?
Cash	\$100,000	Lump sum following annual shareholders meeting. A director appointed other than pursuant to election at the annual meeting shall be entitled to pro-rated payment of the annual retainer fee for the partial year of service, payable in a lump sum upon his or her commencement of service on the Board.	Not applicable.	Yes (for \$100,000 of the \$325,000 retainer)
DTAs	\$225,000*	Granted on or after the date of the Company's annual shareholders meeting and settling in Class C Shares following vesting. A director appointed other than pursuant to election at the annual meeting shall be entitled to the pro-rated portion of the annual DTA grant for the partial year of service, payable on or after his or her commencement of service on the Board. The Class C Shares previously received in settlement of the DTAs are subject to certain restrictions as set forth in the Company's Second Amended and Restated Management Stockholders Agreement.	Cliff vesting after one year.	Yes (for \$225,000 of the \$325,000 retainer)
DSUs	\$325,000*	Granted on or after the date of the Company's annual shareholders meeting (or, if a director is appointed other than pursuant to election at the annual meeting, at a time following such appointment determined by the Board that is compliant with Internal Revenue Code Section 409A) and settled in Class C Shares on the earlier of (i) the termination of service as a director for any reason and (ii) a Change in Control (as defined in the Plan) that also constitutes a "change in control event" under Internal Revenue Code Section 409A regulations.	Cliff vesting after one year.	No (Director may elect to receive all or a portion of each of the Annual Cash Retainer and the DTAs as DSUs)
Stock	\$100,000*	Granted on or after the date of the Company's annual shareholders meeting (or, if a director is appointed other than pursuant to election at the annual meeting, at a time following such appointment determined by the Board that is compliant with Internal Revenue Code Section 409A).	Fully vested upon issuance.	No (Director may elect to receive all or a portion of the Annual Cash Retainer as Stock)

*The actual number of DTAs, DSUs and/or shares of Stock that will be granted will be determined by dividing the portion of the Annual Board Retainer allocated to such award by the fair market value of Class C Shares.

+ Upon the director's termination from the Board:

- Vesting of unvested awards is fully accelerated in event of death, permanent disability or a termination without Cause (as defined in the Plan).
- All unvested equity awards are forfeited upon termination for Cause (as defined in the Plan).

- Vested Options (as defined in the Plan) granted to directors under prior independent non-employee director compensation program will remain exercisable until the earliest of (i) the nine-month anniversary of the date of termination, (ii) the expiration of the Option's 10-year term and (iii) the date on which the director is terminated for Cause (as defined in the Plan).

+ All outstanding DTAs and DSUs will vest on a Change in Control (as defined in the Plan).

COMMITTEE CHAIR RETAINER SUMMARY

Payment Form	Maximum Allocation	Payment Timing	Vesting+	Default Form of Payment?
Cash	100%	Lump sum following annual meeting.	Not applicable.	Yes
DSUs	100%*	Settled in Class C Shares on the earlier of (i) the termination of service as a director for any reason and (ii) a Change in Control (as defined in the Plan) that also constitutes a "change in control event" under Internal Revenue Code Section 409A regulations.	Cliff vesting after one year.	No (Director may elect to receive all or a portion of the Committee Chair Retainer as DSUs)
Stock	100%*	Granted on or after the date of the Company's annual shareholders meeting (or, if a director is appointed other than pursuant to election at the annual meeting, at a time following such appointment determined by the Board that is compliant with Internal Revenue Code Section 409A).	Fully vested upon issuance.	No (Director may elect to receive all or a portion of the Committee Chair Retainer as Stock)

* See Annual Board Retainer Summary for how the number of DSUs or shares of Stock granted is determined.

+ See Annual Board Retainer Summary for vesting of DSUs upon termination and Change in Control (as defined in the Plan).

LEAD INDEPENDENT DIRECTOR RETAINER SUMMARY

Payment Form	Maximum Allocation	Payment Timing	Vesting	Default Form of Payment?
Cash	100%	Lump sum following annual meeting.	Not applicable.	Yes
Stock	100%*	Granted on or after the date of the Company's annual shareholders meeting (or, if a director is appointed other than pursuant to election at the annual meeting, at a time following such appointment determined by the Board that is compliant with Internal Revenue Code Section 409A).	Fully vested upon issuance.	No (Director may elect to receive all or a portion of the Lead Independent Director Retainer as Stock)

* See Annual Board Retainer Summary for how the number of shares of Stock granted is determined.

The Company does not pay any Board retainers or fees or provide any Board equity grants not set forth above. These retainers, fees, or grants may be modified or adjusted from time to time as determined by the Board.

This Amended and Restated Compensation Program for Independent Non-Employee Directors supersedes all prior agreements or policies concerning director compensation.

DELL TECHNOLOGIES INC.
Restricted Stock Unit Agreement

Dell Technologies Inc., a Delaware corporation (the “Company”), is pleased to grant you an Other Stock-Based Award in the form of “restricted stock units” representing the right to receive shares of the Company’s Class C Common Stock (the “Shares”), subject to the terms and conditions described below. The number of restricted stock units that are awarded to you (the “Units”) is stated in step one of the Company’s stock plan administrator’s online grant acceptance process (the “Grant Summary”). Each Unit represents the right to receive one Share. In connection with the Units, the Company is also granting you an Other Stock-Based Award in the form of the right to receive a credit, payable in cash (without interest), equal to the value of each regular cash dividend that would have been paid on each Share underlying the Units if such Share had been issued to and held by you on the record date for such regular cash dividend (the “Dividend Equivalent Right”).

As a material inducement to the Company to grant you this award, you agree to the following terms and conditions.

You agree that you are not otherwise entitled to this award, that the Company is providing you this award in consideration for your promises and agreements below, and that the Company would not grant you this award absent those promises and agreements. This Restricted Stock Unit Agreement (this “Agreement”), the Grant Summary, and the Dell Technologies Inc. 2023 Stock Incentive Plan (as amended, modified or restated from time to time, the “Plan”) set forth the terms of your Units identified in your Grant Summary.

1. Vesting — The Units will vest, and you will receive Shares, in accordance with the schedule in your Grant Summary. The Company will issue you one Share for each vested Unit and will pay to you the accrued cash value (if any) of the Dividend Equivalent Right related to each such Unit to be delivered on the applicable vesting date or as soon as administratively practicable thereafter, provided that in no event shall Shares or Dividend Equivalent Right payments be delivered later than the fifteenth day of the third month following the end of the calendar year with respect to which the Units were earned and not subject to forfeiture. The issuance of Shares shall be evidenced in such manner as the Company, in its discretion, deems appropriate. You will have no further rights with regard to Units once the Shares related to such Units have been issued and any related Dividend Equivalent Right payments have been made.

2. Expiration — If your Employment terminates for any reason other than your death or Disability, any Units that have not vested (and the related Dividend Equivalent Rights) as described above will expire at that time.

If your Employment is terminated by reason of your death or Disability, unless otherwise set forth in your Grant Summary, all outstanding Units will vest immediately and automatically upon such termination of Employment and the Shares and the accrued cash value (if any) of the related Dividend Equivalent Rights will be distributed to you as soon as administratively practicable and in all events within 60 days of such termination of Employment.

As used herein, the term "Employer" means the Company (if you are employed by the Company) or the Affiliate or Subsidiary of the Company that employs you. As used herein, the term "the Company" includes all Affiliates and Subsidiaries of the Company, including your Employer. As used herein, the term "Employment" has the meaning set forth in the Plan, except that it shall exclude employment with or the provision of services to SecureWorks Corp. and its Subsidiaries.

As used herein, the term "Affiliate" means any company or other entity that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary.

As used herein, the term "Disability" means, with respect to you, that: (1) on or prior to the date of termination, you have provided proof that you have been determined by the U.S. Social Security Administration to be eligible for disability benefits under the Social Security disability insurance program or the Supplemental Security Income program; and (2) the Committee has determined that you have a permanent physical or mental impairment of sufficient severity as to prevent you from performing duties for the Company or an Affiliate and provided written notice to you that your employment is terminated due to a permanent "Disability" for purposes of the Plan. The Committee, or its designee, may establish any process or procedure it deems appropriate for determining whether you have a "Disability." Whether your employment is terminated due to "Disability" for purposes of the Plan shall be determined by the Committee in the Committee's complete discretion.

3. *Rights as a Stockholder* — You, or your estate or heirs, will have no rights as a stockholder with respect to unvested Units or with respect to Shares that may be received by you with respect to your Units until those Shares are issued and registered in your name on the books of the Company's transfer agent. Units granted to you will be satisfied wholly through the issuance and delivery of Shares, provided that in lieu of issuing any fractional Share, the Company shall make a cash payment to you equal to the Fair Market Value of such fractional Share.

4. *Agreement With Respect to Taxes* — You must pay any federal, state, local and foreign taxes that are required to be withheld by the Company or your Employer. You may pay such amounts in cash or make other arrangements satisfactory to the Company or your Employer for the payment of such amounts. You agree that the Company or your Employer, at its sole discretion and to the fullest extent permitted by Applicable Law, shall have the right to demand that you pay such amounts in cash or deduct such amounts from any payments of any kind otherwise due to you. At the Company's or your Employer's sole discretion, the Company or your Employer may permit or require that such withholding tax obligation shall be satisfied by withholding from the Shares otherwise issuable to you that number of Shares having an aggregate Fair Market Value at the time such withholding tax obligation arises equal to the amount of such withholding tax obligation. Such withholding obligation may be, or, if the Committee so directs, such withholding obligation shall be satisfied by your delivery (on a form prescribed or accepted by the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Committee to sell vested Shares being delivered under the award and to deliver all or part of the sale proceeds to the Company to satisfy such withholding obligation

directly to the Company or your Employer. If the applicable tax withholding is satisfied by an irrevocable direction to a licensed securities broker, you will be subject to the Company's policies regarding insider trading restrictions, which may affect your ability to acquire or sell Shares under the Plan. By acceptance of the award granted hereunder, you certify your understanding of and intent to fully comply with the standards contained in the Company's insider trading policies (and related policies and procedures adopted by the Company).

You agree that, subject to compliance with Applicable Law, the Company or your Employer may recover from you taxes which may be payable by the Company or your Employer in any jurisdiction in relation to this award. You agree that the Company or your Employer shall be entitled to use whatever method they may deem appropriate to recover such taxes, including the sale of any Shares, paying you a net amount of Shares (or cash), or recovering the taxes via payroll and direct invoicing. You further agree that the Company or your Employer may, as they reasonably consider necessary, amend or vary this Agreement to facilitate such recovery of taxes.

5. Leaves of Absence — For purposes of this Agreement, your Employment does not terminate when you take a leave of absence that has been approved by the Company or your Employer or is one to which you are legally entitled regardless of such approval.

6. Return of Share Value — You understand and agree that the Units and Dividend Equivalent Rights are designed to align your long-term interests with those of the Company and that having your interests aligned with the Company is a condition of retaining any Units, Shares delivered to you in respect of Units, or the cash value associated with such Units or Shares and with the Dividend Equivalent Rights. You further understand and agree that if the Company, acting through the Committee, determines that you engaged in "Conduct Detrimental to the Company" (as defined below) during your Employment or during the one-year period following the termination of your Employment, you shall, upon demand, return to the Company, in the form of a cash payment, certain share value ("Returnable Share Value"). For purposes of this provision, "Returnable Share Value" means a cash amount equal to the gross value of the Shares that were issued to you pursuant to this Agreement, determined as of the date such Shares were issued to you and using the Fair Market Value of the Company's Class C Common Stock on that date, and the accrued cash value (if any) of the related Dividend Equivalent Rights paid to you. You understand and agree that your repayment of the Returnable Share Value is separate from, and does not preclude the Company from seeking and obtaining, other relief based on your conduct that constitutes Conduct Detrimental to the Company.

For purposes of this Agreement, you will be considered to have engaged in "Conduct Detrimental to the Company" if:

- (a) you engage in serious misconduct (whether or not such serious misconduct is discovered by the Company prior to the termination of your Employment);
- (b) except for actions taken on behalf of your Employer within the scope of your Employment, you use, disclose, copy, store, or retain any confidential, proprietary, or trade secret information obtained by you in connection with your Employment;
- (c) except for communications made on behalf of your Employer within the scope of your Employment, you advise, assist, attempt to influence or otherwise induce or persuade (or

assist any other person in advertising, attempting to influence or otherwise induce or persuade) any person employed by the Company to end his or her employment with the Company; or

(d) you engage in Conflicting Activities (as defined below).

For purposes of this provision, "Conflicting Activities" means you, without the advance, express, written consent of the Company's Chief Human Resources Officer:

(a) are or become a principal, owner, officer, director, shareholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below);

(b) are or become a partner or joint venture in any business or other enterprise or undertaking with a Competitor;

(c) work or perform services (including contract, consulting or advisory services) for a Competitor in any geographic area where the Company conducts business, if your work or services (i) are similar in any material way to the work or services you performed for the Company in the twenty-four month period preceding the termination of your Employment or (ii) could result in your using the Company's confidential information or trade secrets; or

(d) solicit, divert, take away (or attempt to solicit, divert, or take away), directly or by assistance of others, any business from the Company's clients or customers (including actively sought clients or customers) with whom you have or have had material contact during your Employment, for purposes of providing products or services that are competitive with those provided by the Company.

You understand and agree that neither this provision nor any other provision of this Agreement prohibits you from engaging in Conduct Detrimental to the Company, but only requires repayment of Returnable Share Value if you engage in Conduct Detrimental to the Company.

The term "Competitor" means any entity, or other business concern, that offers or plans to offer products or services that are materially competitive with any of the products or services being manufactured, offered, marketed, or actively developed by the Company as of the date your Employment ends.

If you enter into any business, employment, or service relationship during your Employment or within the one-year period following the termination of your Employment, you agree to provide the Company sufficient information regarding such relationship to enable the Company to determine whether such employment or service constitutes Conflicting Activities. You agree to provide such information to your first- and second-level manager in writing within five business days of agreeing to such business, employment, or service relationship. You understand and agree that if you fail to provide sufficient information as required by this paragraph, the Committee may consider your failure to provide such information in making its determination, and you waive any claim or objection related to the Committee's doing so and to the Committee's not considering information you failed to provide.

The Committee shall have complete and absolute authority to make any factual findings and to construe and interpret the provisions of this Agreement, including but not limited to any

determination as to whether you have engaged in “Conduct Detrimental to the Company.” Any such interpretations or determinations by the Committee will be final, binding, and conclusive on you, your beneficiaries or successors, the Company and all other interested persons.

Notwithstanding anything herein to the contrary, if, within 30 days of the last day of your Employment, you either reside or work in the Commonwealth of Massachusetts, you agree that the provisions of the addendum attached hereto (the “Addendum”), shall apply to this Agreement and control to the extent there is any conflict between the Addendum and the other provisions of this Agreement.

7. Transferability — The Units are not transferable other than by will or the applicable laws of descent and distribution, and unvested Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, whether by operation of law or otherwise, nor may the Units be made subject to execution, attachment or similar process. If you attempt to take any of the actions referred to in the immediately preceding sentence, the Units will immediately become forfeited. Once Units have vested and Shares have been issued to you, such Shares shall be freely transferable, subject to any applicable securities laws, rules and regulations, any separately stated transfer restrictions that the Company may impose on such Shares, and any Restricted Periods (as defined below) to which you may be subject.

8. Trading Restrictions — If you are subject to any Company “blackout” policy or other trading restriction imposed by the Company (a “Restricted Period”) on the date a distribution would otherwise be made pursuant to Section 1 herein, such distribution shall instead be made on the earlier of (i) the first date on which you are not subject to any such policy or restriction and (ii) the later of (A) the last day of the calendar year in which such distribution would otherwise have been made, and (B) a date that is immediately prior to the expiration of two and one-half months following the date on which such distribution would otherwise have been made hereunder. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct or Conduct Detrimental to the Company by you.

9. Incorporation of Plan — This award is granted under the Plan and is governed by the terms of the Plan in addition to the terms and conditions stated herein. This Agreement, the Grant Summary and the Plan constitute the entire understanding between you and the Company regarding this award. In the event of any conflict between this Agreement or the Grant Summary and the Plan, the terms of the Plan shall control, provided that the definitions of “the Company” and “Employment” set forth in Section 2 herein shall control over the conflicting definitions in the Plan. All terms used herein with their initial letters capitalized shall have the meanings given them in the Plan unless otherwise defined herein. A copy of the Plan is available upon request from the Company’s Stock Plan Administration Department. Your Units will be subject to the terms of any applicable agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity, and shall be subject to adjustment pursuant to Section 10 of the Plan.

10. Notice — You agree that notices may be given to you in writing either at your home address as shown in the records of the Company or your Employer, or by electronic transmission (including e-mail or reference to a website or other URL) sent to you through the Company's normal process for communicating electronically with its employees.

11. No Right to Continued Employment— The granting of Units does not confer upon you any right to the expectation of, or continuation of, your Employment. Unless otherwise specified in an employment or other written agreement between the Company or your Employer, as applicable, and you, the Company or your Employer, as applicable, reserves the right to terminate your Employment at any time and for any reason.

12. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation — By accepting this Agreement and the grant of the Units evidenced hereby, you expressly acknowledge that (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of Units is a one-time benefit that does not create any contractual or other right to receive future grants of Units, or benefits in lieu of Units; (c) all determinations with respect to future grants, if any, including the grant date, the number of Units granted and the vesting dates, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Units is an extraordinary item of compensation that is outside the scope of your employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) Units are not part of normal or expected compensation for any purpose, and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you waive any claim on such basis; (g) the grant of an equity interest in the Company gives rise to the Company's need (on behalf of itself and its stockholders) to protect itself from Conduct Detrimental to the Company, and your promises described in Section 6 herein (Return of Share Value) above are designed to protect the Company and its stockholders from Conduct Detrimental to the Company; (h) vesting of Units ceases upon termination of Employment for any reason except as may otherwise be explicitly provided in the Plan document or in this Agreement; and (i) the future value of the Units is unknown and cannot be predicted with certainty. In addition, you understand, acknowledge and agree that you will have no rights to compensation or damages related to Units or Shares in consequence of the termination of your Employment for any reason whatsoever and whether or not in breach of contract.

13. Data Privacy Consent — As a condition of the grant of the Units, you acknowledge the legal basis for the Company processing your personal data (as described in this Section 13) is to perform its obligations under this Agreement and administer all the Units. You also expressly consent to the collection, use and transfer of your personal data and you understand that the Company and its Affiliates and Subsidiaries hold certain personal information about you, including your name, home address and telephone number, date of birth, social security number, salary, nationality, job title, any ownership interests or directorships held in the Company, its Affiliates or its Subsidiaries and details of all Units, Shares, stock options or other equity awards awarded or cancelled ("Data"). You further understand that the Company, its Affiliates and Subsidiaries will transfer Data amongst themselves as necessary for the purposes

of implementation, administration and management of your participation in the Plan, and that the Company, its Affiliates and any of its Subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. You understand that these recipients may be located in the European Economic Area or elsewhere, such as the United States. You authorize them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent holding of shares of common stock on your behalf, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer to a broker or other third party with whom you may elect to deposit any shares of common stock acquired under the Plan. You understand that you may, at any time, view such Data or require any necessary amendments to it.

14. Governing Law and Venue — This Agreement and the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, United States of America, without regard to conflict of laws principles thereof. For any dispute for which the forum and venue are not fixed by your agreement to arbitrate with the Company, the exclusive venue for any and all disputes arising out of or in connection with this Agreement shall be New Castle County, Delaware, United States of America, and the courts sitting exclusively in New Castle County, Delaware, United States of America shall have exclusive jurisdiction to adjudicate such disputes. Each party hereby expressly consents to the exercise of jurisdiction by such courts and hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to such laying of venue (including the defense of inconvenient forum).

15. Effect of Invalid Provisions — If any of the promises, terms or conditions set forth herein are determined by a court of competent jurisdiction to be unenforceable, any Units that have not vested as described above will expire at that time and you agree to return to the Company an amount of cash equal to the Fair Market Value of all Shares theretofore issued to you pursuant to this Agreement, determined as of the date such Shares were issued.

16. Consent to Electronic Communications — You agree that the Company may provide you with any communications associated with this award in electronic format. Your consent to receive electronic communications includes, but is not limited to, all legal and regulatory disclosures and communications associated with this award or notices or disclosures about a change in the terms and conditions of this award.

17. Internal Revenue Code Section 409A — This Agreement is not intended to constitute a “nonqualified deferred compensation plan” for purposes of Section 409A of the Code. Neither you nor the Company shall have the right to accelerate or defer the vesting and/or delivery of any Units if such action would cause this Agreement to be subject to Section 409A of the Code. The Company makes no representations or warranty and shall have no liability to you or any other person if any provisions of or payments under this Agreement are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code, but not to satisfy the conditions of that section. To the extent that the Committee determines that you would be subject to the additional 20% tax imposed on certain non-qualified deferred compensation plans pursuant to Section 409A of the Code as a result of any provision of this Agreement, such

provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of such amendment shall be determined by the Committee. For purposes of this Agreement, a termination of Employment only occurs upon an event that would be a "Separation from Service" within the meaning of Section 409A of the Code.

18. Titles and Interpretation — Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. Defined terms used in this Agreement shall apply equally to both the singular and plural forms thereof. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The term "hereunder" shall mean this entire Agreement as a whole unless reference to a specific section or provision of this Agreement is made. Any reference to a section, subsection and provision is to this Agreement unless otherwise specified.

19. Acceptance of Terms and Conditions — This award will not be effective and you may not take action with respect to the Units or the Shares until you have acknowledged and agreed to the terms and conditions set forth herein in the manner prescribed by the Company. This award will also not be effective and you may not take action with respect to the Units or the Shares if you have not executed your Key Employee Agreement and Mutual Agreement to Arbitrate Claims in the manner prescribed by the Company. You should print a copy of this award and your Grant Summary for your records.

Awarded subject to the terms and conditions stated above:

DELL TECHNOLOGIES INC.

By: _____

DELL TECHNOLOGIES INC.**Performance-Based Restricted Stock Unit Agreement**

Dell Technologies Inc., a Delaware corporation (the “Company”), is pleased to grant you an Other Stock-Based Award in the form of “restricted stock units” representing the right to receive shares of the Company’s Class C Common Stock (the “Shares”), subject to the terms and conditions described below. The number of restricted stock units that are awarded to you (the “Units”) is stated in step one of the Company’s stock plan administrator’s online grant acceptance process (the “Grant Summary”). Each Unit represents the right to receive one Share. In connection with the Units, the Company is also granting you an Other Stock-Based Award in the form of the right to receive a credit, payable in cash (without interest), equal to the value of each regular cash dividend that would have been paid on each Share underlying the Units if such Share had been issued to and held by you on the record date for such regular cash dividend (the “Dividend Equivalent Right”).

As a material inducement to the Company to grant you this award, you agree to the following terms and conditions. You agree that you are not otherwise entitled to this award, that the Company is providing you this award in consideration for your promises and agreements below, and that the Company would not grant you this award absent those promises and agreements. This Performance-Based Restricted Stock Unit Agreement and Performance Goals Appendix hereto (this “Agreement”), the Grant Summary, and the Dell Technologies Inc. 2023 Stock Incentive Plan (as amended, modified or restated from time to time, the “Plan”) set forth the terms of your Units identified in your Grant Summary.

1. Vesting — The Units will vest, and you will receive Shares, in accordance with the schedule in the Performance Goals Appendix, subject to the achievement of performance goals described in the Performance Goals Appendix. The Company will issue you one Share for each vested Unit and will pay to you the accrued cash value (if any) of the Dividend Equivalent Right related to each such Unit to be delivered on the applicable vesting date or as soon as administratively practicable thereafter, provided that in no event shall Shares or Dividend Equivalent Right payments be delivered later than the fifteenth day of the third month following the end of the calendar year with respect to which the Units were earned and not subject to forfeiture. The issuance of Shares shall be evidenced in such manner as the Company, in its discretion, deems appropriate. You will have no further rights with regard to Units once the Shares related to such Units have been issued and any related Dividend Equivalent Right payments have been made.

2. Expiration — If your Employment terminates for any reason other than your death or Disability, any Units that have not vested as described above (and the related Dividend Equivalent Rights) will expire at that time.

If your Employment is terminated by reason of your death or Disability, unless otherwise set forth in the Performance Goals Appendix, all outstanding Units will vest immediately and automatically upon such termination of Employment and the Shares and the accrued cash value (if any) of the related Dividend Equivalent Rights will be distributed to you as soon as administratively practicable and in all events within 60 days of such termination of Employment.

As used herein, the term “Employer” means the Company (if you are employed by the Company) or the Affiliate or Subsidiary of the Company that employs you. As used herein, the term “the Company” includes all Affiliates and Subsidiaries of the Company, including your Employer. As used herein, the term “Employment” has the meaning set forth in the Plan, except that it shall exclude employment with or the provision of services to SecureWorks Corp. and its Subsidiaries.

As used herein, the term “Affiliate” means any company or other entity that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary.

As used herein, the term “Disability” means, with respect to you, that: (1) on or prior to the date of termination, you have provided proof that you have been determined by the U.S. Social Security Administration to be eligible for disability benefits under the Social Security disability insurance program or the Supplemental Security Income program; and (2) the Committee has determined that you have a permanent physical or mental impairment of sufficient severity as to prevent you from performing duties for the Company or an Affiliate and provided written notice to you that your employment is terminated due to a permanent “Disability” for purposes of the Plan. The Committee, or its designee, may establish any process or procedure it deems appropriate for determining whether you have a “Disability.” Whether your employment is terminated due to “Disability” for purposes of the Plan shall be determined by the Committee in the Committee’s complete discretion.

3. Rights as a Stockholder — You, or your estate or heirs, will have no rights as a stockholder with respect to unvested Units or with respect to Shares that may be received by you with respect to your Units until those Shares are issued and registered in your name on the books of the Company’s transfer agent. Units granted to you will be satisfied wholly through the issuance and delivery of Shares, provided that in lieu of issuing any fractional Share, the Company shall make a cash payment to you equal to the Fair Market Value of such fractional Share.

4. Agreement With Respect to Taxes — You must pay any federal, state, local and foreign taxes that are required to be withheld by the Company or your Employer. You may pay such amounts in cash or make other arrangements satisfactory to the Company or your Employer for the payment of such amounts. You agree that the Company or your Employer, at its sole discretion and to the fullest extent permitted by Applicable Law, shall have the right to demand that you pay such amounts in cash or deduct such amounts from any payments of any kind otherwise due to you. At the Company’s or your Employer’s sole discretion, the Company or your Employer may permit or require that such withholding tax obligation shall be satisfied by withholding from the Shares otherwise issuable to you that number of Shares having an aggregate Fair Market Value at the time such withholding tax obligation arises equal to the amount of such withholding tax obligation. Such withholding obligation may be, or, if the Committee so directs, such withholding obligation shall be satisfied by your delivery (on a form prescribed or accepted by the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Committee to sell vested Shares being delivered under the award and to deliver all or part of the sale proceeds to the Company to satisfy such withholding obligation

directly to the Company or your Employer. If the applicable tax withholding is satisfied by an irrevocable direction to a licensed securities broker, you will be subject to the Company's policies regarding insider trading restrictions, which may affect your ability to acquire or sell Shares under the Plan. By acceptance of the award granted hereunder, you certify your understanding of and intent to fully comply with the standards contained in the Company's insider trading policies (and related policies and procedures adopted by the Company).

You agree that, subject to compliance with Applicable Law, the Company or your Employer may recover from you taxes which may be payable by the Company or your Employer in any jurisdiction in relation to this award. You agree that the Company or your Employer shall be entitled to use whatever method they may deem appropriate to recover such taxes, including the sale of any Shares, paying you a net amount of Shares (or cash), or recovering the taxes via payroll and direct invoicing. You further agree that the Company or your Employer may, as they reasonably consider necessary, amend or vary this Agreement to facilitate such recovery of taxes.

5. Leaves of Absence — For purposes of this Agreement, your Employment does not terminate when you take a leave of absence that has been approved by the Company or your Employer or is one to which you are legally entitled regardless of such approval.

6. Return of Share Value — You understand and agree that the Units and Dividend Equivalent Rights are designed to align your long-term interests with those of the Company and that having your interests aligned with the Company is a condition of retaining any Units, Shares delivered to you in respect of Units, or the cash value associated with such Units or Shares and with the Dividend Equivalent Rights. You further understand and agree that if the Company, acting through the Committee, determines that you engaged in "Conduct Detrimental to the Company" (as defined below) during your Employment or during the one-year period following the termination of your Employment, you shall, upon demand, return to the Company, in the form of a cash payment, certain share value ("Returnable Share Value"). For purposes of this provision, "Returnable Share Value" means a cash amount equal to the gross value of the Shares that were issued to you pursuant to this Agreement, determined as of the date such Shares were issued to you and using the Fair Market Value of the Company's Class C Common Stock on that date, and the accrued cash value (if any) of the related Dividend Equivalent Rights paid to you. You understand and agree that your repayment of the Returnable Share Value is separate from, and does not preclude the Company from seeking and obtaining, other relief based on your conduct that constitutes Conduct Detrimental to the Company.

For purposes of this Agreement, you will be considered to have engaged in "Conduct Detrimental to the Company" if:

- (a) you engage in serious misconduct (whether or not such serious misconduct is discovered by the Company prior to the termination of your Employment);
- (b) except for actions taken on behalf of your Employer within the scope of your Employment, you use, disclose, copy, store, or retain any confidential, proprietary, or trade secret information obtained by you in connection with your Employment;
- (c) except for communications made on behalf of your Employer within the scope of your Employment, you advise, assist, attempt to influence or otherwise induce or persuade (or

assist any other person in advertising, attempting to influence or otherwise induce or persuade) any person employed by the Company to end his or her employment with the Company; or

(d) you engage in Conflicting Activities (as defined below).

For purposes of this provision, "Conflicting Activities" means you, without the advance, express, written consent of the Company's Chief Human Resources Officer:

(a) are or become a principal, owner, officer, director, shareholder or other equity owner (other than a holder of less than 5% of the outstanding shares or other equity interests of a publicly traded company) of a Competitor (as defined below);

(b) are or become a partner or joint venture in any business or other enterprise or undertaking with a Competitor;

(c) work or perform services (including contract, consulting or advisory services) for a Competitor in any geographic area where the Company conducts business, if your work or services (i) are similar in any material way to the work or services you performed for the Company in the twenty-four month period preceding the termination of your Employment or (ii) could result in your using the Company's confidential information or trade secrets; or

(d) solicit, divert, take away (or attempt to solicit, divert, or take away), directly or by assistance of others, any business from the Company's clients or customers (including actively sought clients or customers) with whom you have or have had material contact during your Employment, for purposes of providing products or services that are competitive with those provided by the Company.

You understand and agree that neither this provision nor any other provision of this Agreement prohibits you from engaging in Conduct Detrimental to the Company, but only requires repayment of Returnable Share Value if you engage in Conduct Detrimental to the Company.

The term "Competitor" means any entity, or other business concern, that offers or plans to offer products or services that are materially competitive with any of the products or services being manufactured, offered, marketed, or actively developed by the Company as of the date your Employment ends.

If you enter into any business, employment, or service relationship during your Employment or within the one-year period following the termination of your Employment, you agree to provide the Company sufficient information regarding such relationship to enable the Company to determine whether such employment or service constitutes Conflicting Activities. You agree to provide such information to your first- and second-level manager in writing within five business days of agreeing to the business, employment, or service relationship. You understand and agree that if you fail to provide sufficient information as required by this paragraph, the Committee may consider your failure to provide such information in making its determination, and you waive any claim or objection related to the Committee's doing so and to the Committee's not considering information you failed to provide.

The Committee shall have complete and absolute authority to make any factual findings and to construe and interpret the provisions of this Agreement, including but not limited to any determination as to whether you have engaged in "Conduct Detrimental to the Company." Any

such interpretations or determinations by the Committee will be final, binding, and conclusive on you, your beneficiaries or successors, the Company and all other interested persons.

Notwithstanding anything herein to the contrary, if, within 30 days of the last day of your Employment, you either reside or work in the Commonwealth of Massachusetts, you agree that the provisions of the addendum attached hereto (the "Addendum"), shall apply to this Agreement and control to the extent there is any conflict between the Addendum and the other provisions of this Agreement.

7. Transferability — The Units are not transferable other than by will or the applicable laws of descent and distribution, and unvested Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, whether by operation of law or otherwise, nor may the Units be made subject to execution, attachment or similar process. If you attempt to take any of the actions referred to in the immediately preceding sentence, the Units will immediately become forfeited. Once Units have vested and Shares have been issued to you, such Shares shall be freely transferable, subject to any applicable securities laws, rules and regulations, any separately stated transfer restrictions that the Company may impose on such Shares, and any Restricted Periods (as defined below) to which you may be subject.

8. Trading Restrictions — If you are subject to any Company "blackout" policy or other trading restriction imposed by the Company (a "Restricted Period") on the date a distribution would otherwise be made pursuant to Section 1 herein, such distribution shall instead be made on the earlier of (i) the first date on which you are not subject to any such policy or restriction and (ii) the later of (A) the last day of the calendar year in which such distribution would otherwise have been made, and (B) a date that is immediately prior to the expiration of two and one-half months following the date on which such distribution would otherwise have been made hereunder. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct or Conduct Detrimental to the Company by you.

9. Incorporation of Plan — This award is granted under the Plan and is governed by the terms of the Plan in addition to the terms and conditions stated herein. This Agreement, the Grant Summary and the Plan constitute the entire understanding between you and the Company regarding this award. In the event of any conflict between this Agreement or the Grant Summary and the Plan, the terms of the Plan shall control, provided that the definitions of "the Company" and "Employment" set forth in Section 2 herein shall control over the conflicting definitions in the Plan. All terms used herein with their initial letters capitalized shall have the meanings given them in the Plan unless otherwise defined herein. A copy of the Plan is available upon request from the Company's Stock Plan Administration Department. Your Units will be subject to the terms of any applicable agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity, and shall be subject to adjustment pursuant to Section 10 of the Plan.

10. Notice — You agree that notices may be given to you in writing either at your home address as shown in the records of the Company or your Employer, or by electronic

transmission (including e-mail or reference to a website or other URL) sent to you through the Company's normal process for communicating electronically with its employees.

11. No Right to Continued Employment — The granting of Units does not confer upon you any right to the expectation of, or continuation of, your Employment. Unless otherwise specified in an employment or other written agreement between the Company or your Employer, as applicable, and you, the Company or your Employer, as applicable, reserves the right to terminate your Employment at any time and for any reason.

12. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation — By accepting this Agreement and the grant of the Units evidenced hereby, you expressly acknowledge that (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of Units is a one-time benefit that does not create any contractual or other right to receive future grants of Units, or benefits in lieu of Units; (c) all determinations with respect to future grants, if any, including the grant date, the number of Units granted and the vesting dates, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Units is an extraordinary item of compensation that is outside the scope of your employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) Units are not part of normal or expected compensation for any purpose, and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you waive any claim on such basis; (g) the grant of an equity interest in the Company gives rise to the Company's need (on behalf of itself and its stockholders) to protect itself from Conduct Detrimental to the Company, and your promises described in Section 6 herein (Return of Share Value) above are designed to protect the Company and its stockholders from Conduct Detrimental to the Company; (h) vesting of Units ceases upon termination of Employment for any reason except as may otherwise be explicitly provided in the Plan document or in this Agreement; and (i) the future value of the Units is unknown and cannot be predicted with certainty. In addition, you understand, acknowledge and agree that you will have no rights to compensation or damages related to Units or Shares in consequence of the termination of your Employment for any reason whatsoever and whether or not in breach of contract.

13. Data Privacy Consent — As a condition of the grant of the Units, you acknowledge the legal basis for the Company processing your personal data (as described in this Section 13) is to perform its obligations under this Agreement and administer all the Units. You also expressly consent to the collection, use and transfer of your personal data and you understand that the Company and its Affiliates and Subsidiaries hold certain personal information about you, including your name, home address and telephone number, date of birth, social security number, salary, nationality, job title, any ownership interests or directorships held in the Company, its Affiliates or its Subsidiaries and details of all Units, Shares, stock options or other equity awards awarded or cancelled ("Data"). You further understand that the Company, its Affiliates and Subsidiaries will transfer Data amongst themselves as necessary for the purposes of implementation, administration and management of your participation in the Plan, and that the Company, its Affiliates and any of its Subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the

Plan. You understand that these recipients may be located in the European Economic Area or elsewhere, such as the United States. You authorize them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent holding of shares of common stock on your behalf, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer to a broker or other third party with whom you may elect to deposit any shares of common stock acquired under the Plan. You understand that you may, at any time, view such Data or require any necessary amendments to it.

14. Governing Law and Venue — This Agreement and the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, United States of America, without regard to conflict of laws principles thereof. For any dispute for which the forum and venue are not fixed by your agreement to arbitrate with the Company, the exclusive venue for any and all disputes arising out of or in connection with this Agreement shall be New Castle County, Delaware, United States of America, and the courts sitting exclusively in New Castle County, Delaware, United States of America shall have exclusive jurisdiction to adjudicate such disputes. Each party hereby expressly consents to the exercise of jurisdiction by such courts and hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to such laying of venue (including the defense of inconvenient forum).

15. Effect of Invalid Provisions — If any of the promises, terms or conditions set forth herein are determined by a court of competent jurisdiction to be unenforceable, any Units that have not vested as described above will expire at that time and you agree to return to the Company an amount of cash equal to the Fair Market Value of all Shares theretofore issued to you pursuant to this Agreement, determined as of the date such Shares were issued.

16. Consent to Electronic Communications — You agree that the Company may provide you with any communications associated with this award in electronic format. Your consent to receive electronic communications includes, but is not limited to, all legal and regulatory disclosures and communications associated with this award or notices or disclosures about a change in the terms and conditions of this award.

17. Internal Revenue Code Section 409A — This Agreement is not intended to constitute a “nonqualified deferred compensation plan” for purposes of Section 409A of the Code. Neither you nor the Company shall have the right to accelerate or defer the vesting and/or delivery of any Units if such action would cause this Agreement to be subject to Section 409A of the Code. The Company makes no representations or warranty and shall have no liability to you or any other person if any provisions of or payments under this Agreement are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but not to satisfy the conditions of that section. To the extent that the Committee determines that you would be subject to the additional 20% tax imposed on certain non-qualified deferred compensation plans pursuant to Section 409A of the Code as a result of any provision of this Agreement, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of such amendment shall be determined by the Committee. For

purposes of this Agreement, a termination of Employment only occurs upon an event that would be a "Separation from Service" within the meaning of Section 409A of the Code.

18. Titles and Interpretation — Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. Defined terms used in this Agreement shall apply equally to both the singular and plural forms thereof. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The term "hereunder" shall mean this entire Agreement as a whole unless reference to a specific section or provision of this Agreement is made. Any reference to a section, subsection and provision is to this Agreement unless otherwise specified.

19. Acceptance of Terms and Conditions — This award will not be effective and you may not take action with respect to the Units or the Shares until you have acknowledged and agreed to the terms and conditions set forth herein in the manner prescribed by the Company. This award will also not be effective and you may not take action with respect to the Units or the Shares if you have not executed your Key Employee Agreement and Mutual Agreement to Arbitrate Claims in the manner prescribed by the Company. You should print a copy of this award and your Grant Summary for your records.

Awarded subject to the terms and conditions stated above:

DELL TECHNOLOGIES INC.

By: _____

DELL TECHNOLOGIES INC.
Deferred Stock Unit Agreement

Dell Technologies Inc., a Delaware corporation (the “Company”), is pleased to grant you an Other Stock-Based Award in the form of “deferred stock units” representing the right to receive shares of the Company’s Class C Common Stock (the “Shares”), subject to the terms and conditions described below. The number of deferred stock units that are awarded to you (the “Units”) is stated in step one of the Company’s stock plan administrator’s online grant acceptance process (the “Grant Summary”). Each Unit represents the right to receive one Share as provided herein. In connection with the Units, the Company is also granting you an Other Stock-Based Award in the form of the right to receive a credit, payable in cash (without interest), equal to the value of each regular cash dividend that would have been paid on each Share underlying the Units if such Share had been issued to and held by you on the record date for such regular cash dividend (the “Dividend Equivalent Right”).

As a material inducement to the Company to grant you this award, you agree to the following terms and conditions.

You agree that you are not otherwise entitled to this award, that the Company is providing you this award in consideration for your promises and agreements below, and that the Company would not grant you this award absent those promises and agreements. This Deferred Stock Unit Agreement (this “Agreement”), the Grant Summary, any applicable election form, and the Dell Technologies Inc. 2023 Stock Incentive Plan (as amended, modified or restated from time to time, the “Plan”) set forth the terms of your Units identified in your Grant Summary.

1. Vesting; Settlement — The Units will vest, and you will receive Shares, in accordance with the schedule in your Grant Summary. The Company will credit one Share for each vested Unit to a separate bookkeeping account maintained on your behalf on the books of the Company (the “Account”). Each vested Unit that is credited to your Account represents the right to receive a Share or, in lieu thereof, a cash payment equal to the Fair Market Value of such Share, or a combination of both, as determined in the sole discretion of the Committee, and the right to receive the accrued cash value (if any) of the Dividend Equivalent Rights related to each such Unit upon the Settlement Date (as defined below). Vested Units that are credited to your Account and the accrued cash value (if any) of the related Dividend Equivalent Rights will be distributed to you as soon as administratively practicable and in all events within 60 days of the Settlement Date.

“Settlement Date” means the earlier of (i) the date on which you experience a “separation from service” (within the meaning of Section 409A of the Code) from the Company (“Separation from Service”), and (ii) a Change in Control that constitutes a “change in control event” (within the meaning of Section 409A of the Code).

2. Expiration — If your service terminates for any reason other than your death or Disability, any Units that have not vested (and the related Dividend Equivalent Rights) as described above will expire at that time. If such termination is a Separation from Service, then all vested Units that were credited to your Account as of the date of your Separation from Service, and the accrued cash value (if any) of the related Dividend Equivalent Rights, will be distributed

to you as soon as administratively practicable and in all events within 60 days of such Separation from Service.

If you incur a Separation from Service by reason of your death or Disability, unless otherwise set forth in your Grant Summary, all outstanding Units will vest immediately and automatically upon such Separation from Service. All vested Units previously credited to your Account, all of the Units that vested due to your Separation from Service, and the accrued cash value (if any) of the related Dividend Equivalent Rights will be distributed to you as soon as administratively practicable and in all events within 60 days of such Separation from Service.

As used herein, the term "Company" means the Company (if you are on the board of directors of the Company), or an Affiliate or Subsidiary of the Company (if you provide board member services to an Affiliate or Subsidiary of the Company). As used herein, the term "Company" includes the Company and all Affiliates and Subsidiaries of the Company that you provide services to, but does not include SecureWorks Corp. or its Subsidiaries.

As used herein, the term "Affiliate" means any company or other entity that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary.

As used herein, the term "Disability" means, with respect to you, that: (1) on or prior to the date of your Separation from Service, you have provided proof that you have been determined by the U.S. Social Security Administration to be eligible for disability benefits under the Social Security disability insurance program or the Supplemental Security Income program; and (2) the Committee has determined that you have a permanent physical or mental impairment of sufficient severity as to prevent you from performing duties for the Company or an Affiliate and provided written notice to you that you may no longer provide services to the Company due to a permanent "Disability" for purposes of the Plan. The Committee, or its designee, may establish any process or procedure it deems appropriate for determining whether you have a "Disability." Whether you are terminated due to "Disability" for purposes of the Plan shall be determined by the Committee in the Committee's complete discretion.

3. *Rights as a Stockholder* — You, or your estate or heirs, will have no rights as a stockholder with respect to unvested Units, vested Units that may be credited to your Account, or Shares that that may be received by you with respect to your Units until those Shares are issued and registered in your name on the books of the Company's transfer agent. Units granted to you will be satisfied wholly through the issuance and delivery of Shares, provided that in lieu of issuing any fractional Share, the Company shall make a cash payment to you equal to the Fair Market Value of such fractional Share.

4. *Agreement With Respect to Taxes* — In accepting this award you acknowledge that, regardless of any action the Company takes with respect to any or all income tax, social insurance, payroll tax or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the your responsibility. The Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting, or delivery of the Units, the underlying Shares, the related Dividend Equivalent Rights, or the subsequent sale of any Shares; and (b) does not commit to

structure the Units or Dividend Equivalent Rights to reduce or eliminate your liability for Tax-Related Items.

You agree that, subject to compliance with Applicable Law, the Company may recover from you taxes which may be payable by the Company in any jurisdiction in relation to this award. You agree that the Company shall be entitled to use whatever method it may deem appropriate to recover such taxes, including the sale of any Shares, paying you a net amount of Shares (or cash), or recovering the taxes via payroll and direct invoicing. You further agree that the Company may, as it reasonably considers necessary, amend or vary this Agreement to facilitate such recovery of taxes.

5. *Transferability* — The Units are not transferable other than by will or the applicable laws of descent and distribution, and neither unvested Units nor vested Units that have been credited to your Account may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, whether by operation of law or otherwise, nor may such unvested Units or vested and credited Units be made subject to execution, attachment or similar process. If you attempt to take any of the actions referred to in the immediately preceding sentence, the Units will immediately become forfeited. Once Units have been settled from your Account and Shares have been issued to you, such Shares shall be freely transferable, subject to any applicable securities laws, rules and regulations, any separately stated transfer restrictions that the Company may impose on such Shares, and any Restricted Periods (as defined below) to which you may be subject.

6. *Trading Restrictions* — If you are subject to any Company “blackout” policy or other trading restriction imposed by the Company (a “Restricted Period”) on the date a distribution would otherwise be made pursuant to Section 1 herein, such distribution shall instead be made on the earlier of (i) the first date on which you are not subject to any such policy or restriction and (ii) the later of (A) the last day of the calendar year in which such distribution would otherwise have been made, and (B) a date that is immediately prior to the expiration of two and one-half months following the date on which such distribution would otherwise have been made hereunder. For purposes of this provision, you acknowledge that you may be subject to a Restricted Period for any reason that the Company determines appropriate, including Restricted Periods generally applicable to employees or groups of employees or Restricted Periods applicable to you during an investigation of allegations of misconduct by you.

7. *Incorporation of Plan* — This award is granted under the Plan and is governed by the terms of the Plan in addition to the terms and conditions stated herein. This Agreement, the Grant Summary and the Plan constitute the entire understanding between you and the Company regarding this award. In the event of any conflict between this Agreement or the Grant Summary and the Plan, the terms of the Plan shall control, provided that the definition of “the Company” set forth in Section 2 herein shall control over the conflicting definitions in the Plan. All terms used herein with their initial letters capitalized shall have the meanings given them in the Plan unless otherwise defined herein. A copy of the Plan is available upon request from the Company's Stock Plan Administration Department. Your Units will be subject to the terms of any applicable agreement of merger, liquidation or reorganization in the event the Company is

subject to such corporate activity, and shall be subject to adjustment pursuant to Section 10 of the Plan.

8. Notice — You agree that notices may be given to you in writing either at your home address as shown in the records of the Company, or by electronic transmission (including e-mail or reference to a website or other URL) sent to you through the Company's normal process for communicating electronically with its service providers.

9. No Right to Continued Services — The granting of Units does not confer upon you any right to the expectation of, or continuation of, your engagement with the Company. Unless otherwise specified in a written agreement between the Company and you, the Company reserves the right to terminate your services any time and for any reason.

10. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation — By accepting this Agreement and the grant of the Units evidenced hereby, you expressly acknowledge that (a) the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) the grant of Units is a one-time benefit that does not create any contractual or other right to receive future grants of Units, or benefits in lieu of Units; (c) all determinations with respect to future grants, if any, including the grant date, the number of Units granted and the Settlement Dates, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) Units are not part of normal or expected compensation for any purpose, and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you waive any claim on such basis; (f) vesting of Units ceases upon the termination of your services for any reason except as may otherwise be explicitly provided in the Plan document or in this Agreement; and (g) the future value of the Units is unknown and cannot be predicted with certainty. In addition, you understand, acknowledge, and agree that you will have no rights to compensation or damages related to Units or Shares in consequence of the termination of your services for any reason whatsoever and whether or not in breach of contract.

11. Data Privacy Consent — As a condition of the grant of the Units, you acknowledge the legal basis for the Company processing your personal data (as described in this Section 11) is to perform its obligations under this Agreement and administer all the Units. You also expressly consent to the collection, use and transfer of your personal data and you understand that the Company and its Affiliates and Subsidiaries hold certain personal information about you, including your name, home address and telephone number, date of birth, social security number, salary, nationality, job title, any ownership interests or directorships held in the Company, its Affiliates or its Subsidiaries and details of all Units, Shares, stock options or other equity awards awarded or cancelled ("Data"). You further understand that the Company, its Affiliates and Subsidiaries will transfer Data amongst themselves as necessary for the purposes of implementation, administration and management of your participation in the Plan, and that the Company, its Affiliates and any of its Subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. You understand that these recipients may be located in the European Economic Area or elsewhere, such as the United States. You authorize them to receive, possess, use, retain and transfer such Data as may be required for the administration of the Plan or the subsequent

holding of shares of common stock on your behalf, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer to a broker or other third party with whom you may elect to deposit any shares of common stock acquired under the Plan. You understand that you may, at any time, view such Data or require any necessary amendments to it.

12. Governing Law and Venue — This Agreement and the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, United States of America, without regard to conflict of laws principles thereof. For any dispute for which the forum and venue are not fixed by your agreement to arbitrate with the Company, the exclusive venue for any and all disputes arising out of or in connection with this Agreement shall be New Castle County, Delaware, United States of America, and the courts sitting exclusively in New Castle County, Delaware, United States of America shall have exclusive jurisdiction to adjudicate such disputes. Each party hereby expressly consents to the exercise of jurisdiction by such courts and hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to such laying of venue (including the defense of inconvenient forum).

13. Effect of Invalid Provisions — If any of the promises, terms or conditions set forth herein are determined by a court of competent jurisdiction to be unenforceable, any Units that have not vested as described above will expire at that time and you agree to return to the Company an amount of cash equal to the Fair Market Value of all Shares theretofore issued to you pursuant to this Agreement, determined as of the date such Shares were issued.

14. Consent to Electronic Communications — You agree that the Company may provide you with any communications associated with this award in electronic format. Your consent to receive electronic communications includes, but is not limited to, all legal and regulatory disclosures and communications associated with this award or notices or disclosures about a change in the terms and conditions of this award.

15. Internal Revenue Code Section 409A — The Company makes no representations or warranty and shall have no liability to you or any other person if any provisions of or payments under this Agreement are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but not to satisfy the conditions of that section. To the extent that the Committee determines that you would be subject to the additional 20% tax imposed on certain non-qualified deferred compensation plans pursuant to Section 409A of the Code as a result of any provision of this Agreement, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of such amendment shall be determined by the Committee. For purposes of this Agreement, a termination of services only occurs upon an event that would be a "Separation from Service" within the meaning of Section 409A of the Code.

16. Titles and Interpretation — Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. Defined terms used in this Agreement shall apply equally to both the singular and plural forms thereof. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to

be followed by the phrase “without limitation.” The term “hereunder” shall mean this entire Agreement as a whole unless reference to a specific section or provision of this Agreement is made. Any reference to a section, subsection and provision is to this Agreement unless otherwise specified.

17. Acceptance of Terms and Conditions — This award will not be effective and you may not take action with respect to the Units or the Shares until you have acknowledged and agreed to the terms and conditions set forth herein in the manner prescribed by the Company. You should print a copy of this award and your Grant Summary for your records.

Awarded subject to the terms and conditions stated above:

DELL TECHNOLOGIES INC.

By: _____

Subsidiary Guarantors and Issuers of Guaranteed Securities

Guaranteed Securities

The following securities (collectively referred to in this exhibit as the "Senior Notes") issued by Dell International L.L.C., a Delaware limited liability company and wholly-owned subsidiary of Dell Technologies Inc. ("Dell Technologies"), and EMC Corporation, a Massachusetts corporation and wholly-owned subsidiary of Dell Technologies, were outstanding as of August 4, 2023.

Description of Senior Notes

4.000% Senior Notes due 2024
 5.850% Senior Notes due 2025
 6.020% Senior Notes due 2026
 4.900% Senior Notes due 2026
 6.100% Senior Notes due 2027
 5.250% Senior Notes due 2028
 5.300% Senior Notes due 2029
 6.200% Senior Notes due 2030
 5.750% Senior Notes due 2033
 8.100% Senior Notes due 2036
 3.375% Senior Notes due 2041
 8.350% Senior Notes due 2046
 3.450% Senior Notes due 2051

Obligors

As of August 4, 2023, the obligors under the Senior Notes consisted of Dell Technologies, as a guarantor, and its subsidiaries listed in the following table (together with Dell Technologies, the "Obligors").

Name of Subsidiary	Jurisdiction of Incorporation or Organization	Obligor Type
Dell Inc.	Delaware	Guarantor
Dell International L.L.C.	Delaware	Issuer
Denali Intermediate Inc.	Delaware	Guarantor
EMC Corporation	Massachusetts	Issuer

**CERTIFICATION OF MICHAEL S. DELL, CHAIRMAN AND
CHIEF EXECUTIVE OFFICER, PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael S. Dell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dell Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 12, 2023

/s/ MICHAEL S. DELL

Michael S. Dell

Chairman and Chief Executive Officer

**CERTIFICATION OF YVONNE MCGILL, EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER, PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Yvonne McGill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dell Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 12, 2023

/s/ YVONNE MCGILL

Yvonne McGill

Executive Vice President and Chief Financial Officer

**CERTIFICATIONS OF MICHAEL S. DELL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
AND YVONNE MCGILL, EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER, PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officers of Dell Technologies Inc. hereby certify that (a) Dell Technologies Inc.'s Quarterly Report on Form 10-Q for the three months ended August 4, 2023, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Dell Technologies Inc.

September 12, 2023

/s/ MICHAEL S. DELL

Michael S. Dell

Chairman and Chief Executive Officer

September 12, 2023

/s/ YVONNE MCGILL

Yvonne McGill

Executive Vice President and Chief Financial Officer