

DELL INC
Form 10-Q
August 28, 2013
Table of Contents

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 2, 2013

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: 0-17017

Dell Inc.
(Exact name of registrant as specified in its charter)

Delaware	74-2487834
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

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As of the close of business on August 22, 2013, 1,758,369,276 shares of common stock, par value \$.01 per share, were outstanding.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements.” The words “may,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “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” of our Annual Report on Form 10-K for the fiscal year ended February 1, 2013. 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 to reflect events or circumstances, including unanticipated events, after the date as of which such statement was made.

Table of Contents

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Statements of Financial Position at August 2, 2013 (unaudited), and February 1, 2013</u>	<u>4</u>
<u>Condensed Consolidated Statements of Income for the three and sixth months ended August 2, 2013 (unaudited), and August 3, 2012 (unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the three and sixth months ended August 2, 2013 (unaudited), and August 3, 2012 (unaudited)</u>	<u>6</u>
<u>Condensed Consolidated Statements of Cash Flows for the six months ended August 2, 2013 (unaudited), and August 3, 2012 (unaudited)</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>8</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>40</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>63</u>
<u>Item 4. Controls and Procedures</u>	<u>63</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>63</u>
<u>Item 1A. Risk Factors</u>	<u>63</u>
<u>Item 6. Exhibits</u>	<u>64</u>
<u>Signatures</u>	<u>65</u>
<u>Index to Exhibits</u>	<u>66</u>
 Exhibits	
<u>EX-12.1</u>	
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-101 INSTANCE DOCUMENT</u>	
<u>EX-101 SCHEMA DOCUMENT</u>	
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX-101 DEFINITION LINKBASE DOCUMENT</u>	
<u>EX-101 LABELS LINKBASE DOCUMENT</u>	
<u>EX-101 PRESENTATION LINKBASE DOCUMENT</u>	

Table of Contents

PART I

ITEM 1 — FINANCIAL STATEMENTS

DELL INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions)

	August 2, 2013 (unaudited)	February 1, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,185	\$ 12,569
Short-term investments	643	208
Accounts receivable, net	6,591	6,629
Short-term financing receivables, net	3,131	3,213
Inventories, net	1,468	1,382
Other current assets	3,848	3,967
Total current assets	26,866	27,968
Property, plant, and equipment, net	2,212	2,126
Long-term investments	2,048	2,565
Long-term financing receivables, net	1,469	1,349
Goodwill	9,253	9,304
Purchased intangible assets, net	2,990	3,374
Other non-current assets	1,033	854
Total assets	\$45,871	\$47,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$2,736	\$3,843
Accounts payable	12,051	11,579
Accrued and other	3,657	3,644
Short-term deferred revenue	4,312	4,373
Total current liabilities	22,756	23,439
Long-term debt	4,075	5,242
Long-term deferred revenue	4,003	3,971
Other non-current liabilities	4,256	4,187
Total liabilities	35,090	36,839
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock and capital in excess of \$.01 par value; shares authorized: 7,000; shares issued: 2,958 and 3,413, respectively; shares outstanding: 1,758 and 1,738, respectively	12,698	12,554
Treasury stock at cost: 1,200 and 1,200 shares, respectively	(32,145)	(32,145)
Retained earnings	30,381	30,330
Accumulated other comprehensive loss	(153)	(59)
Total Dell stockholders' equity	10,781	10,680
Noncontrolling interest	—	21
Total stockholders' equity	10,781	10,701
Total liabilities and stockholders' equity	\$45,871	\$47,540

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

Table of Contents

DELL INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts; unaudited)

	Three Months Ended		Six Months Ended	
	August 2, 2013	August 3, 2012	August 2, 2013	August 3, 2012
Net revenue:				
Products	\$ 11,326	\$ 11,403	\$ 22,228	\$ 22,826
Services, including software related	3,188	3,080	6,360	6,079
Total net revenue	14,514	14,483	28,588	28,905
Cost of net revenue:				
Products	9,767	9,280	19,011	18,610
Services, including software related	2,058	2,065	4,141	4,090
Total cost of net revenue	11,825	11,345	23,152	22,700
Gross margin	2,689	3,138	5,436	