

EMC Q2 2008 Financial Results

Tony Takazawa
Vice President, Global Investor Relations

July 23, 2008

Forward-Looking Statements and GAAP Reconciliation



This presentation contains “forward-looking statements” as defined under the Federal Securities Laws. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to: (i) adverse changes in general economic or market conditions; (ii) delays or reductions in information technology spending; (iii) our ability to protect our proprietary technology; (iv) risks associated with managing the growth of our business, including risks associated with acquisitions and investments and the challenges and costs of integration, restructuring and achieving anticipated synergies; (v) fluctuations in VMware, Inc.’s operating results and risks associated with trading of VMware stock; (vi) competitive factors, including but not limited to pricing pressures and new product introductions; (vii) the relative and varying rates of product price and component cost declines and the volume and mixture of product and services revenues; (viii) component and product quality and availability; (ix) the transition to new products, the uncertainty of customer acceptance of new product offerings and rapid technological and market change; (x) insufficient, excess or obsolete inventory; (xi) war or acts of terrorism; (xii) the ability to attract and retain highly qualified employees; (xiii) fluctuating currency exchange rates; and (xiv) other one-time events and other important factors disclosed previously and from time to time in EMC’s filings with the U.S. Securities and Exchange Commission. EMC disclaims any obligation to update any such forward-looking statements after the date of this presentation.

This presentation contains non-GAAP financial measures which include but are not limited to non-GAAP Gross Margins, non-GAAP Operating Expenses, non-GAAP Operating Margin, non-GAAP EPS and Free Cash Flow. A reconciliation to GAAP is included within this presentation or in the Current Report on Form 8-K furnished by EMC on July 23, 2008 which can be found at www.EMC.com.

CFO Commentary

David Goulden
Executive Vice President & CFO

The Information Challenge

- Information growth outpaces the ability to efficiently Store it
- Technology complexity outpaces the ability to Manage it
- Information ubiquity outpaces the ability to Secure it
- Power requirement outpaces the ability to Supply it
- Without new technologies, IT need will outpace the ability to Pay for it

The Information Challenge – Met By EMC

- Information growth outpaces the ability to efficiently Store it
 - Leader in information infrastructure
- Technology complexity outpaces the ability to Manage it
 - Leader in virtualization, infrastructure management, information management
- Information ubiquity outpaces the ability to Secure it
 - Leader in information-centric security
- Power requirement outpaces the ability to Supply it
 - Leader in reducing power consumption
- Without new technologies, IT need will outpace the ability to Pay for it
 - Leader in helping customers improve overall efficiency

EMC's unique combined offering helps customers improve the Efficiency of their IT – To Do More With Less

EMC Information Infrastructure Results

	Q2 08	Growth Y/Y
Worldwide Revenue:	\$3.2B	14%
North America		7%
Europe, Middle East, Africa		24%
Asia-Pacific/Japan		23%
Latin America		19%

EMC Information Infrastructure Results

	Q2 08	Growth Y/Y
Non-GAAP EPS	\$0.21	17%
Cash flow from operations	\$457M	
Free cash flow	\$270M	

Refer to the schedules in the Appendix for a complete reconciliation of GAAP to non-GAAP.

EMC Information Infrastructure Results

	Q2 08	Growth Y/Y
Information Storage	\$2.9B	14%
Content Management and Archiving	\$204M	18%
RSA Information Security	\$144M	15%

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EMC Information Infrastructure Non-GAAP Results

Non-GAAP:	Q2 08	Growth Y/Y
Operating margin	16.5%	~30 bps
Gross margin	53.0%	30 bps
Operating expenses	36.4%	0 bps

Refer to the schedules in the Appendix for a complete reconciliation of GAAP to non-GAAP.

Consolidated Results



	Q2 08	Growth Y/Y
Revenue	\$ 3.7B	18%
GAAP EPS	\$ 0.18	
Non-GAAP EPS	\$ 0.24	20%
VMware within EMC Non-GAAP EPS	\$ 0.04	

Refer to the schedules in the Appendix for a complete reconciliation of GAAP to non-GAAP. Numbers may not foot due to rounding.

EMC Consolidated Results



	<u>Q2 08</u>
Cash flow from operations	\$619 M
Free cash flow	\$374 M

Refer to the schedules in the Appendix for a complete reconciliation of GAAP to non-GAAP.

Q2 08 Consolidated Cash

- Cash and investments:
 - \$8.1 billion in total cash and investments
 - \$4.6 billion overseas and in VMware

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 - YTD (as of 7/23/08): spent \$850M

Q2 08 Consolidated Cash

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 - \$8.1 billion in total cash and investments
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- Stock repurchase:
 - Q2 08: \$130M for ~9M shares
 - YTD (as of 7/23/08): spent \$850M
- Acquisitions:
 - Q2 08: ~\$270M

EMC Consolidated 2008 expectations:

Revenue.....	>\$15B
GAAP EPS.....	\$0.74
add: Q1 08 IPR&D.....	\$0.04
Non-GAAP EPS ¹	\$0.78
add: Stock-based compensation.....	\$0.18
add: Intangible amortization.....	\$0.08
Non-GAAP EPS ²	\$1.04

¹GAAP EPS less IPR&D charges associated primarily with the acquisition of Pi Corporation.

²GAAP EPS less IPR&D charges associated primarily with the acquisition of Pi Corporation, stock-based compensation and intangible amortization.

All dollar amounts should be considered to be approximations.

CEO Commentary

Joe Tucci
Chairman, President & CEO

Q&A

Appendix

Appendix – Use of Non-GAAP Information

Use of Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. These non-GAAP financial measures, which are used as measures of EMC's performance or liquidity, should be considered in addition to, not as a substitute for, measures of EMC's financial performance or liquidity prepared in accordance with GAAP. EMC's non-GAAP financial measures may be defined differently than similar terms used by other companies, and accordingly, care should be exercised in understanding how EMC defines its non-GAAP financial measures.

Where specified in the accompanying schedules for various periods entitled "Reconciliation of GAAP to Non-GAAP," certain items noted on each such specific schedule (including, where noted, amounts relating to stock-based compensation expense and intangible amortization) are excluded from the non-GAAP financial measures.

EMC's management uses the non-GAAP financial measures in the accompanying schedules to gain an understanding of EMC's comparative operating performance (when comparing such results with previous periods or forecasts) and future prospects and excludes the above-listed items from its internal financial statements for purposes of its internal budgets and each reporting segment's financial goals. These non-GAAP financial measures are used by EMC's management in their financial and operating decision-making because management believes they reflect EMC's ongoing business in a manner that allows meaningful period-to-period comparisons. EMC's management believes that these non-GAAP financial measures provide useful information to investors and others (a) in understanding and evaluating EMC's current operating performance and future prospects in the same manner as management does, if they so choose, and (b) in comparing in a consistent manner the Company's current financial results with the Company's past financial results.

This presentation also includes disclosures regarding free cash flow which is a non-GAAP financial measure. Free cash flow is defined as net cash provided by operating activities less additions to property, plant and equipment and capitalized software development costs. EMC uses free cash flow, among other measures, to evaluate the ability of its operations to generate cash that is available for purposes other than capital expenditures and capitalized software development costs. Management believes that information regarding free cash flow provides investors with an important perspective on the cash available to make strategic acquisitions and investments, repurchase shares, service debt and fund ongoing operations. As free cash flow is not a measure of liquidity calculated in accordance with GAAP, free cash flow should be considered in addition to, but not as a substitute for, the analysis provided in the statement of cash flows.

All of the foregoing non-GAAP financial measures have limitations. Specifically, the non-GAAP financial measures that exclude the items noted above do not include all items of income and expense that affect EMC's operations. Further, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be comparable to non-GAAP financial measures used by other companies and do not reflect any benefit that such items may confer on EMC. Management compensates for these limitations by also considering EMC's financial results as determined in accordance with GAAP.

GAAP to Non-GAAP Reconciliation



Reconciliation of GAAP to non-GAAP for the Three Months Ended June 30, 2008 In thousands, except per share amounts

	Unaudited										Net Income per Weighted Average Share, Basic		Net Income per Weighted Average Share, Diluted
	Revenue	Cost of Revenue	Research and Development	Selling, General and Administrative	Operating Income	Other Income, net	Income Before Taxes and Minority Interest	Income Tax Provision	Income Before Minority Interest	Minority Interest	Net Income	Share, Basic	Share, Diluted
EMC Consolidated GAAP	\$ 3,673,874	\$ 1,645,304	\$ 442,502	\$ 1,135,674	\$ 450,394	\$ 37,125	\$ 487,519	\$ 102,338	\$ 385,181	\$ (7,713)	\$ 377,468	\$ 0.183	\$ 0.179
Stock-based compensation expense	-	(19,058)	(39,433)	(61,829)	120,320	-	120,320	26,455	93,865	(5,043)	88,822	\$ 0.043	\$ 0.042
Intangible amortization	-	(39,268)	(2,866)	(26,743)	68,877	-	68,877	23,045	45,832	(375)	45,457	\$ 0.022	\$ 0.022
EMC Consolidated Non-GAAP (1)	\$ 3,673,874	\$ 1,586,978	\$ 400,203	\$ 1,047,102	\$ 639,591	\$ 37,125	\$ 676,716	\$ 151,838	\$ 524,878	\$ (13,131)	\$ 511,747	\$ 0.249	\$ 0.243
EMC Information Infrastructure GAAP	\$ 3,221,299	\$ 1,564,859	\$ 327,917	\$ 937,000	\$ 391,523	\$ 33,563	\$ 425,086	\$ 90,930	\$ 334,156	\$ -	\$ 334,156	\$ 0.162	\$ 0.160
Stock-based compensation expense	-	(12,486)	(19,631)	(43,307)	75,424	-	75,424	15,770	59,654	-	59,654	\$ 0.029	\$ 0.028
Intangible amortization	-	(36,974)	(2,866)	(25,198)	65,038	-	65,038	21,752	43,286	-	43,286	\$ 0.021	\$ 0.021
EMC Information Infrastructure Non-GAAP (2)	\$ 3,221,299	\$ 1,515,399	\$ 305,420	\$ 868,495	\$ 531,985	\$ 33,563	\$ 565,548	\$ 128,452	\$ 437,096	\$ -	\$ 437,096	\$ 0.212	\$ 0.209
VMware standalone GAAP	\$ 456,128	\$ 80,531	\$ 114,128	\$ 200,469	\$ 61,000	\$ 3,101	\$ 64,101	\$ 11,765	\$ 52,336	\$ -	\$ 52,336	\$ 0.025	\$ 0.025
GAAP adjustments and eliminations	(3,553)	(86)	457	(1,795)	(2,129)	461	(1,668)	(357)	(1,311)	(7,713)	(9,024)	\$ (0.004)	\$ (0.005)
VMware within EMC	452,575	80,445	114,585	198,674	58,871	3,562	62,433	11,408	51,025	(7,713)	43,312	\$ 0.021	\$ 0.020
Stock-based compensation expense	-	(6,572)	(19,802)	(18,522)	44,896	-	44,896	10,685	34,211	(5,043)	29,168	\$ 0.014	\$ 0.014
Intangible amortization	-	(2,294)	-	(1,545)	3,839	-	3,839	1,293	2,546	(375)	2,171	\$ 0.001	\$ 0.001
VMware within EMC Non-GAAP (3)	\$ 452,575	\$ 71,579	\$ 94,783	\$ 178,607	\$ 107,606	\$ 3,562	\$ 111,168	\$ 23,386	\$ 87,782	\$ (13,131)	\$ 74,651	\$ 0.036	\$ 0.035
											Wtd. Average Share O/S	2,057,766	2,094,795

(1) Represents EMC Consolidated GAAP excluding stock-based compensation expense and intangible amortization.

(2) Represents EMC Information Infrastructure GAAP excluding stock-based compensation expense and intangible amortization.

(3) Represents VMware within EMC excluding stock-based compensation expense and intangible amortization.

Note: Numbers may not foot due to rounding.

GAAP to Non-GAAP Reconciliation



Reconciliation of GAAP to non-GAAP
for the Three Months Ended June 30, 2007
In thousands, except per share amounts
Unaudited

	Revenue	Cost of Revenue	Research and Development	Selling, General and Administrative	Operating Income	Other Income, net	Income Before Taxes	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted	
EMC Consolidated GAAP	\$ 3,124,672	\$ 1,423,859	\$ 384,966	\$ 924,349	\$ 391,498	\$ 35,682	\$ 427,180	\$ 92,773	\$ 334,407	\$ 0.161	\$ 0.158	
Stock-based compensation expense	-	(13,449)	(24,733)	(49,024)	87,206	-	87,206	21,863	65,343	\$ 0.032	\$ 0.031	
Intangible amortization	-	(29,185)	(2,167)	(17,244)	48,596	-	48,596	17,108	31,488	\$ 0.015	\$ 0.015	
EMC Consolidated Non-GAAP (1)	<u>\$ 3,124,672</u>	<u>\$ 1,381,225</u>	<u>\$ 358,066</u>	<u>\$ 858,081</u>	<u>\$ 527,300</u>	<u>\$ 35,682</u>	<u>\$ 562,982</u>	<u>\$ 131,744</u>	<u>\$ 431,238</u>	<u>\$ 0.208</u>	<u>\$ 0.203</u>	
EMC Information Infrastructure GAAP	\$ 2,826,575	\$ 1,374,377	\$ 314,019	\$ 792,161	\$ 346,018	\$ 41,195	\$ 387,213	\$ 85,845	\$ 301,368	\$ 0.146	\$ 0.142	
Stock-based compensation expense	-	(12,456)	(16,481)	(42,296)	71,233	-	71,233	17,054	54,179	\$ 0.026	\$ 0.026	
Intangible amortization	-	(23,970)	(2,167)	(16,171)	42,308	-	42,308	14,781	27,527	\$ 0.013	\$ 0.013	
EMC Information Infrastructure Non-GAAP (2)	<u>\$ 2,826,575</u>	<u>\$ 1,337,951</u>	<u>\$ 295,371</u>	<u>\$ 733,694</u>	<u>\$ 459,559</u>	<u>\$ 41,195</u>	<u>\$ 500,754</u>	<u>\$ 117,680</u>	<u>\$ 383,074</u>	<u>\$ 0.185</u>	<u>\$ 0.181</u>	
VMware standalone GAAP	\$ 296,825	\$ 48,817	\$ 71,581	\$ 129,692	\$ 46,735	\$ (5,223)	\$ 41,512	\$ 7,288	\$ 34,224	\$ 0.017	\$ 0.016	
GAAP adjustments and eliminations	<u>1,272</u>	<u>665</u>	<u>(634)</u>	<u>2,496</u>	<u>(1,255)</u>	<u>(290)</u>	<u>(1,545)</u>	<u>(360)</u>	<u>(1,185)</u>	<u>\$ (0.001)</u>	<u>\$ (0.001)</u>	
VMware within EMC	298,097	49,482	70,947	132,188	45,480	(5,513)	39,967	6,928	33,039	\$ 0.016	\$ 0.016	
Stock-based compensation expense	-	(993)	(8,252)	(6,728)	15,973	-	15,973	4,809	11,164	\$ 0.005	\$ 0.005	
Intangible amortization	-	(5,215)	-	(1,073)	6,288	-	6,288	2,327	3,961	\$ 0.002	\$ 0.002	
VMware within EMC Non-GAAP (3)	<u>\$ 298,097</u>	<u>\$ 43,274</u>	<u>\$ 62,695</u>	<u>\$ 124,387</u>	<u>\$ 67,741</u>	<u>\$ (5,513)</u>	<u>\$ 62,228</u>	<u>\$ 14,064</u>	<u>\$ 48,164</u>	<u>\$ 0.023</u>	<u>\$ 0.023</u>	
										Wtd. Average Share O/S	<u>2,070,636</u>	<u>2,121,645</u>

(1) Represents EMC Consolidated GAAP excluding stock-based compensation expense and intangible amortization.

(2) Represents EMC Information Infrastructure GAAP excluding stock-based compensation expense and intangible amortization.

(3) Represents VMware within EMC excluding stock-based compensation expense and intangible amortization.

Note: Numbers may not foot due to rounding.

GAAP to Non-GAAP Reconciliation



EMC Corporation
Reconciliation of Cash Flow from Operations to Free Cash Flow
in thousands
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
EMC Consolidated				
Cash flow from Operations	\$ 618,577	\$ 621,565	\$ 1,536,869	\$ 1,430,248
Capital Expenditures	(179,937)	(153,684)	(326,449)	(324,210)
Capitalized Software	(64,527)	(46,126)	(118,848)	(98,046)
Free Cash Flow	<u>\$ 374,113</u>	<u>\$ 421,755</u>	<u>\$ 1,091,572</u>	<u>\$ 1,007,992</u>
EMC Information Infrastructure				
Cash flow from Operations	\$ 457,158	\$ 505,348	\$ 1,269,392	\$ 1,177,613
Capital Expenditures	(134,613)	(90,763)	(240,106)	(213,472)
Capitalized Software	(52,757)	(42,254)	(102,914)	(87,215)
Free Cash Flow	<u>\$ 269,788</u>	<u>\$ 372,331</u>	<u>\$ 926,372</u>	<u>\$ 876,926</u>

GAAP to Non-GAAP Reconciliation



Reconciliation of GAAP to non-GAAP
for the Six Months Ended June 30, 2008 and 2007
in thousands
(Unaudited)

	<u>EMC Information Infrastructure</u>	<u>EMC Consolidated</u>
GAAP Net Income for the Six months ended June 30, 2008	\$ 563,786	\$ 646,306
add: IPR&D	79,204	79,204
add: Stock-based compensation	115,280	174,983
add: Intangible amortization	<u>84,313</u>	<u>88,575</u>
Non-GAAP Net Income for the Six months ended June 30, 2008	<u>\$ 842,583</u>	<u>\$ 989,068</u>

GAAP to Non-GAAP Reconciliation



Q2 08 VMware within EMC:

GAAP EPS.....	\$0.020
add: Stock-based compensation.....	\$0.014
add: Intangible amortization.....	\$0.001
Non-GAAP EPS.....	\$0.035