

# EMC Q2 2010 FINANCIAL RESULTS

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July 21, 2010

# 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 Net Income, non-GAAP EPS, Free Cash Flow, non-GAAP Gross Margin, non-GAAP Operating Margin and non-GAAP Tax Rate. A reconciliation to GAAP is included within this presentation or in the Current Report on Form 8-K furnished by EMC on July 21, 2010 which can be found at [www.EMC.com](http://www.EMC.com) or [www.sec.gov](http://www.sec.gov).

# CFO Commentary

David Goulden

Executive Vice President & CFO

# EMC Consolidated Results

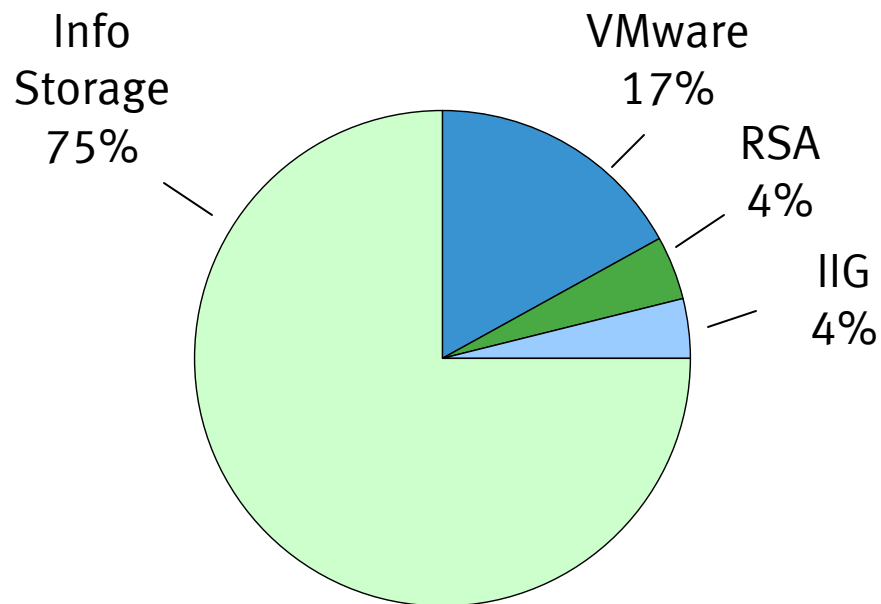
## Q210 Highlights

- Record Q2 Revenues of over \$4.0B, up 24% Y/Y
- Record Q2 Non-GAAP Net Income of \$596M, up 66% Y/Y
- Non-GAAP EPS of \$0.28, up 56% Y/Y
- Storage business grew 21% Y/Y
- VMware grew 48% Y/Y
- Free Cash Flow was \$1.6B, up 47% for 1H10
- Non-GAAP Operating Margin was 20.7%, up 120 bps Q/Q

## Delivered the Triple Play

# EMC Business Segment Results

## % Revenue Contribution



	Y/Y Growth
Information Storage	21%
RSA Security	18%
IIG*	~ flat
VMware	48%

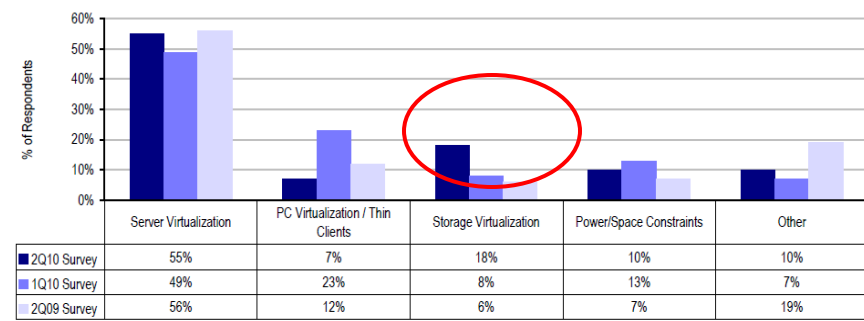
\* Information Intelligence Group

# EMC Information Storage Results

	Q210	Y/Y Growth
Revenue	\$3.0B	21%

UBS Global I/O Technology 15 July 2010

Chart 8: Biggest Trend Driving Change in Hardware Purchasing Decisions  
(% of Respondents)



Source: Datamonitor and UBS

## High-end

- Symmetrix product revenues up 32% Y/Y
- Customers embracing capabilities of high-end solutions
  - VMAX – most powerful and scalable storage solution on the market today
  - FAST is driving higher penetration rates of Solid State Drive (SSD)-based storage
  - SSDs + SATA drives + FAST = unmatched performance, scalability & cost-effectiveness
  - VPLEX launched; a net new opportunity, enabling data migration & mobility over distance

# EMC Information Storage Results

## Mid-tier <sup>(1)</sup>

- Customers demanding ease of use, simplicity AND right technology for right job
- Mid-tier product revenues up 33% Y/Y, up 12% Q/Q
- Extending lead in newer high-growth areas
  - BRS Dedupe
  - Unified NS Celerra
- EMC's mid-tier portfolio
  - Best efficiency
  - Best scalability
  - Best integration with VMware
- Next generation software functionality
  - Unisphere
  - FAST v2
  - FASTCache
  - Block compression

(1) Mid-tier platform products include hardware and software products from EMC CLARiion, EMC Celerra, EMC Centera, EMC Data Domain, EMC Avamar and EMC Atmos.

# EMC Security and IIG Results

	Q210	Y/Y Growth
Revenue	\$173M	18%

	Q210	Y/Y Growth
Revenue	\$178M	~flat

## RSA Security

- Strength across the board
  - Archer business is thriving
  - More CIO and CISO joint meetings taking place
  - Continue to invest in data-centric security approach crucial for broad cloud adoption

## Information Intelligence Group

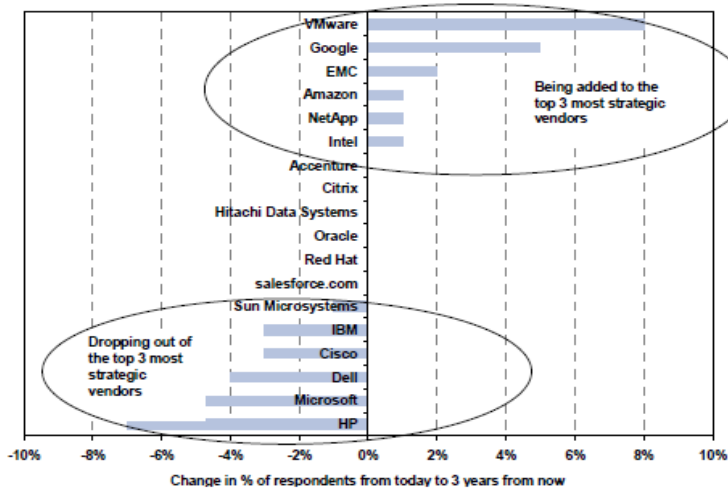
- xCP composition platform & e-discovery solutions performing well

# VMware Results

	Q210	Y/Y Growth
Revenue	\$673M	48%

**Exhibit 18: VMware, Google and EMC increase the most in strategic relevance in the coming years at the expense of the larger tech companies**

Change in % of respondents from today to 3 years from now



Source: Goldman Sachs IT Spending Survey.

## VMware

- Q2 record revenue driven by strength across geographies, products and customers from SMB up through the enterprise
- Virtualization of the server infrastructure is necessary first step toward cloud computing
- Customers are choosing VMware to lay foundation for cloud architectures
  - Technology is several generations ahead

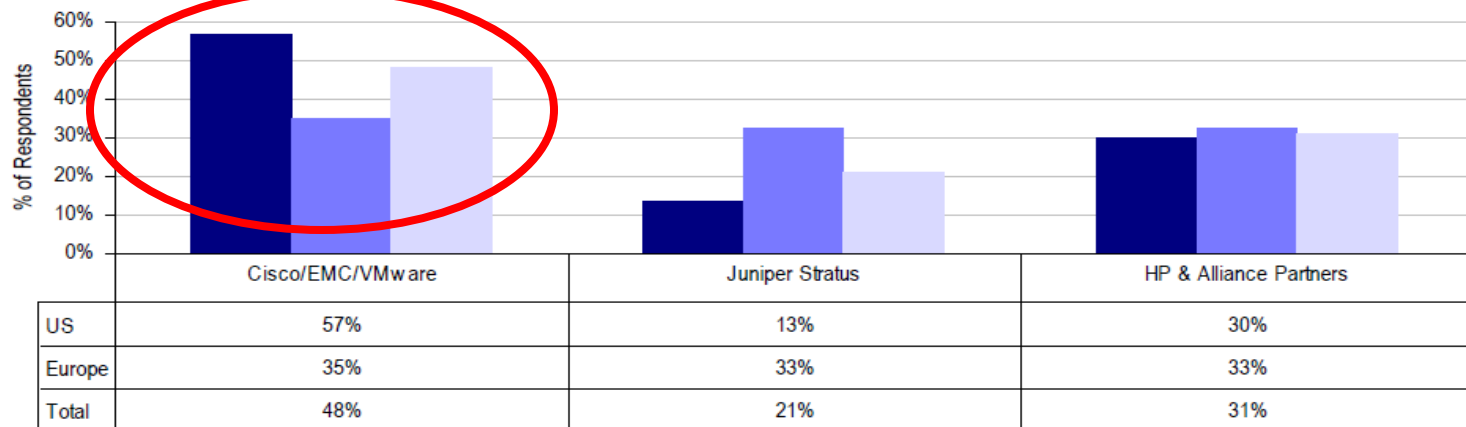
# Journey to the Private Cloud

## Made Easier

- VCE Coalition
- EMC Professional Services

UBS Global I/OTechnology 15 July 2010

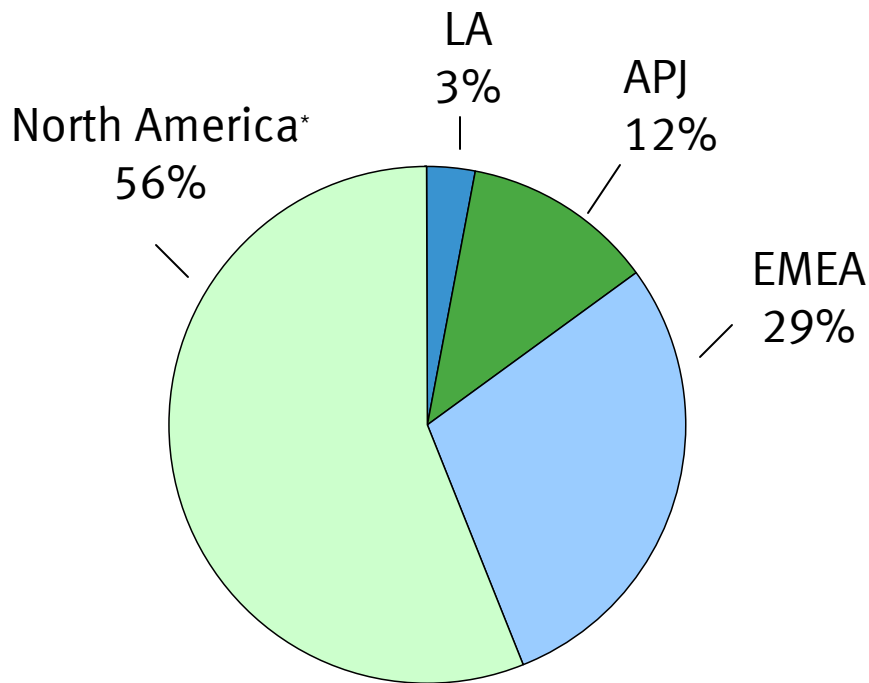
Chart 12: Best Positioned Company/Alliance to Implement Data Center Modernization



Source: Datamonitor and UBS

# EMC Geography Results

% Revenue Contribution



	Y/Y Growth
North America	28%
EMEA	18%
APJ	20%
LA	22%

BRIC + 13 markets grew over 30%

\* U.S. revenues =53%.

# EMC Consolidated Results

- Non-GAAP Gross Margin of 60.1%
- Non-GAAP Operating Margin of 20.7%
- Non-GAAP EPS of \$0.28
- Last Twelve Months Free Cash Flow of \$3.1B

# Other Financial Commentary

## Cash & Investments

	Total	US	International
EMC ex-VMW	\$7.6B	\$4.6B	\$3.0B
VMW	\$2.7B	\$1.6B	\$1.1B
EMC Consolidated	\$10.3B	\$6.2B	\$4.1B

## Other

Non-GAAP tax rate	24%
Deferred Revenues	\$4.1B
Inventory turns	8.2x
DSO's	45

## Use of Cash

- 18.6M EMC shares purchased ~\$341M
- 1.6M VMW shares purchased by EMC ~\$99M
- 1.8M VMW shares purchased by VMware ~\$113M
- Acquisitions ~\$61M

# EMC 2010 Business Outlook

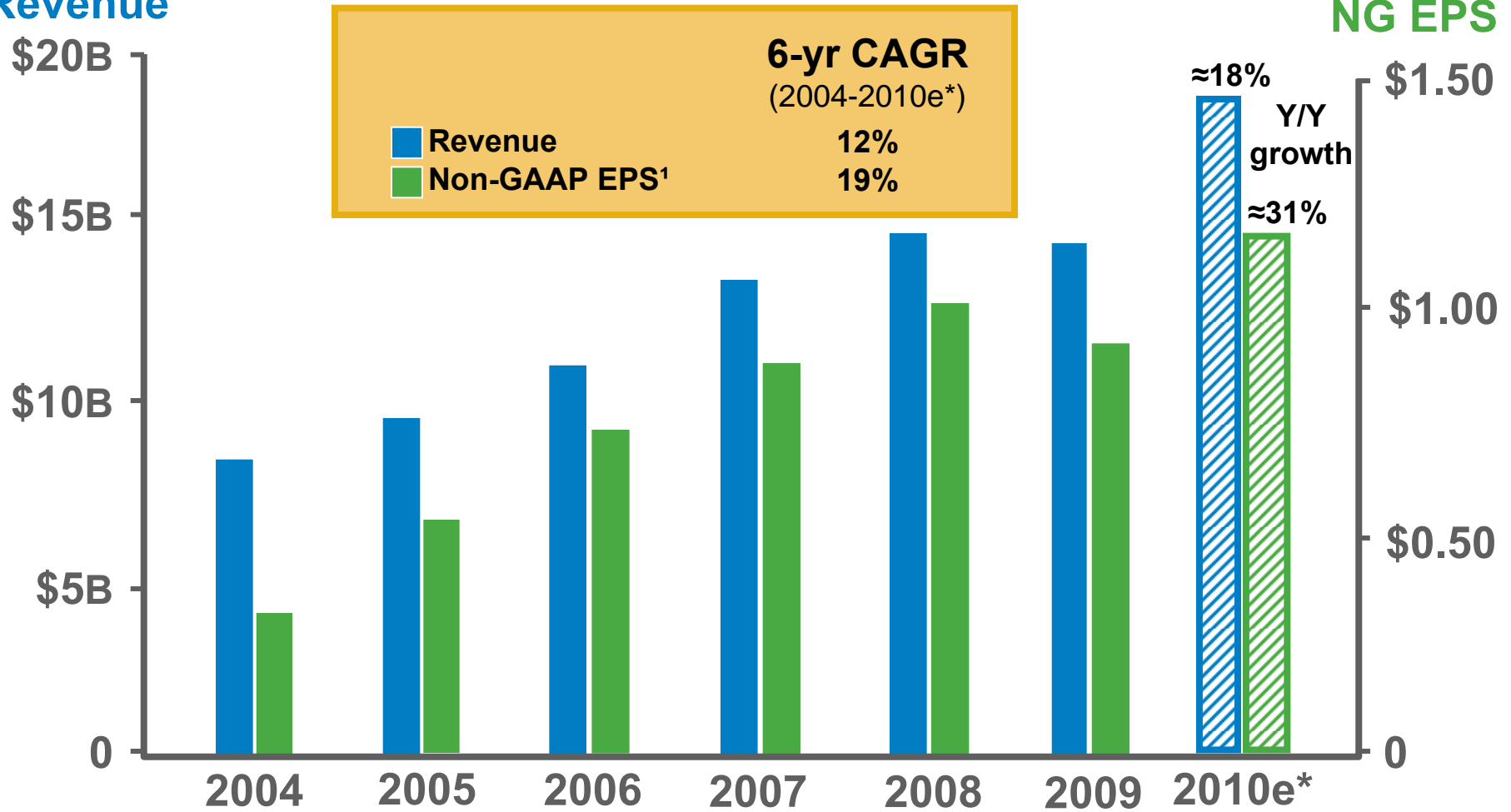
	2010
IT Spending Growth	~3-5%
EMC Addressable Market Growth	~6-8%

# EMC 2010 Business Outlook

	2010
IT Spending Growth	~3-5%
EMC Addressable Market Growth	~6-8%
<b>EMC 2010 Consolidated Expectations</b>	
Revenue	>\$16.5B
Non-GAAP EPS	>\$1.18

# EMC's Long-term Results

Revenue



<sup>1</sup> Refer to the schedules available at <http://www.emc.com/about/investor-relations/archived-events.htm> for a complete reconciliation of GAAP to non-GAAP results

\* 2010 estimates assumes FY'10 Revenue of \$16.5B and FY'10 Non-GAAP EPS of \$1.18.

# CEO Commentary

Joe Tucci

Chairman & CEO



# Q&A

# Appendix

# Use of Non-GAAP Financial Measures

This presentation, the accompanying schedules, EMC's earnings press release and the additional content that is available on EMC's website contain 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 from time to time and 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 in this release.

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 restructuring and acquisition-related charges, 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.

# EMC Corporation

## Reconciliation of GAAP to Non-GAAP Outlook

- Consolidated GAAP diluted earnings per share are expected to exceed \$0.84 for 2010. Consolidated non-GAAP diluted earnings per share, excluding the impact of restructuring and acquisition-related charges, stock-based compensation expense and intangible asset amortization are expected to exceed \$1.18 for 2010. Consolidated restructuring and acquisition-related charges, stock-based compensation expense and intangible asset amortization are expected to be \$0.02, \$0.23 and \$0.09 per diluted share, respectively for 2010.
- GAAP operating income is expected to be 14% to 15% of revenues for 2010 and non-GAAP operating income is expected to be 20% to 21% of revenues for 2010. Excluded from non-GAAP operating income are restructuring and acquisition-related charges, stock-based compensation expense and intangible asset amortization, which account for less than 1%, 4% and less than 2% of revenues, respectively.
- 2010 GAAP research and development (“R&D”) expense and non-GAAP R&D expense is both expected to increase between 18% and 19% over 2009. Excluded from the increase in non-GAAP R&D expense is stock-based compensation expense of \$46 million and intangible asset amortization of \$10 million.
- The consolidated GAAP income tax rate is expected to be 19% for 2010. Excluding the impact of restructuring and acquisition-related charges, stock-based compensation expense and intangible asset amortization, which collectively impact the tax rate by 2%, the consolidated non-GAAP income tax rate is expected to be 21% for 2010. Both GAAP and non-GAAP income tax rates assume that the U.S. research and development tax credit will be re-enacted in 2010.

*The statements presented on this slide are based on current expectations. These statements are forward-looking, and actual results may differ materially. These statements do not give effect to the potential impact of mergers, acquisitions, divestitures or business combinations that may be announced or closed after the date hereof. All dollar amounts and percentages set forth above should be considered to be approximations.*

EMC CORPORATION  
Consolidated Income Statements  
(in thousands, except per share amounts)  
Unaudited

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues:				
Product sales	\$ 2,553,316	\$ 2,005,270	\$ 5,032,033	\$ 3,974,390
Services	1,470,181	1,252,082	2,882,156	2,433,724
	<u>4,023,497</u>	<u>3,257,352</u>	<u>7,914,189</u>	<u>6,408,114</u>
Cost and expenses:				
Cost of product sales	1,157,742	1,057,205	2,319,664	2,070,535
Cost of services	506,556	456,369	1,016,807	910,546
Research and development	477,725	397,881	912,658	781,174
Selling, general and administrative	1,283,651	1,051,204	2,544,935	2,075,977
Restructuring and acquisition-related charges	9,839	33,234	28,341	48,806
	<u>587,984</u>	<u>261,459</u>	<u>1,091,784</u>	<u>521,076</u>
Operating income				
	587,984	261,459	1,091,784	521,076
Non-operating income (expense):				
Investment income	32,103	31,343	63,635	71,187
Interest expense	(44,744)	(44,158)	(87,712)	(89,701)
Other income (expense), net	2,130	17	(6,891)	(10,741)
Total non-operating expense	<u>(10,511)</u>	<u>(12,798)</u>	<u>(30,968)</u>	<u>(29,255)</u>
Income before provision for income taxes	577,473	248,661	1,060,816	491,821
Income tax provision	<u>136,976</u>	<u>38,045</u>	<u>232,629</u>	<u>75,860</u>
Net income	440,497	210,616	828,187	415,961
Less: Net income attributable to the non-controlling interest in VMware, Inc.	<u>(14,281)</u>	<u>(5,384)</u>	<u>(29,267)</u>	<u>(16,660)</u>
Net income attributable to EMC Corporation	<u>\$ 426,216</u>	<u>\$ 205,232</u>	<u>\$ 798,920</u>	<u>\$ 399,301</u>
Net income per weighted average share, basic attributable to EMC Corporation common shareholders	<u>\$ 0.21</u>	<u>\$ 0.10</u>	<u>\$ 0.39</u>	<u>\$ 0.20</u>
Net income per weighted average share, diluted attributable to EMC Corporation common shareholders	<u>\$ 0.20</u>	<u>\$ 0.10</u>	<u>\$ 0.37</u>	<u>\$ 0.20</u>
Weighted average shares, basic	2,052,161	2,011,508	2,051,599	2,010,147
Weighted average shares, diluted	2,132,997	2,030,048	2,126,062	2,025,433

Reconciliation of GAAP to Non-GAAP  
**For the Three Months Ended June 30, 2010**  
(in thousands, except per share amounts)  
Unaudited

	Revenue	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring and Acquisition-Related Charges	Operating Income	Other (Expense) Income, net	Income Before Taxes	Income Tax Provision	Net Income	Net Income Attributable to VMware	Net Income Attributable to EMC	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
<b>EMC Consolidated GAAP</b>	\$ 4,023,497	\$ 1,664,298	\$ 477,725	\$ 1,283,651	\$ 9,839	\$ 587,984	\$ (10,511)	\$ 577,473	\$ 136,976	\$ 440,497	\$ (14,281)	\$ 426,216	\$ 0.208	\$ 0.199
Restructuring and acquisition-related charges	-	-	-	-	(9,839)	9,839	-	9,839	(1,700)	11,539	(1,167)	10,372	\$ 0.005	\$ 0.005
<b>EMC Consolidated Adjusted (1)</b>	4,023,497	1,664,298	477,725	1,283,651	-	597,823	(10,511)	587,312	135,276	452,036	(15,448)	436,588	\$ 0.213	\$ 0.204
Stock-based compensation expense	-	(25,085)	(61,349)	(74,989)	-	161,423	298	161,721	38,869	122,852	(11,026)	111,826	\$ 0.054	\$ 0.052
Intangible amortization	-	(34,016)	(6,252)	(31,695)	-	71,963	-	71,963	22,882	49,081	(1,239)	47,842	\$ 0.023	\$ 0.022
<b>EMC Consolidated Non-GAAP (2)</b>	<u>\$ 4,023,497</u>	<u>\$ 1,605,197</u>	<u>\$ 410,124</u>	<u>\$ 1,176,967</u>	<u>\$ -</u>	<u>\$ 831,209</u>	<u>\$ (10,213)</u>	<u>\$ 820,996</u>	<u>\$ 197,027</u>	<u>\$ 623,969</u>	<u>\$ (27,713)</u>	<u>\$ 596,256</u>	<u>\$ 0.291</u>	<u>\$ 0.279</u>

<b>EMC Information Infrastructure GAAP</b>	\$ 3,350,692	\$ 1,546,238	\$ 317,547	\$ 993,317	\$ 8,939	\$ 484,651	\$ (5,507)	\$ 479,144	\$ 111,658	\$ 367,486	\$ -	\$ 367,486	\$ 0.179	\$ 0.172
Restructuring and acquisition-related charges	-	-	-	-	(8,939)	8,939	-	8,939	3,490	5,449	-	5,449	\$ 0.003	\$ 0.003
<b>EMC Information Infrastructure Adjusted (3)</b>	3,350,692	1,546,238	317,547	993,317	-	493,590	(5,507)	488,083	115,148	372,935	-	372,935	\$ 0.182	\$ 0.175
Stock-based compensation expense	-	(16,622)	(22,037)	(51,045)	-	89,704	224	89,928	24,621	65,307	-	65,307	\$ 0.032	\$ 0.031
Intangible amortization	-	(26,934)	(5,625)	(31,059)	-	63,618	-	63,618	21,003	42,615	-	42,615	\$ 0.021	\$ 0.020
<b>EMC Information Infrastructure Non-GAAP (4)</b>	<u>\$ 3,350,692</u>	<u>\$ 1,502,682</u>	<u>\$ 289,885</u>	<u>\$ 911,213</u>	<u>\$ -</u>	<u>\$ 646,912</u>	<u>\$ (5,283)</u>	<u>\$ 641,629</u>	<u>\$ 160,772</u>	<u>\$ 480,857</u>	<u>\$ -</u>	<u>\$ 480,857</u>	<u>\$ 0.234</u>	<u>\$ 0.225</u>

<b>VMware standalone GAAP</b>	\$ 673,904	\$ 118,152	\$ 161,756	\$ 292,815	\$ -	\$ 101,181	\$ (4,237)	\$ 96,944	\$ 22,406	\$ 74,538	\$ -	\$ 74,538	\$ 0.036	\$ 0.035
GAAP adjustments and eliminations	(1,099)	(92)	(1,578)	(2,481)	900	2,152	(767)	1,385	2,912	(1,527)	(14,281)	(15,808)	\$ (0.008)	\$ (0.008)
<b>VMware within EMC GAAP (5)</b>	672,805	118,060	160,178	290,334	900	103,333	(5,004)	98,329	25,318	73,011	(14,281)	58,730	\$ 0.029	\$ 0.027
Acquisition-related charges	-	-	-	-	(900)	900	-	900	(5,190)	6,090	(1,167)	4,923	\$ 0.002	\$ 0.002
<b>VMware within EMC Adjusted (6)</b>	672,805	118,060	160,178	290,334	-	104,233	(5,004)	99,229	20,128	79,101	(15,448)	63,653	\$ 0.031	\$ 0.029
Stock-based compensation expense	-	(8,463)	(39,312)	(23,944)	-	71,719	74	71,793	14,248	57,545	(11,026)	46,519	\$ 0.023	\$ 0.022
Intangible amortization	-	(7,082)	(627)	(636)	-	8,345	-	8,345	1,879	6,466	(1,239)	5,227	\$ 0.003	\$ 0.002
<b>VMware within EMC Non-GAAP (7)</b>	<u>\$ 672,805</u>	<u>\$ 102,515</u>	<u>\$ 120,239</u>	<u>\$ 265,754</u>	<u>\$ -</u>	<u>\$ 184,297</u>	<u>\$ (4,930)</u>	<u>\$ 179,367</u>	<u>\$ 36,255</u>	<u>\$ 143,112</u>	<u>\$ (27,713)</u>	<u>\$ 115,399</u>	<u>\$ 0.056</u>	<u>\$ 0.053</u>

Wtd. Average Share O/S 2,052,161 2,132,997

Reconciliation of GAAP to Non-GAAP  
**For the Three Months Ended June 30, 2010**  
(in thousands, except per share amounts)  
Unaudited  
(Continued)

The following costs are included in EMC Consolidated Non-GAAP and EMC Information Infrastructure Non-GAAP results:

	Revenue	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring and Acquisition-Related Charges	Operating Income	Other (Expense) Income, net	Income Before Taxes	Income Tax Provision	Net Income	Net Income Attributable to VMware	Net Income Attributable to EMC	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
Non-cash interest expense on convertible debt (8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,252)	\$ (26,252)	\$ (9,703)	\$ (16,549)	\$ -	\$ (16,549)	\$ (0.008)	\$ (0.008)
Transition costs (9)	-	559	1,311	8,708	-	(10,578)	-	(10,578)	(2,931)	(7,647)	-	(7,647)	(0.004)	(0.004)
	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ 1,311</u>	<u>\$ 8,708</u>	<u>\$ -</u>	<u>\$ (10,578)</u>	<u>\$ (26,252)</u>	<u>\$ (36,830)</u>	<u>\$ (12,634)</u>	<u>\$ (24,196)</u>	<u>\$ -</u>	<u>\$ (24,196)</u>	<u>\$ (0.012)</u>	<u>\$ (0.011)</u>

- (1) Represents EMC Consolidated GAAP excluding restructuring and acquisition-related charges.
- (2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible amortization.
- (3) Represents EMC Information Infrastructure GAAP excluding restructuring and acquisition-related charges.
- (4) Represents EMC Information Infrastructure Adjusted excluding stock-based compensation expense and intangible amortization.
- (5) Represents VMware within EMC GAAP.
- (6) Represents VMware within EMC GAAP excluding acquisition-related charges.
- (7) Represents VMware within EMC Adjusted excluding stock-based compensation expense and intangible amortization.
- (8) Represents the non-cash interest charge associated with our convertible senior notes due 2011 and 2013 totaling \$3,450 million.
- (9) Represents incremental costs incurred to transform our current cost structure to a more streamlined cost structure.

Note: schedule may not add due to rounding



Reconciliation of GAAP to Non-GAAP  
**For the Three Months Ended June 30, 2009**  
(in thousands, except per share amounts)  
Unaudited  
(Continued)

The following costs are included in EMC Consolidated Non-GAAP and EMC Information Infrastructure Non-GAAP results:

	Revenue	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring and Other Special Charges	Operating Income	Other (Expense) Income, net	Income Before Taxes	Income Tax Provision	Net Income	Net Income Attributable to VMware	Net Income Attributable to EMC	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
Non-cash interest expense on convertible debt (7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,780)	\$ (26,780)	\$ (8,385)	\$ (18,395)	\$ -	\$ (18,395)	\$ (0.009)	\$ (0.009)
Transition costs (8)	-	1,342	1,616	5,951	-	(8,909)	-	(8,909)	(2,341)	(6,568)	-	(6,568)	\$ (0.003)	\$ (0.003)
	<u>\$ -</u>	<u>\$ 1,342</u>	<u>\$ 1,616</u>	<u>\$ 5,951</u>	<u>\$ -</u>	<u>\$ (8,909)</u>	<u>\$ (26,780)</u>	<u>\$ (35,689)</u>	<u>\$ (10,726)</u>	<u>\$ (24,963)</u>	<u>\$ -</u>	<u>\$ (24,963)</u>	<u>\$ (0.012)</u>	<u>\$ (0.012)</u>

- (1) Represents EMC Consolidated GAAP excluding restructuring and other special charges.
- (2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible amortization.
- (3) Represents EMC Information Infrastructure GAAP excluding restructuring and other special charges.
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- (8) Represents incremental costs incurred to transform our current cost structure to a more streamlined cost structure.

Note: schedule may not add due to rounding

EMC CORPORATION  
Consolidated Balance Sheets  
(in thousands, except per share amounts)  
Unaudited

	June 30, 2010 <u>(unaudited)</u>	December 31, 2009 <u></u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,784,812	\$ 6,302,499
Short-term investments	1,015,143	392,839
Accounts and notes receivable, less allowance for doubtful accounts of \$45,668 and \$47,414	1,976,311	2,108,575
Inventories	813,756	886,289
Deferred income taxes	583,425	564,174
Other current assets	<u>372,856</u>	<u>283,926</u>
Total current assets	10,546,303	10,538,302
Long-term investments	3,539,361	2,692,323
Property, plant and equipment, net	2,286,042	2,224,346
Intangible assets, net	1,144,649	1,185,632
Goodwill	9,434,792	9,210,376
Other assets, net	<u>1,060,304</u>	<u>961,024</u>
Total assets	<u>\$ 28,011,451</u>	<u>\$ 26,812,003</u>

**LIABILITIES & SHAREHOLDERS' EQUITY**

Current liabilities:		
Accounts payable	\$ 824,579	\$ 899,298
Accrued expenses	1,959,340	1,944,210
Income taxes payable	85,550	41,691
Deferred revenue	<u>2,541,030</u>	<u>2,262,968</u>
Total current liabilities	5,410,499	5,148,167
Income taxes payable	246,469	235,976
Deferred revenue	1,551,084	1,373,798
Deferred income taxes	568,455	708,378
Long-term convertible debt	3,156,376	3,100,290
Other liabilities	<u>176,342</u>	<u>184,920</u>
Total liabilities	<u>11,109,225</u>	<u>10,751,529</u>

Commitments and contingencies

Shareholders' equity:

Preferred stock, par value \$0.01; authorized 25,000 shares; none outstanding	-	-
Common stock, par value \$0.01; authorized 6,000,000 shares; issued 2,053,517 and 2,052,441 shares	20,535	20,524
Additional paid-in capital	3,829,433	3,875,791
Retained earnings	12,558,209	11,759,289
Accumulated other comprehensive loss, net	<u>(144,859)</u>	<u>(105,722)</u>
Total EMC Corporation's shareholders' equity	16,263,318	15,549,882
Non-controlling interest in VMware, Inc.	<u>638,908</u>	<u>510,592</u>
Total shareholders' equity	<u>16,902,226</u>	<u>16,060,474</u>
Total liabilities and shareholders' equity	<u>\$ 28,011,451</u>	<u>\$ 26,812,003</u>

EMC CORPORATION  
Consolidated Statements of Cash Flows  
(in thousands)  
Unaudited

	Six Months Ended	
	June 30, 2010	June 30, 2009
Cash flows from operating activities:		
Cash received from customers	\$ 8,495,542	\$ 6,951,380
Cash paid to suppliers and employees	(6,291,713)	(5,348,576)
Dividends and interest received	54,219	73,448
Interest paid	(38,251)	(35,900)
Income taxes paid	(145,591)	(202,273)
Net cash provided by operating activities	2,074,206	1,438,079
Cash flows from investing activities:		
Additions to property, plant and equipment	(301,192)	(205,512)
Capitalized software development costs	(185,634)	(151,774)
Purchases of short and long-term available-for-sale securities	(2,929,754)	(3,315,606)
Sales of short and long-term available-for-sale securities	1,244,979	2,730,097
Maturities of short and long-term available-for-sale securities	178,201	348,483
Purchase of Data Domain common stock	-	(65,000)
Business acquisitions, net of cash acquired	(348,846)	(98,860)
Increase in strategic and other related investments	(5,812)	(107,055)
Net cash used in investing activities	(2,348,058)	(865,227)
Cash flows from financing activities:		
Issuance of EMC's common stock from the exercise of stock options	317,300	84,028
Issuance of VMware's common stock from the exercise of stock options	215,907	81,606
EMC repurchase of EMC's common stock	(517,370)	-
EMC purchase of VMware's common stock	(198,087)	-
VMware repurchase of VMware's common stock	(144,500)	-
Payments on securities lending	-	(152,196)
Excess tax benefits from stock-based compensation	111,807	6,715
Payment of long-term and short-term obligations	(3,515)	(19,364)
Proceeds from long-term and short-term obligations	1,116	1,116
Net cash (used in) provided by financing activities	(217,342)	1,905
Effect of exchange rate changes on cash	(26,493)	4,318
Net (decrease) increase in cash and cash equivalents	(517,687)	579,075
Cash and cash equivalents at beginning of period	6,302,499	5,843,685
Cash and cash equivalents at end of period	\$ 5,784,812	\$ 6,422,760
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 828,187	\$ 415,961
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	566,439	509,066
Non-cash interest expense on convertible debt	52,172	53,079
Non-cash restructuring and other special charges	999	9,300
Stock-based compensation expense	319,397	234,531
Provision for doubtful accounts	11,358	7,219
Deferred income taxes, net	(101,930)	60,067
Excess tax benefits from stock-based compensation	(111,807)	(6,715)
Other	2,399	450
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	163,646	391,899
Inventories	13,598	(9,910)
Other assets	(104,326)	(37,540)
Accounts payable	(84,470)	(27,915)
Accrued expenses	(63,195)	(134,894)
Income taxes payable	188,968	(186,480)
Deferred revenue	406,349	144,148
Other liabilities	(13,578)	15,813
Net cash provided by operating activities	\$ 2,074,206	\$ 1,438,079

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

	Six Months Ended		Twelve Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
EMC Consolidated				
Cash flow from Operations	\$ 2,074,206	\$ 1,438,079	\$ 3,970,512	\$ 3,466,298
Capital Expenditures	(301,192)	(205,512)	(507,259)	(574,962)
Capitalized Software	(185,634)	(151,774)	(338,380)	(327,899)
Free Cash Flow	\$ 1,587,380	\$ 1,080,793	\$ 3,124,873	\$ 2,563,437

**EMC Corporation**  
**Reconciliation of GAAP to Non-GAAP Tax Rate**  
(in thousands)  
**Unaudited**

**For the three months ended June 30, 2010**

	<u>Income Before Tax</u>	<u>Tax Provision</u>	<u>Tax Rate</u>
EMC Consolidated GAAP	\$ 577,473	\$ 136,976	24%
Stock-based compensation expense	161,721	38,869	24%
Intangible asset amortization	71,963	22,882	32%
Restructuring and acquisition-related charges	9,839	(1,700)	-17%
EMC Consolidated Non-GAAP	<u>\$ 820,996</u>	<u>\$ 197,027</u>	24%

**EMC Corporation**  
**Reconciliation of Gross Margin GAAP to Non-GAAP**  
(in thousands)  
**Unaudited**

	<b>EMC Consolidated</b>
Gross Margin GAAP	\$ 2,359,199
Stock-based compensation expense	25,085
Intangible asset amortization	34,016
Gross Margin Non-GAAP	<b>\$ 2,418,300</b>
Revenues	\$ 4,023,497
% GAAP	58.6%
% Non-GAAP	60.1%

**EMC Corporation**  
**Reconciliation of Operating Margin GAAP to Non-GAAP**  
(in thousands)  
**Unaudited**

	<b>EMC Consolidated</b>
Operating Margin GAAP	\$ 587,984
Restructuring and acquisition-related charges	9,839
Stock-based compensation expense	161,423
Intangible asset amortization	71,963
Operating Margin Non-GAAP	<b>\$ 831,209</b>
Revenues	\$ 4,023,497
% GAAP	14.6%
% Non-GAAP	20.7%

**EMC Corporation  
Supplemental  
Revenue Analysis  
(in thousands)  
Unaudited**

**Supplemental Revenue Data**

	<b>Q1 2009</b>	<b>Q2 2009</b>	<b>Q3 2009</b>	<b>Q4 2009</b>	<b>YTD 2009</b>	<b>Q1 2010</b>	<b>Q2 2010</b>
<b>Storage:</b>							
Product Revenue	\$ 1,572,408	\$ 1,632,309	\$ 1,818,230	\$ 2,175,104	\$ 7,198,051	\$ 2,017,314	\$ 2,076,855
Services Revenue	790,932	842,558	880,807	947,061	3,461,358	901,781	922,067
<b>Total Storage Revenue</b>	<b>\$ 2,363,340</b>	<b>\$ 2,474,867</b>	<b>\$ 2,699,037</b>	<b>\$ 3,122,165</b>	<b>\$ 10,659,409</b>	<b>\$ 2,919,095</b>	<b>\$ 2,998,922</b>
<b>Information Intelligence Group:</b>							
Product Revenue	\$ 58,710	\$ 60,792	\$ 58,209	\$ 83,125	\$ 260,836	\$ 63,662	\$ 62,329
Services Revenue	115,605	119,445	118,979	124,724	478,753	114,502	116,105
<b>Total Information Intelligence Group Revenue</b>	<b>\$ 174,315</b>	<b>\$ 180,237</b>	<b>\$ 177,188</b>	<b>\$ 207,849</b>	<b>\$ 739,589</b>	<b>\$ 178,164</b>	<b>\$ 178,434</b>
<b>Security:</b>							
Product Revenue	\$ 80,671	\$ 84,080	\$ 84,080	\$ 91,441	\$ 340,272	\$ 85,814	\$ 90,876
Services Revenue	62,035	63,055	68,420	72,168	265,678	75,654	82,460
<b>Total Security Revenue</b>	<b>\$ 142,706</b>	<b>\$ 147,135</b>	<b>\$ 152,500</b>	<b>\$ 163,609</b>	<b>\$ 605,950</b>	<b>\$ 161,468</b>	<b>\$ 173,336</b>
<b>EMC Information Infrastructure:</b>							
Product Revenue	\$ 1,711,789	\$ 1,777,181	\$ 1,960,519	\$ 2,349,670	\$ 7,799,159	\$ 2,166,790	\$ 2,230,060
Services Revenue	968,572	1,025,058	1,068,206	1,143,953	4,205,789	1,091,937	1,120,632
<b>Total EMC Information Infrastructure Revenue</b>	<b>\$ 2,680,361</b>	<b>\$ 2,802,239</b>	<b>\$ 3,028,725</b>	<b>\$ 3,493,623</b>	<b>\$ 12,004,948</b>	<b>\$ 3,258,727</b>	<b>\$ 3,350,692</b>
<b>VMware:</b>							
Product Revenue	\$ 257,331	\$ 228,089	\$ 240,062	\$ 303,504	\$ 1,028,986	\$ 311,927	\$ 323,256
Services Revenue	213,070	227,024	248,843	303,039	991,976	320,038	349,549
<b>Total VMware Revenue</b>	<b>\$ 470,401</b>	<b>\$ 455,113</b>	<b>\$ 488,905</b>	<b>\$ 606,543</b>	<b>\$ 2,020,962</b>	<b>\$ 631,965</b>	<b>\$ 672,805</b>
<b>Consolidated Revenues:</b>							
Product Revenue	\$ 1,969,120	\$ 2,005,270	\$ 2,200,581	\$ 2,653,174	\$ 8,828,145	\$ 2,478,717	\$ 2,553,316
Services Revenue	1,181,642	1,252,082	1,317,049	1,446,992	5,197,765	1,411,975	1,470,181
<b>Total Consolidated Revenues</b>	<b>\$ 3,150,762</b>	<b>\$ 3,257,352</b>	<b>\$ 3,517,630</b>	<b>\$ 4,100,166</b>	<b>\$ 14,025,910</b>	<b>\$ 3,890,692</b>	<b>\$ 4,023,497</b>

Percentage impact to EMC revenue growth rate  
 CAR 7/20/2010 due to changes in exchange rates from the prior year (3.5)% (3.7)% (1.3)% 2.5% (1.4)% 2.4% 0.04%

EMC Corporation  
Reconciliation of EMC's Compounded Annual Growth Rate  
Unaudited

	<b><u>Actual</u></b> <b><u>2004</u></b>	<b><u>Forecasted</u></b> <b><u>2010</u></b>	<b><u>Forecasted</u></b> <b><u>CAGR</u></b>
GAAP diluted earnings per share	\$ 0.36	\$ 0.84	15%
Restructuring and acquisition-related charges	0.01	0.02	9%
Stock-based compensation expense	0.02	0.23	55%
Intangible asset amortization	0.03	0.09	21%
Non-GAAP diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 1.18</u>	19%

Schedule may not add due to rounding