

EMC Q4 2007 Financial Results

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Vice President, Global Investor Relations

January 29, 2008

Forward-Looking Statements and GAAP Reconciliation



This release 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 release.

This presentation contains non-GAAP financial measures. A reconciliation to GAAP is included within this presentation or in the Current Report on Form 8-K furnished by EMC on January 29, 2008 which can be found at www.EMC.com.

CFO Commentary

David Goulden
Executive Vice President & CFO

EMC Information Infrastructure Non-GAAP Results

	Q407	Q406	Change Y/Y	2007	2006	Change Y/Y
Revenues	\$ 3.42B	\$ 2.98B	15%	\$11.9B	\$10.4B	14%
Gross margin Q/Q	53.0% <i>-10 bps</i>	53.1%	- 10 bps	52.5%	52.3%	+ 20 bps
Operating expenses Q/Q	34.7% <i>-130 bps</i>	34.8%	- 10 bps	35.6%	35.6%	-
Operating margin Q/Q	18.3% <i>+120 bps</i>	18.3%	-	16.9%	16.8%	+ 10 bps
Non-GAAP EPS	\$0.26	\$0.21	23%	\$0.79	\$0.66	20%
Cash flow from operations	\$ 895M	\$ 553M	62%	\$ 2.51B	\$ 1.75B	43%
Free cash flow	\$ 688M	\$ 348M	98%	\$ 1.83B	\$ 986M	86%

Refer to the schedules accompanying EMC's press release for a complete reconciliation of GAAP to non-GAAP.
Numbers may not foot due to rounding.

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Revenue:	Q4 07	Growth Y/Y	2007	Growth Y/Y
Information Storage	\$3.0B	14%	\$10.6B	10%
Content Management and Archiving	\$238M	17%	\$773M	13%
RSA Information Security	\$148M	30%	\$525M	24%*

**On a comparable basis*

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January 2008 Product Announcements

- **DMX-4 enhancements – January 14**
 - First to market with enterprise-level flash drives
 - Virtual provisioning
 - Most energy efficient high-end array
- **CLARiiON AX4 – January 8**
 - Scalable entry-level SAN
 - Supports iSCSI or fibre channel
 - Ideal for VMware environments
- **EMC Lifeline software – January 7**
 - OEM software for consumer/SOHO market
 - Accessible from any network device
- **MozyEnterprise – January 22**
 - SaaS offering for the enterprise

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Industry Growth Rate Projections

	<u>2008</u>
Information Storage	~5%
Content Management and Archiving	~8%
Information Security	~16%
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Expected Total Available Market Growth	~7%

EMC Information Infrastructure 2008 expectations:

Revenue.....	~\$13 Billion
Non-GAAP EPS.....	~\$0.88

Non-GAAP EPS excludes:

- ~\$0.12 in stock-based compensation
- ~\$0.08 in intangible amortization

2007 Consolidated Results



	Q4 07	Growth Y/Y	2007	Growth Y/Y
Revenue	\$ 3.8B	19%	\$ 13.2B	19%
GAAP EPS	\$ 0.24	33%	\$ 0.77	43%
Non-GAAP EPS	\$ 0.30	28%	\$ 0.91	26%
Free Cash Flow	\$ 712M	78%	\$ 2.2B	79%
VMware within EMC				
Revenue	\$ 412M	78%	\$ 1.3B	86%
Non-GAAP EPS	\$ 0.04	78%	\$ 0.12	86%

Refer to the schedules accompanying EMC's press release for a complete reconciliation of GAAP to non-GAAP.

2008 expectations: VMware within EMC

Revenue.....up ~50% Y/Y
Non-GAAP EPS.....~\$0.16

Non-GAAP EPS excludes:

\$0.06 in stock-based compensation

less than \$0.01 in intangible amortization

Global Consolidated Revenue Growth

	Growth Y/Y	
	<u>Q4 07</u>	<u>2007</u>
North America	16%	17%
Europe, Middle East, Africa	23%	21%
Asia-Pacific/Japan	21%	24%
Latin America	27%	13%

- Investing in worldwide market presence
- Expanding go-to-market model
- Strengthening strategic alliances

Consolidated Cash Flow

	Q4 07	Growth Y/Y	2007	Growth Y/Y
Operating Cash Flow	\$979M	50%	\$3.1B	46%
<i>less</i> Cap Ex	\$198M		\$699M	
<i>less</i> Cap Software	\$ 69M		\$232M	
Free Cash Flow	\$712M	78%	\$2.2B	79%

Q4 07 Consolidated Cash

- **Stock repurchase:**
 - Q4 07: \$351 Million for 16M shares
 - FY 2007: \$1.45 Billion for 89M shares
 - Expect ~\$550 Million in Q1 08
- **Acquisitions:**
 - Q4 07: \$183 Million
 - FY 2007: \$692 Million
- **Cash and investments:**
 - \$8 Billion in total cash and investments
 - \$3.9 Billion overseas and in VMware

2008 Consolidated Other Items

- Taxes:
 - 2008 projected GAAP tax rate: ~20%
 - 2008 projected non-GAAP tax rate: ~22%*
- Stock-based compensation:
 - 2008 expectation: ~\$0.18 per share
- Amortization of intangibles:
 - 2008 expectation: ~\$0.08 per share

*The tax impact of stock-based compensation and intangible amortization is approximately 200 basis points.

EMC Consolidated 2008 expectations:

Revenue.....	~\$15B
Non-GAAP EPS.....	~\$1.04

Non-GAAP EPS excludes:

- ~\$0.18 in stock-based compensation
- ~\$0.08 in intangible amortization

EMC Positioned for Success

- Aligned with critical IT trends and priorities
- Focused on the right growth markets
- Expanding global presence with commercial customers and in key emerging markets
- Entering important large greenfield markets
- Leveraging a product portfolio that is stronger than ever
- Driving efficiencies across the businesses

Differentiating EMC with better focus than traditional competitors and broader scale than the startups

CEO Commentary

Joe Tucci
Chairman, President & CEO

Q&A