

# EMC Q3 2008 Financial Results

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**October 22, 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; (xiv) the impact of any expense reduction initiatives; and (xv) 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 EPS, Free Cash Flow, non-GAAP Operating Margin, non-GAAP Operating Cash Flow and non-GAAP Tax Provision. A reconciliation to GAAP is included within this presentation or in the Current Report on Form 8-K furnished by EMC on October 22, 2008 which can be found at [www.EMC.com](http://www.EMC.com).

## CFO Commentary

**David Goulden**  
**Executive Vice President & CFO**

# EMC Consolidated Q3 08 Results



- Revenue up 13% Y/Y
- Non-GAAP EPS up 14% Y/Y
- Free Cash Flow up 49% Y/Y

# EMC Information Infrastructure Results



|                             | Q3 08  | Growth<br>Y/Y |
|-----------------------------|--------|---------------|
| Worldwide Revenue:          | \$3.2B | 10%           |
| North America               |        | 5%            |
| Europe, Middle East, Africa |        | 17%           |
| Asia-Pacific/Japan          |        | 15%           |
| Latin America               |        | 24%           |

# EMC Information Infrastructure Results

|                                     | Q3 08  | Growth<br>Y/Y | YTD<br>Growth<br>Y/Y |
|-------------------------------------|--------|---------------|----------------------|
| Information Storage                 | \$2.9B | 11%           | 12%                  |
| Content Management<br>and Archiving | \$188M | -1%           | 8%                   |
| RSA Information Security            | \$147M | 11%           | 13%                  |

# EMC Information Infrastructure Non-GAAP Results



| Non-GAAP:           | Q3 08   | Growth<br>Y/Y |
|---------------------|---------|---------------|
| Operating margin    | 16.0%   |               |
| Earnings per share  | \$ 0.21 | 17%           |
| Operating cash flow | \$723M  | 41%           |
| Free cash flow      | \$539M  | 58%           |

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

# Consolidated Results



|                                   | Q3 08    | Growth<br>Y/Y |
|-----------------------------------|----------|---------------|
| Revenue                           | \$ 3.7B  | 13%           |
| GAAP EPS                          | \$ 0.20  |               |
| Non-GAAP EPS                      | \$ 0.25  | 14%           |
| VMware within EMC<br>Non-GAAP EPS | \$ 0.047 |               |

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

# Consolidated Results



|                           | Q3 08<br>Growth<br>Y/Y | YTD<br>Growth<br>h<br>Y/Y |
|---------------------------|------------------------|---------------------------|
| Cash flow from operations | 34%                    | 16%                       |
| Free cash flow            | 49%                    | 21%                       |

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

## Q3 08 Consolidated Cash

- Cash and investments:
  - \$8.4 billion in total cash and investments
  - \$4.9 billion overseas and in VMware
- Stock repurchase:
  - Q3 08: \$433M for ~31M shares
  - YTD (as of 10/22/08): spent \$1.2B
- Acquisitions:
  - Q3 08: ~\$70M

*All dollar amounts in the business outlook should be considered to be approximations.*

## EMC Consolidated Q4 08 expectations:

|                   |                 |
|-------------------|-----------------|
| Revenue.....      | \$4B            |
| GAAP EPS.....     | \$0.23 - \$0.24 |
| Non-GAAP EPS..... | \$0.30 - \$0.31 |

Note: The R&D tax credit will contribute ~\$0.015 to fourth-quarter earnings per share.

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

## 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 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 presentation.

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, intangible amortization, special income tax benefits, restructuring charges and net gains on investments) 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.

## Q3 08 Tax Rate

|                                  | Q3 08     | Effective<br>Tax Rate |
|----------------------------------|-----------|-----------------------|
| GAAP income before tax           | \$ 495.9M |                       |
| GAAP tax provision               | \$ 71.5M  | 14.4%                 |
| Restructuring charge             | \$ 3.0M   |                       |
| Special income tax benefit       | \$ 17.8M  |                       |
| Stock-based compensation expense | \$ 27.6M  |                       |
| Intangible amortization          | \$ 24.7M  |                       |
| Non-GAAP tax provision           | \$144.6M  | 20.9%                 |

# GAAP to Non-GAAP Reconciliation



## Reconciliation of GAAP to non-GAAP for the Three Months Ended September 30, 2008

In thousands, except per share amounts

|  | Unaudited           |                     |                             |   |                         |                     |                         |   |                         |  |                      | Net Income<br>per<br>Weighted<br>Average<br>Share,<br>Diluted |                        |  |           |
|--|---------------------|---------------------|-----------------------------|---|-------------------------|---------------------|-------------------------|---|-------------------------|--|----------------------|---|------------------------|--|-----------|
|  | Revenue             | Cost of<br>Revenue  | Research and<br>Development | Selling, General<br>and<br>Administrative | Restructuring<br>Charge | Operating<br>Income | Other<br>Income,<br>net | Income<br>Before<br>Taxes and<br>Minority<br>Interest | Income Tax<br>Provision | Income<br>Before<br>Minority<br>Interest | Minority<br>Interest |   | Net Income             | Net Income<br>per<br>Weighted<br>Average<br>Share, Basic |           |
| <b>EMC Consolidated GAAP</b>                       | \$ 3,715,592        | \$ 1,656,872        | \$ 410,793                  | \$ 1,172,579                              | \$ 4,398                | \$ 470,950          | \$ 24,912               | \$ 495,862  | \$ 71,452               | \$ 424,410                               | \$ (13,133)          | \$ 411,277  | \$ 0.201               | \$ 0.197   |           |
| Restructuring charge                               | -                   | -                   | -                           | -   | (4,398)                 | 4,398               | -                       | 4,398   | 2,990                   | 1,408                                    | -                    | 1,408   | \$ 0.001               | \$ 0.001   |           |
| Special income tax benefit                         | -                   | -                   | -                           | -   | -                       | -                   | -                       | -   | 17,803                  | (17,803)                                 | -                    | (17,803)  | \$ (0.009)             | \$ (0.009)   |           |
| <b>EMC Consolidated Adjusted (1)</b>               | 3,715,592           | 1,656,872           | 410,793                     | 1,172,579                                 | -                       | 475,348             | 24,912                  | 500,260   | 92,245                  | 408,015                                  | (13,133)             | 394,882   | \$ 0.193               | \$ 0.190   |           |
| Stock-based compensation expense                   | -                   | (21,052)            | (36,734)                    | (60,475)                                  | -                       | 118,261             | -                       | 118,261   | 27,630                  | 90,631                                   | (4,437)              | 86,194  | \$ 0.042               | \$ 0.041   |           |
| Intangible amortization                            | -                   | (40,737)            | (2,804)                     | (28,428)                                  | -                       | 71,969              | -                       | 71,969  | 24,725                  | 47,244                                   | (500)                | 46,744  | \$ 0.023               | \$ 0.023   |           |
| <b>EMC Consolidated Non-GAAP (2)</b>               | <u>\$ 3,715,592</u> | <u>\$ 1,595,083</u> | <u>\$ 371,255</u>           | <u>\$ 1,083,676</u>                       | <u>\$ -</u>             | <u>\$ 665,578</u>   | <u>\$ 24,912</u>        | <u>\$ 690,490</u>                                     | <u>\$ 144,600</u>       | <u>\$ 545,890</u>                        | <u>\$ (18,070)</u>   | <u>\$ 527,820</u>   | <u>\$ 0.258</u>        | <u>\$ 0.254</u>  |           |
| <b>EMC Information Infrastructure GAAP</b>         | \$ 3,243,732        | \$ 1,582,588        | \$ 326,204                  | \$ 963,428                                | \$ 4,398                | \$ 367,114          | \$ 23,667               | \$ 390,781  | \$ 50,928               | \$ 339,853                               | \$ -                 | \$ 339,853  | \$ 0.166               | \$ 0.164   |           |
| Restructuring charge                               | -                   | -                   | -                           | -   | (4,398)                 | 4,398               | -                       | 4,398   | 2,990                   | 1,408                                    | -                    | 1,408   | \$ 0.001               | \$ 0.001   |           |
| Special income tax benefit                         | -                   | -                   | -                           | -   | -                       | -                   | -                       | -   | 17,803                  | (17,803)                                 | -                    | (17,803)  | \$ (0.009)             | \$ (0.009)   |           |
| <b>EMC Information Infrastructure Adjusted (3)</b> | 3,243,732           | 1,582,588           | 326,204                     | 963,428                                   | -                       | 371,512             | 23,667                  | 395,179   | 71,721                  | 323,458                                  | -                    | 323,458   | \$ 0.158               | \$ 0.156   |           |
| Stock-based compensation expense                   | -                   | (15,251)            | (21,184)                    | (44,414)                                  | -                       | 80,849              | -                       | 80,849  | 18,371                  | 62,478                                   | -                    | 62,478  | \$ 0.030               | \$ 0.030   |           |
| Intangible amortization                            | -                   | (37,208)            | (2,804)                     | (26,882)                                  | -                       | 66,894              | -                       | 66,894  | 22,823                  | 44,071                                   | -                    | 44,071  | \$ 0.022               | \$ 0.021   |           |
| <b>EMC Information Infrastructure Non-GAAP (4)</b> | <u>\$ 3,243,732</u> | <u>\$ 1,530,129</u> | <u>\$ 302,216</u>           | <u>\$ 892,132</u>                         | <u>\$ -</u>             | <u>\$ 519,255</u>   | <u>\$ 23,667</u>        | <u>\$ 542,922</u>                                     | <u>\$ 112,915</u>       | <u>\$ 430,007</u>                        | <u>\$ -</u>          | <u>\$ 430,007</u>   | <u>\$ 0.210</u>        | <u>\$ 0.207</u>  |           |
| <b>VMware standalone GAAP</b>                      | \$ 472,121          | \$ 74,454           | \$ 85,315                   | \$ 211,332                                | \$ -                    | \$ 101,020          | \$ 2,510                | \$ 103,530  | \$ 20,242               | \$ 83,288                                | \$ -                 | \$ 83,288   | \$ 0.041               | \$ 0.040   |           |
| GAAP adjustments and eliminations                  | (261)               | (170)               | (726)                       | (2,181)                                   | -                       | 2,816               | (1,265)                 | 1,551   | 282                     | 1,269                                    | (13,133)             | (11,864)  | \$ (0.006)             | \$ (0.006)   |           |
| <b>VMware within EMC</b>                           | 471,860             | 74,284              | 84,589                      | 209,151                                   | -                       | 103,836             | 1,245                   | 105,081   | 20,524                  | 84,557                                   | (13,133)             | 71,424  | \$ 0.035               | \$ 0.034   |           |
| Stock-based compensation expense                   | -                   | (5,801)             | (15,550)                    | (16,061)                                  | -                       | 37,412              | -                       | 37,412  | 9,259                   | 28,153                                   | (4,437)              | 23,716  | \$ 0.012               | \$ 0.011   |           |
| Intangible amortization                            | -                   | (3,529)             | -                           | (1,546)                                   | -                       | 5,075               | -                       | 5,075   | 1,902                   | 3,173                                    | (500)                | 2,673   | \$ 0.001               | \$ 0.001   |           |
| <b>VMware within EMC Non-GAAP (5)</b>              | <u>\$ 471,860</u>   | <u>\$ 64,954</u>    | <u>\$ 69,039</u>            | <u>\$ 191,544</u>                         | <u>\$ -</u>             | <u>\$ 146,323</u>   | <u>\$ 1,245</u>         | <u>\$ 147,568</u>                                     | <u>\$ 31,685</u>        | <u>\$ 115,883</u>                        | <u>\$ (18,070)</u>   | <u>\$ 97,813</u>  | <u>\$ 0.048</u>        | <u>\$ 0.047</u>  |           |
|  |                     |                     |                             |   |                         |                     |                         |   |                         |  |                      |   | Wtd. Average Share O/S | 2,048,594  | 2,077,474 |

- (1) Represents EMC Consolidated GAAP excluding net gains on investments, including the gain on sale of VMware stock.  
(2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible amortization.  
(3) Represents EMC Information Infrastructure GAAP excluding net gains on investments, including the gain on sale of VMware stock  
(4) Represents EMC Information Infrastructure Adjusted excluding stock-based compensation expense and intangible amortization.  
(5) Represents VMware within EMC excluding stock-based compensation expense and intangible amortization.  
Note: schedule may not add due to rounding.

# GAAP to Non-GAAP Reconciliation



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

|  | Revenue             | Cost of Revenue     | Research and Development | Selling, General and Administrative | Restructuring and IPR&D | Operating Income  | Other Income, net | Income Before Taxes and Minority Interest | Income Tax Provision | Income Before Minority Interest | Minority Interest | Net Income        | Net Income per Weighted Average Share, Basic | Net Income per Weighted Average Share, Diluted |                  |
|--|---------------------|---------------------|--------------------------|-------------------------------------|-------------------------|-------------------|-------------------|---|----------------------|---------------------------------|-------------------|-------------------|--|--|------------------|
| <b>EMC Consolidated GAAP</b>                                     | \$ 3,299,754        | \$ 1,478,110        | \$ 383,600               | \$ 983,774                          | \$ 229                  | \$ 454,041        | \$ 179,728        | \$ 633,769                                | \$ 136,390           | \$ 497,379                      | \$ (4,459)        | \$ 492,920        | \$ 0.237                                     | \$ 0.226                                       |                  |
| Net gains on investments, including gain on sale of VMware stock | -                   | -                   | -                        | -                                   | -                       | -                 | (137,330)         | (137,330)                                 | (22,180)             | (115,150)                       | -                 | (115,150)         | \$ (0.055)                                   | \$ (0.053)                                     |                  |
| <b>EMC Consolidated Adjusted (1)</b>                             | 3,299,754           | 1,478,110           | 383,600                  | 983,774                             | 229                     | 454,041           | 42,398            | 496,439                                   | 114,210              | 382,229                         | (4,459)           | 377,770           | \$ 0.182                                     | \$ 0.174                                       |                  |
| Stock-based compensation expense                                 | -                   | (15,059)            | (29,029)                 | (56,545)                            | -                       | 100,633           | -                 | 100,633                                   | 24,747               | 75,886                          | (1,704)           | 74,182            | \$ 0.036                                     | \$ 0.034                                       |                  |
| Intangible amortization  | -                   | (30,356)            | (2,206)                  | (18,328)                            | -                       | 50,890            | -                 | 50,890                                    | 17,916               | 32,974                          | (287)             | 32,687            | \$ 0.016                                     | \$ 0.015                                       |                  |
| <b>EMC Consolidated Non-GAAP (2)</b>                             | <u>\$ 3,299,754</u> | <u>\$ 1,432,695</u> | <u>\$ 352,365</u>        | <u>\$ 908,901</u>                   | <u>\$ 229</u>           | <u>\$ 605,564</u> | <u>\$ 42,398</u>  | <u>\$ 647,962</u>                         | <u>\$ 156,873</u>    | <u>\$ 491,089</u>               | <u>\$ (6,450)</u> | <u>\$ 484,639</u> | <u>\$ 0.233</u>                              | <u>\$ 0.223</u>                                |                  |
| <b>EMC Information Infrastructure GAAP</b>                       | \$ 2,945,463        | \$ 1,419,459        | \$ 315,760               | \$ 818,199                          | \$ 229                  | \$ 391,816        | \$ 179,190        | \$ 571,006                                | \$ 135,586           | \$ 435,420                      | \$ -              | \$ 435,420        | \$ 0.209                                     | \$ 0.200                                       |                  |
| Net gains on investments, including gain on sale of VMware stock | -                   | -                   | -                        | -                                   | -                       | -                 | (137,330)         | (137,330)                                 | (22,180)             | (115,150)                       | -                 | (115,150)         | \$ (0.055)                                   | \$ (0.053)                                     |                  |
| <b>EMC Information Infrastructure Adjusted (3)</b>               | 2,945,463           | 1,419,459           | 315,760                  | 818,199                             | 229                     | 391,816           | 41,860            | 433,676                                   | 113,406              | 320,270                         | -                 | 320,270           | \$ 0.154                                     | \$ 0.147                                       |                  |
| Stock-based compensation expense                                 | -                   | (12,652)            | (15,996)                 | (40,248)                            | -                       | 68,896            | -                 | 68,896                                    | 17,738               | 51,158                          | -                 | 51,158            | \$ 0.025                                     | \$ 0.023                                       |                  |
| Intangible amortization  | -                   | (25,003)            | (2,206)                  | (17,071)                            | -                       | 44,280            | -                 | 44,280                                    | 15,470               | 28,810                          | -                 | 28,810            | \$ 0.014                                     | \$ 0.013                                       |                  |
| <b>EMC Information Infrastructure Non-GAAP (4)</b>               | <u>\$ 2,945,463</u> | <u>\$ 1,381,804</u> | <u>\$ 297,558</u>        | <u>\$ 760,880</u>                   | <u>\$ 229</u>           | <u>\$ 504,992</u> | <u>\$ 41,860</u>  | <u>\$ 546,852</u>                         | <u>\$ 146,614</u>    | <u>\$ 400,238</u>               | <u>\$ -</u>       | <u>\$ 400,238</u> | <u>\$ 0.192</u>                              | <u>\$ 0.184</u>                                |                  |
| <b>VMware standalone GAAP</b>                                    | \$ 357,816          | \$ 58,651           | \$ 67,840                | \$ 165,575                          | \$ -                    | \$ 65,750         | \$ 538            | \$ 66,288                                 | \$ 1,610             | \$ 64,678                       | \$ -              | \$ 64,678         | \$ 0.031                                     | \$ 0.030                                       |                  |
| GAAP adjustments and eliminations                                | (3,525)             | -                   | -                        | -                                   | -                       | (3,525)           | -                 | (3,525)                                   | (806)                | (2,719)                         | (4,459)           | (7,178)           | \$ (0.003)                                   | \$ (0.003)                                     |                  |
| <b>VMware within EMC</b>   | 354,291             | 58,651              | 67,840                   | 165,575                             | -                       | 62,225            | 538               | 62,763                                    | 804                  | 61,959                          | (4,459)           | 57,500            | \$ 0.028                                     | \$ 0.026                                       |                  |
| Stock-based compensation expense                                 | -                   | (2,407)             | (13,033)                 | (16,297)                            | -                       | 31,737            | -                 | 31,737                                    | 7,009                | 24,728                          | (1,704)           | 23,024            | \$ 0.011                                     | \$ 0.011                                       |                  |
| Intangible amortization  | -                   | (5,353)             | -                        | (1,257)                             | -                       | 6,610             | -                 | 6,610                                     | 2,446                | 4,164                           | (287)             | 3,877             | \$ 0.002                                     | \$ 0.002                                       |                  |
| <b>VMware within EMC Non-GAAP (5)</b>                            | <u>\$ 354,291</u>   | <u>\$ 50,891</u>    | <u>\$ 54,807</u>         | <u>\$ 148,021</u>                   | <u>\$ -</u>             | <u>\$ 100,572</u> | <u>\$ 538</u>     | <u>\$ 101,110</u>                         | <u>\$ 10,259</u>     | <u>\$ 90,851</u>                | <u>\$ (6,450)</u> | <u>\$ 84,401</u>  | <u>\$ 0.041</u>                              | <u>\$ 0.039</u>                                |                  |
|  |                     |                     |                          |                                     |                         |                   |                   |   |                      |                                 |                   |                   | Wtd. Average Share O/S                       | <u>2,080,507</u>                               | <u>2,177,259</u> |

- (1) Represents EMC Consolidated GAAP excluding restructuring charge and special income tax benefit.  
(2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible amortization.  
(3) Represents EMC Information Infrastructure GAAP excluding restructuring charge and special income tax benefit.  
(4) Represents EMC Information Infrastructure Adjusted excluding stock-based compensation expense and intangible amortization.  
(5) Represents VMware within EMC excluding stock-based compensation expense and intangible amortization.  
Note: schedule may not add 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    |                       | Nine Months Ended     |                       |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                | September 30,<br>2008 | September 30,<br>2007 | September 30,<br>2008 | September 30,<br>2007 |
| EMC Consolidated               |                       |                       |                       |                       |
| Cash flow from Operations      | \$ 961,473            | \$ 717,645            | \$ 2,498,342          | \$ 2,147,893          |
| Capital Expenditures           | (163,617)             | (177,252)             | (490,066)             | (501,462)             |
| Capitalized Software           | (90,593)              | (65,304)              | (209,441)             | (163,350)             |
| Free Cash Flow                 | <u>\$ 707,263</u>     | <u>\$ 475,089</u>     | <u>\$ 1,798,835</u>   | <u>\$ 1,483,081</u>   |
| EMC Information Infrastructure |                       |                       |                       |                       |
| Cash flow from Operations      | \$ 722,929            | \$ 513,385            | \$ 1,992,321          | \$ 1,690,998          |
| Capital Expenditures           | (131,575)             | (128,950)             | (371,681)             | (342,422)             |
| Capitalized Software           | (52,632)              | (42,990)              | (155,546)             | (130,205)             |
| Free Cash Flow                 | <u>\$ 538,722</u>     | <u>\$ 341,445</u>     | <u>\$ 1,465,094</u>   | <u>\$ 1,218,371</u>   |

# GAAP to Non-GAAP Reconciliation



## Q3 08 VMware within EMC:

|                                    |         |
|------------------------------------|---------|
| GAAP EPS.....                      | \$0.034 |
| add: Stock-based compensation..... | \$0.011 |
| add: Intangible amortization.....  | \$0.001 |
| Non-GAAP EPS.....                  | \$0.047 |

Note: schedule may not add due to rounding.

*All dollar amounts in the business outlook should be considered to be approximations.*

## EMC Consolidated Q4 08 expectations:

|                               |                 |
|-------------------------------|-----------------|
| Revenue.....                  | \$4B            |
| GAAP EPS.....                 | \$0.23 - \$0.24 |
| Stock-based compensation..... | \$0.05          |
| Intangibles amortization..... | \$0.02          |
| Non-GAAP EPS.....             | \$0.30 - \$0.31 |