

# EMC Q4 2008 and 2008 Financial Results

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# 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, 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 January 27, 2009 which can be found at [www.EMC.com](http://www.EMC.com).



CFO Commentary

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

## EMC Consolidated Results



	<b>Q4 08</b>	<b>2008</b>
	<b>Y/Y Growth</b>	<b>Y/Y Growth</b>
Revenue	5%	12%
Non-GAAP EPS	7%	14%
Free Cash Flow	9%	17%

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

# EMC Information Infrastructure Results



	<b>Q4 08</b>
	<b>Growth Y/Y</b>
Total Information Infrastructure Revenue	2%
North America	4%
Europe, Middle East, Africa	0%
Asia-Pacific/Japan	4%
Latin America	-2%

*For Q408, BRIC +13 revenues were up 9% at cc.*

# EMC Information Infrastructure Results



	<b>Q4 08</b>	<b>Growth Y/Y</b>	<b>2008</b>	<b>Growth Y/Y</b>
Products	\$2.5B	-	\$8.9B	5%
Services	\$1B	9%	\$4.1B	21%

- *Q4 Information Storage revenues were up 4% Y/Y and up 10% for 2008.*
- *NAS revenues were up 40% for 2008.*
- *Q4 data de-duplication solution revenues at a \$360M annual run rate.*

## EMC Information Infrastructure Results



	<b>Q4 08</b>	<b>Growth Y/Y</b>	<b>2008</b>	<b>Growth Y/Y</b>
Non-GAAP:				
Operating margin	18%	-	17%	-
Earnings per share	\$0.25	-4%	\$0.86	9%
Operating cash flow	\$802M	-2%	\$2.8B	13%
Free cash flow	\$606M	-	\$2.1B	15%

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

## Consolidated Results



	<b>Q4 08</b>	<b>Growth Y/Y</b>	<b>2008</b>	<b>Growth Y/Y</b>
Revenue	\$4B	5%	\$15B	12%
Non-GAAP EPS	\$0.32	7%	\$1.04	14%
VMware within EMC non-GAAP EPS	\$0.065		\$0.177	

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



	<b>Q4 08</b>	<b>2008</b>
	<b>Y/Y Growth</b>	<b>Y/Y Growth</b>
Cash flow from operations	9%	14%
Free Cash Flow	9%	17%

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

## Consolidated Cash Results



- Cash and investments:
  - \$8.8B in cash and investments
  - \$5.1B overseas and in VMware
- Stock repurchase:
  - Q4 08: \$370M for ~36M shares
  - 2008: \$1.5B for ~112M shares
- Acquisitions:
  - Q4 08: ~\$50M, mostly by VMware

## 2008 Restructuring Details



*All dollar amounts are considered to be approximations.*

- 2008 Restructuring Plan
  - Expected Information Infrastructure cost savings in 2009: \$350M
    - 1/3 of the savings will come from COGS
    - 2/3 of the savings will come from operating expenses
    - Savings will be weighted more toward the second half of 2009.

## 2009 Model Details



*All dollar amounts are considered to be approximations.*

Transition Expenses	\$60M
FASB 86 impact	\$100M
FSP 14-1 impact	\$108M
Interest income rate reduction	\$70M
Non-GAAP tax rate	21%

The impact of stock-based compensation, intangible amortization and restructuring is expected to be 3% resulting in a GAAP tax rate of 18%.

## 2009 Non-GAAP Expenses



*All dollar amounts are considered to be approximations.*

Stock-based compensation	\$580M
Intangible amortization	\$240M



## CEO Commentary

**Joe Tucci**  
**Chairman, President & CEO**



Q&A