# EMC Q3 2010 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; 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 October 19, 2010 which can be found at www.EMC.com or www.sec.gov.

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

# CFO Commentary

David Goulden
Executive Vice President & CFO

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# EMC Consolidated Results

## Q310 Highlights

- Record Revenues of over $4.2B, up 20% Y/Y
- Record Q3 Non-GAAP Net Income of $649M, up 35% Y/Y
- Non-GAAP EPS of $0.30, up 30% Y/Y
- Record year-to-date Free Cash Flow of $2.2B, up 22% YTD
- Non-GAAP Operating Margin was 21.5%, up 80 bps Q/Q

# Executing the Triple Play

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

# Journey to the Private Cloud

## Three Phase Approach

- Phase I: Virtualization of IT-owned applications
  - Virtualization + Simple, Efficient, vm Integrated Storage

EMC examples: VMware virtualization, Unified Storage, and Efficient Technologies such as SSDs, FAST, FAST Cache

- Phase II: Virtualization of business-critical applications
  - Phase I Requirements + Quality of Service Guarantees/Service level agreements

EMC examples: vCenter AppSpeed, vSphere Storage, Network IO Control, VMAX, VPLEX, Deduplication and Security

- Phase III: Full benefit of cloud – "IT as a Service"
  - Phase I and II Requirements + capabilities like automation, provisioning and chargeback
  - Elastic cloud of compute resources – Ability to use public cloud services

EMC examples: vCloud Director, Unified Infrastructure Manager (UIM), vBlocks

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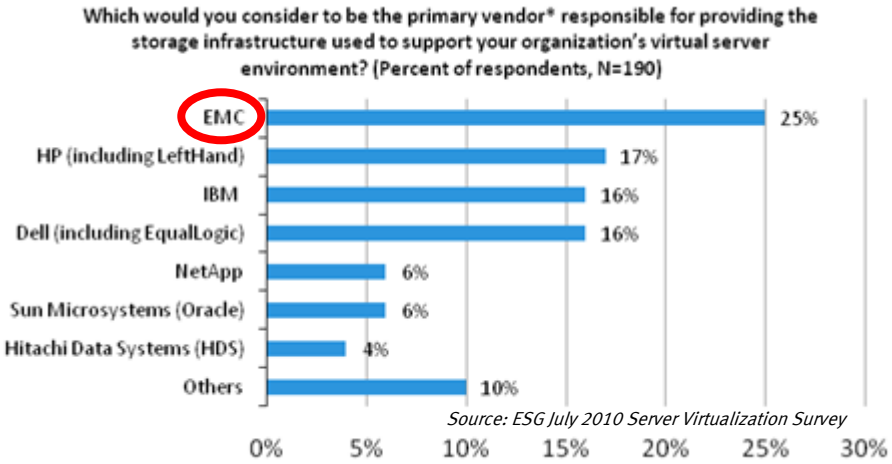
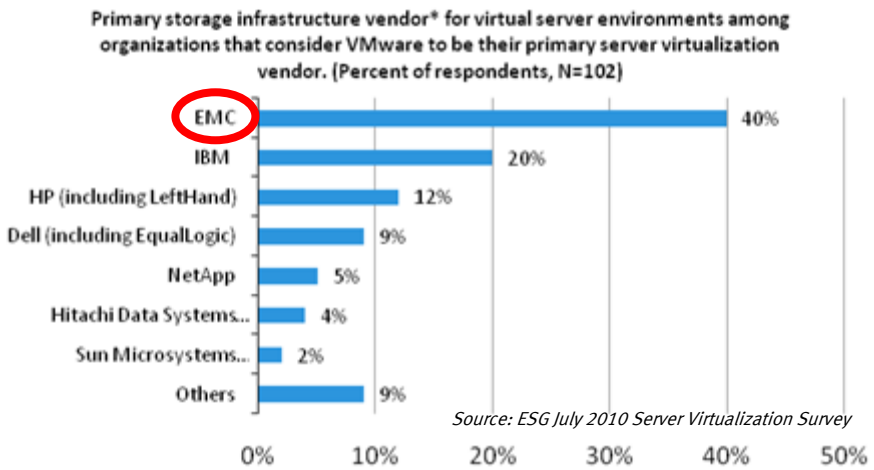
# EMC is Storage Vendor of Choice for Virtualization

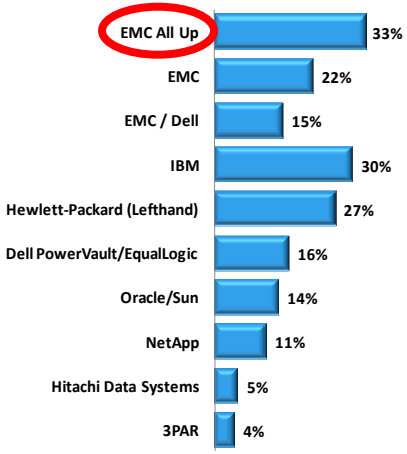



*Source: ESG July 2010 Server Virtualization Survey*




*Source: ESG July 2010 Server Virtualization Survey*

## Storage Vendors Used for Virtualization




| by Region | | by Company Size | |
|---|---|---|---|
| US | Europe | ENT | COMM |
| 39% | 28% | 34% | 32% |
| 27% | 16% | 22% | 20% |
| 16% | 14% | 15% | 15% |
| 28% | 33% | 34% | 24% |
| 23% | 30% | 27% | 25% |
| 18% | 14% | 15% | 18% |
| 17% | 11% | 18% | 9% |
| 12% | 10% | 14% | 8% |
| 7% | 3% | 6% | 4% |
| 5% | 3% | 5% | 4% |
| 632 | 609 | 743 | 498 |

*Source: Management Insight Technologies: 2010 EMC Storage for Virtual Environments Core Metrics Study*

**ESG JULY 2010 SERVER VIRTUALIZATION SURVEY DISCLAIMER:**
- *The data presented in this chart represents the current vendor usage patterns of respondents to ESG's survey at the point-in-time that said survey was fielded. ESG does not represent this data as a formal vendor market share analysis, nor should viewers of this data construe it as such.*

**COMMENTS:**
- *"Primary vendor" was defined for survey respondents as the storage vendor supporting the greatest percentage of virtual server capacity.*
- *Totals may not add up to 100% due to rounding.*

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# EMC Consolidated Results

| | Q3'10 | Growth Q/Q | Growth Y/Y |
|---|---|---|---|
| Revenue | $4.2B | 5% | 20% |
| Non-GAAP Gross Margin | 60.5% | 40 bps | 320 bps |
| Non-GAAP Operating Margin | 21.5% | 80 bps | 430 bps |
| Non-GAAP Net Income | $649M | 9% | 35% |
| Non-GAAP EPS | $0.30 | 7% | 30% |
| YTD Free Cash Flow | $2.2B | N/A | 22% |

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

# Other Financial Commentary

## Cash and Investments

| | US | Int'l | Total |
|---|---|---|---|
| EMC ex-VMW | $4.7B | $3.0B | $7.6B |
| VMW | $1.6B | $1.3B | $2.9B |
| EMC Consolidated | $6.3B | $4.2B | $10.5B |

*Note: Numbers may not foot due to rounding.*

## Other

| | |
|---|---|
| Non-GAAP tax rate | 24% |
| Deferred Revenues | $4.3B |
| Inventory turns | 8.2x |
| DSO | 46 |

## Use of Cash

| | |
|---|---|
| • 14.9M EMC shares purchased | $283M |
| • 1.2M VMW shares purchased by EMC | $92M |
| • 1.8M VMW shares purchased by VMware | $141M |
| • Acquisitions | $503M |

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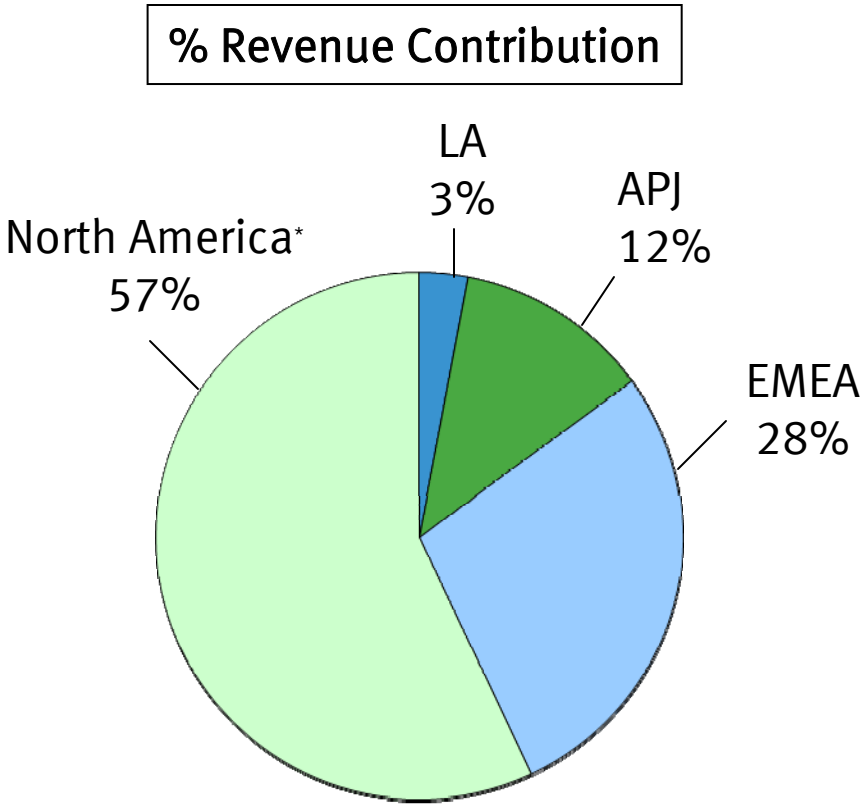
# EMC Geography Results




| | Y/Y Growth |
|---|---|
| North America | 21% |
| EMEA | 14% |
| APJ | 28% |
| LA | 23% |

BRIC + 13 markets grew ~30%

* U.S. revenues =54%.

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# EMC Information Storage

| | Q310 | Y/Y Growth |
|---|---|---|
| Revenue | $3.1B | 16% |

## High-end

- Symmetrix product revenues up 23% Y/Y
- Customers embracing capabilities of high-end solutions
  - VMAX – highly scalable performance and capacity
  - High-value functionality such as virtual provisioning and FAST
  - Ideally suited as foundation for virtual infrastructures and cloud environments

## Mid-tier (1)

- Mid-tier product revenues up 22% Y/Y
- Next-generation software functionality is being embraced by customers
- Percentage of systems shipped with SSDs continues to increase – FAST technology helping to drive the increase

(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.

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# EMC Security and IIG

| | Q310 | Y/Y Growth |
|---|---|---|
| Revenue | $186M | 22% |

## RSA Security

- GRC and S-I-E-M products thriving – enables customer to manage their multitude of discrete security products
- Security and compliance capabilities – Key differentiator in journey to the cloud

| | Q310 | Y/Y Growth |
|---|---|---|
| Revenue | $176M | ~flat |

## Information Intelligence Group

- xCP composition platform continues to perform well

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# VMware

| | Q310 | Y/Y Growth |
|---|---|---|
| Revenue * | $711M | 46% |

## VMware

- Growth driven by rollout of virtual infrastructures and buildout of private and public clouds
- VMware Impact on Industry – Over 17,000 people attended VMworld
- Announced vCloud director, VMware View 4.5, vShield and vFabric

## VMware/EMC Integration

- Over 60 different points of integration including support of all VMware APIs
- "vCloud in a Box" – UIM v2 deployed with vCloud Director and vBlocks
- Storage Efficiency of $38 per client – EMC storage infrastructure with secure authentication combined with View 4.5

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* Refers to VMware within EMC.

# EMC 2010 Business Outlook

| | 2010 | Y/Y Growth |
|---|---|---|
| Revenue | $16.9M | 20% |
| Non-GAAP Operating Margins | 21%-22% | 360-460 bps |
| Non-GAAP EPS | $1.25 | 39% |

- Full Year Non-GAAP 2010 Tax Rate ~22%
- Weighted Average Diluted Share Count ~2.14B

Note: All dollar amounts and percentages presented on this slide should be considered to be approximations.

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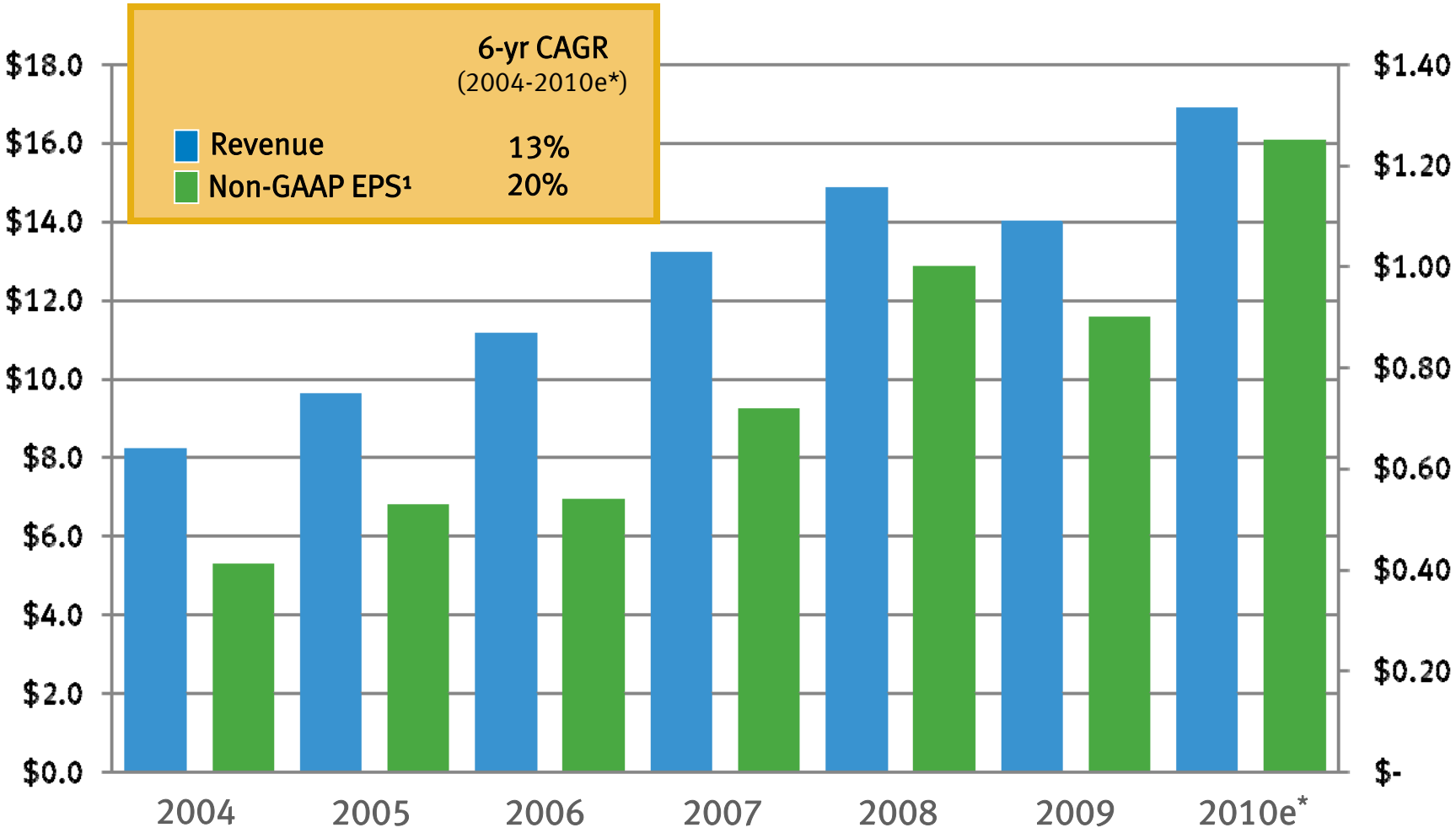
Refer to the schedules in the Appendix for a complete reconciliation of GAAP to non-GAAP.

# EMC's Long-term Results




¹ 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 $16.9B and FY'10 Non-GAAP EPS of $1.25.

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# CEO Commentary

Joe Tucci
Chairman & CEO

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# Q&A

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# Appendix

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# Use of Non-GAAP Financial Measures

This release, the accompanying schedules 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, intangible asset amortization and amounts relating to gains on Data Domain and SpringSource common stock) 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 release 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.


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# Reconciliation of GAAP to Non-GAAP Outlook

For 2010, EMC expects consolidated revenues of $16.9 billion, $0.91 in consolidated GAAP diluted earnings per share, and $1.25 in consolidated non-GAAP diluted earnings per share, which excludes the impact of restructuring and acquisition-related charges, stock-based compensation expense, and intangible asset amortization.

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.

GAAP operating income is expected to be 15% to 16% of revenues for 2010, and non-GAAP operating income is expected to be 21% to 22% 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.

The consolidated GAAP income tax rate is expected to be 20% 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 22% for 2010. The expected annual GAAP and non-GAAP income tax rates assume that the U.S. research and development tax credit will be re-enacted in 2010 which is expected to favorably impact both the GAAP and non-GAAP income tax expense by $45 million to $50 million. The R&D credit is expected to favorably impact the GAAP tax rate by 2% and the non-GAAP tax rate by 1%.

*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. These statements supersede all prior statements regarding 2010 financial results set forth in prior EMC news releases. All dollar amounts and percentages should be considered to be approximations.*

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2010 | September 30, 2009 | September 30, 2010 | September 30, 2009 |
| Revenues: | | | | |
| Product sales | $ 2,675,925 | $ 2,200,581 | $ 7,707,958 | $ 6,174,971 |
| Services | 1,536,346 | 1,317,049 | 4,418,502 | 3,750,773 |
| | 4,212,271 | 3,517,630 | 12,126,460 | 9,925,744 |
| Cost and expenses: | | | | |
| Cost of product sales | 1,194,297 | 1,107,400 | 3,513,961 | 3,177,935 |
| Cost of services | 531,000 | 470,013 | 1,547,807 | 1,380,559 |
| Research and development | 483,264 | 422,092 | 1,395,922 | 1,203,266 |
| Selling, general and administrative | 1,343,325 | 1,177,775 | 3,888,260 | 3,253,752 |
| Restructuring and acquisition-related charges | 12,561 | 34,781 | 40,902 | 83,587 |
| Operating income | 647,824 | 305,569 | 1,739,608 | 826,645 |
| Non-operating (expense) income: | | | | |
| Investment income | 40,563 | 38,106 | 104,198 | 109,293 |
| Interest expense | (44,827) | (46,227) | (132,539) | (135,928) |
| Other (expense) income, net | (5,823) | 28,022 | (12,714) | 17,281 |
| Total non-operating (expense) income | (10,087) | 19,901 | (41,055) | (9,354) |
| Income before provision for income taxes | 637,737 | 325,470 | 1,698,553 | 817,291 |
| Income tax provision | 148,663 | 20,602 | 381,292 | 96,462 |
| Net income | 489,074 | 304,868 | 1,317,261 | 720,829 |
| Less: Net income attributable to the non-controlling interest in VMware, Inc. | (16,558) | (6,688) | (45,825) | (23,348) |
| Net income attributable to EMC Corporation | $ 472,516 | $ 298,180 | $ 1,271,436 | $ 697,481 |
| Net income per weighted average share, basic attributable to EMC Corporation common shareholders | $ 0.23 | $ 0.15 | $ 0.62 | $ 0.35 |
| Net income per weighted average share, diluted attributable to EMC Corporation common shareholders | $ 0.22 | $ 0.14 | $ 0.59 | $ 0.34 |
| Weighted average shares, basic | 2,055,876 | 2,027,347 | 2,053,026 | 2,015,920 |
| Weighted average shares, diluted | 2,146,753 | 2,065,951 | 2,132,948 | 2,038,984 |

Reconciliation of GAAP to Non-GAAP
**For the Three Months Ended September 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EMC Consolidated GAAP** | $ 4,212,271 | $ 1,725,297 | $ 483,264 | $ 1,343,325 | $ 12,561 | $ 647,824 | $ (10,087) | $ 637,737 | $ 148,663 | $ 489,074 | $ (16,558) | $ 472,516 | $ 0.230 | $ 0.219 |
| Restructuring and acquisition-related charges | - | - | - | - | (12,561) | 12,561 | - | 12,561 | 2,222 | 10,339 | (202) | 10,137 | $ 0.005 | $ 0.005 |
| **EMC Consolidated Adjusted (1)** | 4,212,271 | 1,725,297 | 483,264 | 1,343,325 | - | 660,385 | (10,087) | 650,298 | 150,885 | 499,413 | (16,760) | 482,653 | $ 0.235 | $ 0.224 |
| Stock-based compensation expense | - | (27,871) | (66,387) | (77,513) | - | 171,771 | 406 | 172,177 | 41,525 | 130,652 | (12,913) | 117,739 | $ 0.057 | $ 0.055 |
| Intangible asset amortization | - | (32,342) | (6,456) | (34,631) | - | 73,429 | - | 73,429 | 22,606 | 50,823 | (1,802) | 49,021 | $ 0.024 | $ 0.023 |
| **EMC Consolidated Non-GAAP (2)** | $ 4,212,271 | $ 1,665,084 | $ 410,421 | $ 1,231,181 | $ - | $ 905,585 | $ (9,681) | $ 895,904 | $ 215,016 | $ 680,888 | $ (31,475) | $ 649,413 | $ 0.316 | $ 0.301 |
| **EMC Information Infrastructure GAAP** | $ 3,500,812 | $ 1,598,897 | $ 309,800 | $ 1,027,760 | $ 11,527 | $ 552,828 | $ (12,100) | $ 540,728 | $ 136,450 | $ 404,278 | $ - | $ 404,278 | $ 0.197 | $ 0.188 |
| Restructuring and acquisition-related charges | - | - | - | - | (11,527) | 11,527 | - | 11,527 | 2,222 | 9,305 | - | 9,305 | $ 0.005 | $ 0.004 |
| **EMC Information Infrastructure Adjusted (3)** | 3,500,812 | 1,598,897 | 309,800 | 1,027,760 | - | 564,355 | (12,100) | 552,255 | 138,672 | 413,583 | - | 413,583 | $ 0.201 | $ 0.193 |
| Stock-based compensation expense | - | (18,285) | (23,474) | (51,763) | - | 93,522 | 406 | 93,928 | 29,259 | 64,669 | - | 64,669 | $ 0.031 | $ 0.030 |
| Intangible asset amortization | - | (24,182) | (5,829) | (33,498) | - | 63,509 | - | 63,509 | 21,893 | 41,616 | - | 41,616 | $ 0.020 | $ 0.019 |
| EMC Information Infrastructure Non-GAAP (4) | $ 3,500,812 | $ 1,556,430 | $ 280,497 | $ 942,499 | $ - | $ 721,386 | $ (11,694) | $ 709,692 | $ 189,824 | $ 519,868 | $ - | $ 519,868 | $ 0.253 | $ 0.242 |
| **VMware standalone GAAP** | $ 714,245 | $ 126,562 | $ 175,429 | $ 318,242 | $ - | $ 94,012 | $ 2,733 | $ 96,745 | $ 12,145 | $ 84,600 | $ - | $ 84,600 | $ 0.041 | $ 0.039 |
| GAAP adjustments and eliminations | (2,786) | (162) | (1,965) | (2,677) | 1,034 | 984 | (720) | 264 | 68 | 196 | (16,558) | (16,362) | $ (0.008) | $ (0.009) |
| **VMware within EMC GAAP (5)** | 711,459 | 126,400 | 173,464 | 315,565 | 1,034 | 94,996 | 2,013 | 97,009 | 12,213 | 84,796 | (16,558) | 68,238 | $ 0.033 | $ 0.031 |
| Acquisition-related charges | - | - | - | - | (1,034) | 1,034 | - | 1,034 | - | 1,034 | (202) | 832 | $ 0.000 | $ 0.000 |
| **VMware within EMC Adjusted (6)** | 711,459 | 126,400 | 173,464 | 315,565 | - | 96,030 | 2,013 | 98,043 | 12,213 | 85,830 | (16,760) | 69,070 | $ 0.034 | $ 0.031 |
| Stock-based compensation expense | - | (9,586) | (42,913) | (25,750) | - | 78,249 | - | 78,249 | 12,266 | 65,983 | (12,913) | 53,070 | $ 0.026 | $ 0.025 |
| Intangible asset amortization | - | (8,160) | (627) | (1,133) | - | 9,920 | - | 9,920 | 713 | 9,207 | (1,802) | 7,405 | $ 0.004 | $ 0.003 |
| VMware within EMC Non-GAAP (7) | $ 711,459 | $ 108,654 | $ 129,924 | $ 288,682 | $ - | $ 184,199 | $ 2,013 | $ 186,212 | $ 25,192 | $ 161,020 | $ (31,475) | $ 129,545 | $ 0.063 | $ 0.059 |
| | | | | | | | | | | | Wtd. Average Share O/S | | 2,055,876 | 2,146,753 |

Reconciliation of GAAP to Non-GAAP
**For the Three Months Ended September 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) | $ - | $ - | $ - | $ - | $ - | $ - | $ (26,559) | $ (26,559) | $ (9,581) | $ (16,978) | $ - | $ (16,978) | $ (0.008) | $ (0.008) |
| Transition costs (9) | - | 536 | 1,093 | 6,183 | - | (7,812) | - | (7,812) | (2,238) | (5,574) | - | (5,574) | $ (0.003) | $ (0.003) |
| | $ - | $ 536 | $ 1,093 | $ 6,183 | $ - | $ (7,812) | $ (26,559) | $ (34,371) | $ (11,819) | $ (22,552) | $ - | $ (22,552) | $ (0.011) | $ (0.011) |

(1) Represents EMC Consolidated GAAP excluding restructuring and acquisition-related charges.
(2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible asset 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 asset 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 asset 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 September 30, 2009**
(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 Income (Expense), 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EMC Consolidated GAAP** | $ 3,517,630 | $ 1,577,413 | $ 422,092 | $ 1,177,775 | $ 34,781 | $ 305,569 | $ 19,901 | $ 325,470 | $ 20,602 | $ 304,868 | $ (6,688) | $ 298,180 | $ 0.147 | $ 0.144 |
| Gain on Data Domain and SpringSource common stock | - | - | - | - | - | - | (25,822) | (25,822) | - | (25,822) | 1,025 | (24,797) | $ (0.012) | $ (0.012) |
| Restructuring and acquistion-related charges | - | (12,485) | - | - | (34,781) | 47,266 | - | 47,266 | 14,724 | 32,542 | (135) | 32,407 | $ 0.016 | $ 0.016 |
| **EMC Consolidated Adjusted (1)** | 3,517,630 | 1,564,928 | 422,092 | 1,177,775 | - | 352,835 | (5,921) | 346,914 | 35,326 | 311,588 | (5,798) | 305,790 | $ 0.151 | $ 0.148 |
| Stock-based compensation expense | - | (27,106) | (62,557) | (99,915) | - | 189,578 | - | 189,578 | 47,078 | 142,500 | (9,181) | 133,319 | $ 0.066 | $ 0.065 |
| Intangible asset amortization | - | (34,121) | (3,261) | (25,903) | - | 63,285 | - | 63,285 | 21,651 | 41,634 | (405) | 41,229 | $ 0.020 | $ 0.020 |
| **EMC Consolidated Non-GAAP (2)** | $ 3,517,630 | $ 1,503,701 | $ 356,274 | $ 1,051,957 | $ - | $ 605,698 | $ (5,921) | $ 599,777 | $ 104,055 | $ 495,722 | $ (15,384) | $ 480,338 | $ 0.237 | $ 0.232 |
| **EMC Information Infrastructure GAAP** | $ 3,028,725 | $ 1,481,485 | $ 289,715 | $ 944,637 | $ 34,008 | $ 278,880 | $ 14,334 | $ 293,214 | $ 26,897 | $ 266,317 | $ - | $ 266,317 | $ 0.131 | $ 0.129 |
| Gain on Data Domain common stock | - | - | - | - | - | - | (19,963) | (19,963) | - | (19,963) | - | (19,963) | $ (0.010) | $ (0.010) |
| Restructuring and acquistion-related charges | - | (12,485) | - | - | (34,008) | 46,493 | - | 46,493 | 14,724 | 31,769 | - | 31,769 | $ 0.016 | $ 0.015 |
| **EMC Information Infrastructure Adjusted (3)** | 3,028,725 | 1,469,000 | 289,715 | 944,637 | - | 325,373 | (5,629) | 319,744 | 41,621 | 278,123 | - | 278,123 | $ 0.137 | $ 0.135 |
| Stock-based compensation expense | - | (17,608) | (28,307) | (76,146) | - | 122,061 | - | 122,061 | 32,023 | 90,038 | - | 90,038 | $ 0.044 | $ 0.044 |
| Intangible asset amortization | - | (31,228) | (3,221) | (25,389) | - | 59,838 | - | 59,838 | 20,518 | 39,320 | - | 39,320 | $ 0.019 | $ 0.019 |
| **EMC Information Infrastructure Non-GAAP (4)** | $ 3,028,725 | $ 1,420,164 | $ 258,187 | $ 843,102 | $ - | $ 507,272 | $ (5,629) | $ 501,643 | $ 94,162 | $ 407,481 | $ - | $ 407,481 | $ 0.201 | $ 0.197 |
| **VMware standalone GAAP** | $ 489,751 | $ 96,073 | $ 133,509 | $ 236,933 | $ - | $ 23,236 | $ 8,638 | $ 31,874 | $ (6,345) | $ 38,219 | $ - | $ 38,219 | $ 0.019 | $ 0.018 |
| GAAP adjustments and eliminations | (846) | (145) | (1,132) | (3,795) | 773 | 3,453 | (3,071) | 382 | 50 | 332 | (6,688) | (6,356) | $ (0.003) | $ (0.003) |
| **VMware within EMC GAAP (5)** | 488,905 | 95,928 | 132,377 | 233,138 | 773 | 26,689 | 5,567 | 32,256 | (6,295) | 38,551 | (6,688) | 31,863 | $ 0.016 | $ 0.015 |
| Gain on SpringSource common stock | - | - | - | - | - | - | (5,859) | (5,859) | - | (5,859) | 1,025 | (4,834) | $ (0.002) | $ (0.002) |
| Acquistion-related charges | - | - | - | - | (773) | 773 | - | 773 | - | 773 | (135) | 638 | $ - | $ - |
| **VMware within EMC Adjusted (6)** | 488,905 | 95,928 | 132,377 | 233,138 | - | 27,462 | (292) | 27,170 | (6,295) | 33,465 | (5,798) | 27,667 | $ 0.014 | $ 0.013 |
| Stock-based compensation expense | - | (9,498) | (34,250) | (23,769) | - | 67,517 | - | 67,517 | 15,055 | 52,462 | (9,181) | 43,281 | $ 0.021 | $ 0.021 |
| Intangible asset amortization | - | (2,893) | (40) | (514) | - | 3,447 | - | 3,447 | 1,133 | 2,314 | (405) | 1,909 | $ 0.001 | $ 0.001 |
| **VMware within EMC Non-GAAP (7)** | $ 488,905 | $ 83,537 | $ 98,087 | $ 208,855 | $ - | $ 98,426 | $ (292) | $ 98,134 | $ 9,893 | $ 88,241 | $ (15,384) | $ 72,857 | $ 0.036 | $ 0.035 |
| | | | | | | | | | | | Wtd. Average Share O/S | | 2,027,347 | 2,065,951 |

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Reconciliation of GAAP to Non-GAAP
**For the Three Months Ended September 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 Acquisition-Related Charges | Operating Income | Other Income (Expense), 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) | $ - | $ - | $ - | $ - | $ - | $ - | $ (27,483) | $ (27,483) | $ (9,153) | $ (18,330) | $ - | $ (18,330) | $ (0.009) | $ (0.009) |
| Transition costs (9) | - | 789 | 3,159 | 12,825 | - | (16,773) | - | (16,773) | (4,943) | (11,830) | - | (11,830) | $ (0.006) | $ (0.006) |
| | $ - | $ 789 | $ 3,159 | $ 12,825 | $ - | $ (16,773) | $ (27,483) | $ (44,256) | $ (14,096) | $ (30,160) | $ - | $ (30,160) | $ (0.015) | $ (0.015) |

(1) Represents EMC Consolidated GAAP excluding gain on Data Domain and SpringSource common stock and restructuring and acquisition-related charges.
(2) Represents EMC Consolidated Adjusted excluding stock-based compensation expense and intangible asset amortization.
(3) Represents EMC Information Infrastructure GAAP excluding gain on Data Domain common stock and restructuring and acquisition-related charges.
(4) Represents EMC Information Infrastructure Adjusted excluding stock-based compensation expense and intangible asset amortization.
(5) Represents VMware within EMC GAAP.
(6) Represents VMware within EMC GAAP excluding gain on SpringSource common stock and acquisition-related charges.
(7) Represents VMware within EMC adjusted excluding stock-based compensation expense and intangible asset 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

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

| | September 30, 2010 (unaudited) | December 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 4,940,592 | $ 6,302,499 |
| Short-term investments | 1,712,410 | 392,839 |
| Accounts and notes receivable, less allowance for doubtful accounts of $56,763 and $47,414 | 2,120,679 | 2,108,575 |
| Inventories | 838,622 | 886,289 |
| Deferred income taxes | 596,568 | 564,174 |
| Other current assets | 387,362 | 283,926 |
| Total current assets | 10,596,233 | 10,538,302 |
| Long-term investments | 3,860,062 | 2,692,323 |
| Property, plant and equipment, net | 2,430,679 | 2,224,346 |
| Intangible assets, net | 1,213,680 | 1,185,632 |
| Goodwill | 9,787,321 | 9,210,376 |
| Other assets, net | 1,038,933 | 961,024 |
| Total assets | $ 28,926,908 | $ 26,812,003 |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 827,181 | $ 899,298 |
| Accrued expenses | 2,033,790 | 1,944,210 |
| Income taxes payable | 46,055 | 41,691 |
| Deferred revenue | 2,641,559 | 2,262,968 |
| Total current liabilities | 5,548,585 | 5,148,167 |
| Income taxes payable | 253,075 | 235,976 |
| Deferred revenue | 1,628,473 | 1,373,798 |
| Deferred income taxes | 605,400 | 708,378 |
| Long-term convertible debt | 3,185,417 | 3,100,290 |
| Other liabilities | 186,122 | 184,920 |
| Total liabilities | 11,407,072 | 10,751,529 |
| 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 2,060,396 and 2,052,441 shares | 20,604 | 20,524 |
| Additional paid-in capital | 3,886,415 | 3,875,791 |
| Retained earnings | 13,030,725 | 11,759,289 |
| Accumulated other comprehensive loss, net | (120,268) | (105,722) |
| Total EMC Corporation's shareholders' equity | 16,817,476 | 15,549,882 |
| Non-controlling interest in VMware, Inc. | 702,360 | 510,592 |
| Total shareholders' equity | 17,519,836 | 16,060,474 |
| Total liabilities and shareholders' equity | $ 28,926,908 | $ 26,812,003 |

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

| | Nine Months Ended | | Three Months Ended | |
|---|---|---|---|---|
| | September 30, 2010 | September 30, 2009 | September 30, 2010 | September 30, 2009 |
| EMC Consolidated | | | | |
| Cash flow from Operations | $ 3,036,606 | $ 2,325,728 | $ 962,400 | $ 887,649 |
| Capital Expenditures | (541,866) | (277,589) | (240,674) | (72,077) |
| Capitalized Software | (272,492) | (222,432) | (86,858) | (70,658) |
| Free Cash Flow | $ 2,222,248 | $ 1,825,707 | $ 634,868 | $ 744,914 |

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

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

| | Income Before Tax | Tax Provision | Tax Rate |
|---|---|---|---|
| EMC Consolidated GAAP | $ 637,737 | $ 148,663 | 23% |
| Stock-based compensation expense | 172,177 | 41,525 | 24% |
| Intangible asset amortization | 73,429 | 22,606 | 31% |
| Restructuring and acquisition-related charges | 12,561 | 2,222 | 18% |
| EMC Consolidated Non-GAAP | $ 895,904 | $ 215,016 | 24% |

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

**Supplemental Revenue Data**

| | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | YTD 2010 |
|---|---|---|---|---|---|---|---|---|---|
| **Storage:** | | | | | | | | | |
| Product Revenue | $ 1,572,408 | $ 1,632,309 | $ 1,818,230 | $ 2,175,104 | $ 7,198,051 | $ 2,017,314 | $ 2,076,855 | $ 2,172,875 | $ 6,267,044 |
| Services Revenue | 790,932 | 842,558 | 880,807 | 947,061 | 3,461,358 | 901,781 | 922,067 | 966,414 | 2,790,262 |
| Total Storage Revenue | $ 2,363,340 | $ 2,474,867 | $ 2,699,037 | $ 3,122,165 | $ 10,659,409 | $ 2,919,095 | $ 2,998,922 | $ 3,139,289 | $ 9,057,306 |
| **Information Intelligence Group:** | | | | | | | | | |
| Product Revenue | $ 58,710 | $ 60,792 | $ 58,209 | $ 83,125 | $ 260,836 | $ 63,662 | $ 62,329 | $ 59,078 | $ 185,069 |
| Services Revenue | 115,605 | 119,445 | 118,979 | 124,724 | 478,753 | 114,502 | 116,105 | 116,713 | 347,320 |
| Total Information Intelligence Group Revenue | $ 174,315 | $ 180,237 | $ 177,188 | $ 207,849 | $ 739,589 | $ 178,164 | $ 178,434 | $ 175,791 | $ 532,389 |
| **Security:** | | | | | | | | | |
| Product Revenue | $ 80,671 | $ 84,080 | $ 84,080 | $ 91,441 | $ 340,272 | $ 85,814 | $ 90,876 | $ 102,442 | $ 279,132 |
| Services Revenue | 62,035 | 63,055 | 68,420 | 72,168 | 265,678 | 75,654 | 82,460 | 83,290 | 241,404 |
| Total Security Revenue | $ 142,706 | $ 147,135 | $ 152,500 | $ 163,609 | $ 605,950 | $ 161,468 | $ 173,336 | $ 185,732 | $ 520,536 |
| **EMC Information Infrastructure:** | | | | | | | | | |
| Product Revenue | $ 1,711,789 | $ 1,777,181 | $ 1,960,519 | $ 2,349,670 | $ 7,799,159 | $ 2,166,790 | $ 2,230,060 | $ 2,334,395 | $ 6,731,245 |
| Services Revenue | 968,572 | 1,025,058 | 1,068,206 | 1,143,953 | 4,205,789 | 1,091,937 | 1,120,632 | 1,166,417 | 3,378,986 |
| Total EMC Information Infrastructure Revenue | $ 2,680,361 | $ 2,802,239 | $ 3,028,725 | $ 3,493,623 | $ 12,004,948 | $ 3,258,727 | $ 3,350,692 | $ 3,500,812 | $ 10,110,231 |
| **VMware:** | | | | | | | | | |
| Product Revenue | $ 257,331 | $ 228,089 | $ 240,062 | $ 303,504 | $ 1,028,986 | $ 311,927 | $ 323,256 | $ 341,530 | $ 976,713 |
| Services Revenue | 213,070 | 227,024 | 248,843 | 303,039 | 991,976 | 320,038 | 349,549 | 369,929 | 1,039,516 |
| Total VMware Revenue | $ 470,401 | $ 455,113 | $ 488,905 | $ 606,543 | $ 2,020,962 | $ 631,965 | $ 672,805 | $ 711,459 | $ 2,016,229 |
| **Consolidated Revenues:** | | | | | | | | | |
| Product Revenue | $ 1,969,120 | $ 2,005,270 | $ 2,200,581 | $ 2,653,174 | $ 8,828,145 | $ 2,478,717 | $ 2,553,316 | $ 2,675,925 | $ 7,707,958 |
| Services Revenue | 1,181,642 | 1,252,082 | 1,317,049 | 1,446,992 | 5,197,765 | 1,411,975 | 1,470,181 | 1,536,346 | 4,418,502 |
| **Total Consolidated Revenues** | **$ 3,150,762** | **$ 3,257,352** | **$ 3,517,630** | **$ 4,100,166** | **$ 14,025,910** | **$ 3,890,692** | **$ 4,023,497** | **$ 4,212,271** | **$ 12,126,460** |
| Percentage impact to EMC revenue growth rate due to changes in exchange rates from the prior year | (3.5)% | (3.7)% | (1.3)% | 2.5% | (1.4)% | 2.4% | 0.0% | (0.6)% | 0.6% |

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

| | Q3 2010 | Q3 2009 |
|---|---|---|
| Gross Margin GAAP | $ 2,486,974 | $ 1,940,217 |
| Restructuring and acquisition-related charges | - | 12,485 |
| Stock-based compensation expense | 27,871 | 27,106 |
| Intangible asset amortization | 32,342 | 34,121 |
| Gross Margin Non-GAAP | $ 2,547,187 | $ 2,013,929 |
| Revenues | $ 4,212,271 | $ 3,517,630 |
| % GAAP | 59.0% | 55.2% |
| % Non-GAAP | 60.5% | 57.3% |

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

| | Q3 2010 | Q3 2009 |
|---|---|---|
| Operating Margin GAAP | $ 647,824 | $ 305,569 |
| Restructuring and acquisition-related charges | 12,561 | 47,266 |
| Stock-based compensation expense | 171,771 | 189,578 |
| Intangible asset amortization | 73,429 | 63,285 |
| Operating Margin Non-GAAP | $ 905,585 | $ 605,698 |
| Revenues | $ 4,212,271 | $ 3,517,630 |
| % GAAP | 15.4% | 8.7% |
| % Non-GAAP | 21.5% | 17.2% |

EMC Corporation
Reconciliation of EMC's Compounded Annual Growth Rate
(in thousands)
Unaudited

| | Actual 2004 | Guidance 2010 | Guidance CAGR |
|---|---|---|---|
| GAAP diluted earnings per share | $ 0.36 | $ 0.91 | 17% |
| 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 | $ 0.41 | $ 1.25 | 20% |

Schedule may not add due to rounding