

Concurrent Session

Hedging as a Value Driver

Anne Swope
Managing Director
JP Morgan

Michael Connolly
Vice President - Treasurer
Tiffany & Co.

Mark Glenn
Vice President – Treasury
EMC Corporation

*May 7, 2007
3:00 p.m. – 4:00 p.m.*

Hedging as a Value Driver

Mark Glenn
Vice President-Treasury
EMC Corporation

May 7, 2007

EMC

- World's leader in products, services and solutions for information management and storage
 - Information Life Cycle Management – creation to disposal
- Headquarters in Hopkinton, Massachusetts
- 2006 Financial Highlights
 - Revenue: \$11.2B
 - Net Income: \$1.2B
 - Cash: \$5.6B
 - Issued \$3.45B convertible bond
 - Repurchased \$3.6B of EMC Stock
- Over 20 acquisitions in past 4 years
 - RSA Security

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EMC Exposures

EMC²
where information lives™

- Currency
 - 40% of revenue outside U.S.
 - Cash flow and balance sheet exposure on USD functional SOB
 - Minimal natural hedges
- Interest Rates
 - \$5.8B of USD cash and investments
 - \$3.5B of convertible debt

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EMC Currency Program

EMC²
where information lives™

- Objective: Manage the life cycle of the dollar with a program that supports business objectives
- Goal: Quarterly Financial goal of zero losses to EMC currency line
 - » Excluding cost of hedging
 - » Protect revenue booking rate and provide upside in dollar depreciating trend
- Cash flow program
 - Exposure: Anticipated foreign currency revenue and expense
 - Derivatives: Mainly option structures
 - Duration: 0 to 6 months
 - Fix rate for sales force each quarter
- Balance Sheet Program
 - Exposure: Foreign currency assets and liabilities
 - Derivatives: 100% forward contracts
 - Duration: Based on yield curve

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