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LEGATO SYSTEMS INC
Form 425
July 08, 2003

Filed by EMC Corporation

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Legato Systems, Inc.

Commission File No. 000-26130

This filing relates to the proposed merger pursuant to the terms of that certain Agreement and Plan of Merger, dated as of July 7, 2003 (the Merger Agreement), by and among EMC Corporation (EMC), Eclipse Merger Corporation, a wholly owned subsidiary of EMC, and Legato Systems, Inc. (Legato). The Merger Agreement is on file with the Securities and Exchange Commission as an exhibit to the current Report on Form 8-K filed by EMC on July 8, 2003, and is incorporated by reference into this filing.

The following is a slide set to be used in presentations given by EMC s management to the investment community.

EMC Acquires Legato Systems, Inc.

July 8, 2003

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EMC Acquires Legato

- Acquisition cost: approximately \$1.3B
- Expected closing Q4, 2003
Subject to regulatory approval
- Legato background:
 - Market focus Information Lifecycle Management (ILM) solutions including backup and restore, application monitoring/availability, content, messaging management
 - Revenue: \$262m in 2002
 - Customers 31000 customers worldwide
 - Sales/GTM 500 customer facing personnel; over 400 alliance partners

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Why EMC/Legato

- Information Lifecycle Management (ILM):
Shared focus on helping customers manage their information throughout the lifecycle
Complements EMC's product line and expands focus to growth areas like email, content management and HSM/Archive
- Solutions: Accelerates EMC's evolution as the leading provider of comprehensive, integrated information storage solutions
- Software: Most comprehensive ILM software capabilities in the industry
- Reach: Legato's direct sales force and extensive channel program complement and extend EMC's reach
- Financial impact: Slightly accretive 2004, accelerates software mix goal

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Information Comes From Applications

Storage has increasingly integrated with applications

[GRAPHIC]

But has become disconnected from the Business

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The Intelligent Information Infrastructure

[GRAPHIC]

EMC's Technology Strategy:
Leveraging
Automated Networked Storage to build the
Intelligent Information Infrastructure

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Information Management Today

[GRAPHIC]

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Information Management Today

[GRAPHIC]

Needed:

**A single method for managing
information from inception to
disposal**

Policy-driven

Business-centric

Heterogeneous

Application-independent

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EMC ILM Architecture

[GRAPHIC]

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EMC & Legato: Great Product Fit

| | | |
|---------------------------------|--|---|
| | | [GRAPHIC] |
| Enterprise SRM | Storage Resource Management | ControlCenterFamily / VisualSAN / VisualSRM |
| Storage Infrastructure Software | Distributed File System | HighRoad |
| | Volume Mgmt. and Virtualization | PowerPathVolume Manager |
| | Application Monitoring and Availability (Clustering) | Application Availability Manager / Co-Standby Server |
| | Network Load Balancing | PowerPath |
| | On-Board Replication | SRDF / TimeFinder / SnapView / MirrorView / SANCOPY |
| Data Management Software | Server-Based Replication | RepliStor |
| | Backup and Recovery | EDM NetWorker |
| | Media Management | AlphaStor |
| | Replication Management | Replication Manager / Symmetrix Data Mobility Manager |
| | HSM and Archive | Avalon DiskXtender / EmailXtender / ArchiveXtender |
| | Content Management | ApplicationXtender |
| | Content Distribution | OnCourse |

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EMC/Legato Additional Benefits

- Provides EMC and EMC's customers with a broader, more comprehensive software portfolio with a stronger applications focus
- Provides additional open software DNA people, channels, partners and processes
- Expands EMC's sales and distribution capabilities
- Provides complementary products and customer base
- Brings EMC's brand strength and financial stability to Legato customers

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Integration

- EMC plans to operate Legato as a division of EMC led by David B. Wright, Legato's current Chairman and CEO, reporting to Joe Tucci
- Legato's sales, marketing and service will continue to focus on selling and servicing Legato's full line of products and solutions
EMC intends to leverage Legato's extensive channel base
- EMC and Legato intend to leverage the strengths of their software development teams to accelerate the development and delivery of comprehensive storage management solutions
- EMC is committed to the open systems backup and restore market and EDM will continue to be a part of our portfolio
EMC plans to evaluate the current and planned feature sets of EDM and NetWorker in order to develop an enhanced product roadmap incorporating the best of both products

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Summary

- Creates the ultimate information lifecycle management company
- Provides customers with end-to-end solutions to help lower TCO, improve service levels, improve information availability
- Accelerates commitment to openness
- Broadens sales and distribution capabilities and customer base

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[GRAPHIC]

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Appendix Facts and Figures

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Legato/EMC Facts and Figures 2002 data

| Fact | EMC | Legato | Combined |
|-----------------------------------|---|---------------------------------|--|
| Revenues 02 | \$5.4B | \$262M | \$5.7B |
| Open Software Revenue Q1 03 | \$98.8M | \$34.4M | \$133.2M The addition of Legato would have increased EMC's multi-platform software revenues by 35% in Q1. |
| Channel Mix | Slightly less than 2/3 Direct More than 1/3 Indirect | Direct 25% Indirect 75% | Slightly less than 2/3 Direct More than 1/3 Indirect Legato's direct sales force and extensive relationships with channel partners complement and extend EMC's go-to-market strategy and reach |
| Geographic Mix | NA 59% EMEA 24% ROW 17% | NA 54% Europe 35% ROW 11% | NA 59% EMEA 25% ROW 15% Legato will deepen EMC's software penetration in EMEA |
| Number of employees WW (Q1 03) | 17,200 | Approx. 1500 | 18,763 |
| Total 2002 R&D spend | \$781M | \$69.2M | \$850m or 14% of combined 2002 revenues The two companies combined software R&D investment far outpaces the rest of the market and force others to seriously consider their ability to compete in the future. |
| Number of R&D employees | 3000 | 450 | 3450 or 18% of total employee base. |

Legato/EMC Facts and Figures 2002 data

| Fact | EMC | Legato | Combined |
|----------------------------|---|---|--|
| Number of sales reps | 5600 (customer facing employees) | 230 reps; 140 SEs/Consultants | 5970 or 32% of total employee base. |
| Number of customers | Presence in majority of Fortune 1000 Approx. 9,900 customers at the parent company level | Mid market to enterprise focus 31,000 overall Over 350 of Global 500 (>70%) | Provides EMC access to new software opportunities within G2K and further extends our reach down market. |
| Product focus | Storage systems, software, services | Backup/Recovery, HSM/Archive, Replication, Email and Content management | EMC and Legato together will be the ultimate information lifecycle management company; helping customers get the maximum value from their information at the lowest TCO at every point in the information lifecycle. |
| Product Mix | 55% Systems 23% Software 20% Services | 49% services 51% software | 53% Systems 24% Software 21% Services |
| Customer Satisfaction | >95% | 92% cust sat and renewals over 90% (Q2 current) | >95% EMC and Legato share a common vision for servicing the customer. |
| Number of channel partners | 300 | 400 channel partners 1028 certified specialists | Legato's direct sales force and extensive relationships with channel partners complement and extend EMC's go-to-market strategy and reach |

Legato/EMC Facts and Figures 2002 data

| Fact | Gartner Categories | EMC | Legato |
|---|--|--|---|
| Market Segments (Segment Growth* and Share) | Storage Infrastructure Products** | Core Storage Management 2003-2007 CAGR: 3.3% Current Market Share: 32% | N/A |
| | | Data Replication 2003-2007 CAGR: 9.3% EMC Current Market Share: 46% | Data Replication 2003-2007 CAGR: 9.3% Legato Current Mkt Share: 1.3% |
| EMC leads in 2 of the three Gartner storage management software categories. | Data Management Products | Backup/Recovery 2003-2007 CAGR: 0.5% EMC Current Market Share: 1.7% | Backup/Recovery 2003-2007 CAGR: 0.5% Legato Current Mkt Share : 7.3% |
| | | HSM/Archive 2003-2007 CAGR: 18% EMC Current Market Share: 0.1% | HSM/Archive 2003-2007 CAGR: 18% Legato Current Mkt Share : 9.2% |
| Legato has a leadership position in the third. | Enterprise Storage Resource Management | Storage Resource Management 2003-2007 CAGR: 24% EMC Current Market Share: 46% | N/A |
| | | Device Management 2003-2007 CAGR: 6.8% EMC Current Market Share: 55% | N/A |
| | | Media Management 2003-2007 CAGR: 1.7% EMC Current Market Share: 0.1% | Media Management 2003-2007 CAGR: 1.7% Legato Current Mkt Share : 1.6% |

* Segment growth is based on CAGR 2002 - 2007; Source: Gartner May 5, 2003 Report // Share is based on 2002 market share in Gartner April 10, 2003 Report.

** Gartner's Storage Infrastructure Products category contains 3 sub-segments: Core Storage Mgmt., Data Replication, and Volume Mgmt. & Virtualization. Volume Management and Virtualization is not included in this chart. EMC does have presence in this market in 2003 with PowerPath Volume Manager.

Additional Information and Where to Find it

In connection with the proposed transaction, EMC and LEGATO intend to file a proxy statement/prospectus with the U.S. Securities and Exchange Commission (the "SEC"). Investors and security holders of EMC and LEGATO are advised to read the proxy statement/prospectus when it becomes available, because it will contain important information about EMC, LEGATO and the proposed transaction. Investors and security holders may obtain a free copy of the proxy statement/prospectus, when available, and other documents filed by EMC and LEGATO with the SEC at the SEC's website at www.sec.gov. Free copies of the proxy statement/prospectus, when available, and each company's other filings with the SEC also may be obtained from the respective companies. Free copies of EMC's filings may be obtained by directing a request to EMC. You can request this information via the web at www.EMC.com/IR/request or by sending a written request to EMC Investor Relations, EMC Corporation, 176 South Street, Hopkinton, MA 01748. Free copies of Legato's filings may be obtained by directing a request to Legato Investor Relations, LEGATO Systems, Inc., 2350 West El Camino Real, Mountain View, CA 94040. In addition, investors and security holders may access copies of the documents filed with the SEC by EMC on EMC's website at www.emc.com, and investors and security holders may access copies of the documents filed with the SEC by LEGATO on LEGATO's website at www.legato.com.

Forward Looking Statements

This presentation contains forward-looking statements as defined under the Federal Securities Laws. EMC's 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) risks associated with strategic investments and acquisitions, including the challenges and costs of closing, integration, restructuring and achieving anticipated synergies associated with the acquisition; (ii) adverse changes in general economic or market conditions; (iii) delays or reductions in information technology spending; (iv) the transition to new products, the uncertainty of customer acceptance of new product offerings, and rapid technological and market change; (v) insufficient, excess or obsolete inventory; (vi) competitive factors, including but not limited to pricing pressures; (vii) component quality and availability; (viii) the relative and varying rates of product price and component cost declines and the volume and mixture of product and services revenues; (ix) war or acts of terrorism; (x) the ability to attract and retain highly qualified employees; (xi) fluctuating currency exchange rates; and (xii) 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.