

LEGATO SYSTEMS INC  
Form 425  
July 08, 2003

Filed by Legato Systems, Inc.

Pursuant to Rule 425 under the  
Securities Act of 1933 and deemed filed  
pursuant to Rule 14a-12 under the  
Securities Exchange Act of 1934

Subject Company: Legato Systems, Inc.

Commission File No: 000-26130

*Welcome*

**Tony Takazawa**

**Director, EMC Global Investor Relations**

© 2003 EMC Corporation. All rights reserved. 1

*Agenda*

- Joe Tucci, EMC President and CEO  
EMC Strategic Rationale
- David B. Wright, Legato Chairman, President and CEO  
Legato Strategic Rationale
- Bill Teuber, EMC Executive Vice President and CFO  
Transaction Summary
- Q&A

© 2003 EMC Corporation. All rights reserved. 2

*Forward-Looking Statements*

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) 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.

© 2003 EMC Corporation. All rights reserved. 3

***For More Information:***

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](http://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](http://www.EMC.com/IR/request) or by sending a written request to EMC Investor Relations, 176 South Street, Hopkinton, MA 01748. Free copies of Legato's filings may be obtained by directing a request to Legato Investor Relations, 2350 West El Camino Real, Mountain View, CA 94040 or via the web at [http://portal1.legato.com/corporate\\_info/investors/](http://portal1.legato.com/corporate_info/investors/).

LEGATO, its directors and executive officers may be deemed to be participants in the solicitation of proxies from LEGATO stockholders in favor of the proposed transaction. A description of the interests of the directors and executive officers of LEGATO is set forth in LEGATO's proxy statement for its 2003 annual meeting, which was filed with the SEC on April 30, 2003. Investors and security holders may obtain additional information regarding the interests of such potential participants by reading the definitive proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

© 2003 EMC Corporation. All rights reserved. 4

*EMC and Legato*

**Joe Tucci**

**EMC President & CEO**

© 2003 EMC Corporation. All rights reserved. 5

*1. EMC Preliminary 2Q03 Results*

- **Evidence that our focus on automated networked storage is paying off**
- **Revenues:** Previous range \$1.425B \$1.475B  
*Will be around the high end of range*
- **EPS:** Previously announced target of \$0.03  
*Will meet or exceed by one cent*
- **No additional comments at this time**
- **Join us on July 16<sup>th</sup> for full details of 2Q03 results**

© 2003 EMC Corporation. All rights reserved. 6

**2. Agreement with BMC Software**

**Highlights:**

**EMC**

- EMC to acquire BMC PATROL Storage Manager assets
- BMC to sell EMC ControlCenter
- Furthers commitment to openness
  - EMC's first pure software channel
  - Access to BMC's great customer base

**BMC**

- Allows BMC to totally focus on their Business Service Management
- Customers in great hands with EMC's customer service and support
- Offers a more integrated Systems/Storage Management Solution

© 2003 EMC Corporation. All rights reserved. 7



*3. EMC's Acquisition of Legato*

[GRAPHIC]

[GRAPHIC]

© 2003 EMC Corporation. All rights reserved. 8

*Strategic Acquisition Criteria*

**Leading Technology**

**Customer Base**

**Distribution & Support**

© 2003 EMC Corporation. All rights reserved. 9

*EMC & Legato: Great Strategic Fit*

**~450 Software engineers**

Leading Technology

Customer Base

**~31,000 customers**

Distribution & Support

**~500 Customer Facing Personnel**

**~400 Channel Partners**

**Additional Software DNA**

© 2003 EMC Corporation. All rights reserved. 10

*EMC & Legato: Great Product Fit*

Enterprise SRM  
Storage  
Infrastructure  
Software

Data  
Management  
Software

© 2003 EMC Corporation. All rights reserved. 11

*EMC & Legato: Great Product Fit*

Enterprise SRM

Storage Infrastructure Software

Storage Resource Management

Distributed File System

Volume Mgmt. and Virtualization

Application Monitoring and Availability (Clustering)

Network Load Balancing

On-Board Replication

Data Management Software

Server-Based Replication

Backup and Recovery

Media Management

Replication Management

HSM and Archive

Content Management

Content Distribution

*EMC & Legato: Great Product Fit*

|                                 |  |   |
|---------------------------------|--|---|
| Enterprise SRM                  | Storage Resource Management                          | [GRAPHIC]<br>ControlCenter Family / VisualSAN / VisualSRM |
| Storage Infrastructure Software | Distributed File System                              | HighRoad  |
|                                 | Volume Mgmt. and Virtualization                      | PowerPath Volume Manager                                  |
|                                 | Application Monitoring and Availability (Clustering) |   |
|                                 | Network Load Balancing                               | PowerPath   |
| Data Management Software        | On-Board Replication                                 | SRDF / TimeFinder / SnapView / MirrorView / SANCOPY       |
|                                 | Server-Based Replication                             |   |
|                                 | Backup and Recovery                                  | EDM   |
|                                 | Media Management                                     |   |
|                                 | Replication Management                               | Replication Manager / Symmetrix Data Mobility Manager     |
|                                 | HSM and Archive                                      | Avalon  |
|                                 | Content Management                                   |   |
|                                 | Content Distribution                                 | OnCourse  |

*EMC & Legato: Great Product Fit*

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

*EMC & Legato: Integration aspects*

*Leadership*

- Legato will be a division of EMC
- David Wright joins EMC as President of Legato division and EVP of EMC
- Development brought together under one team matrixed with Mark Lewis

© 2003 EMC Corporation. All rights reserved. 15



*EMC & Legato: Integration aspects*

**Product**

- EMC will continue to support EDM
- NetWorker will become our primary backup/recovery offering we will incorporate key EDM features

© 2003 EMC Corporation. All rights reserved. 16

*EMC & Legato: Integration aspects*

*Go to market*

- Legato's sales/distribution, led by David Wright, to remain independent to maintain the focus on this open software  
Will continue to leverage Legato's strong channel partners and brand
- We will leverage our enterprise account presence and direct sales organization to accelerate revenue growth
- Over time, the independent selling capability will be leveraged to sell additional Open Software products

© 2003 EMC Corporation. All rights reserved. 17

*The Legato Perspective*

**David B. Wright**

**Legato Chairman, President & CEO**

© 2003 EMC Corporation. All rights reserved. 18

*Why Now for Legato? Why EMC?*

**Why Now for Legato?**

- Customers demanding complete solutions to manage all their information
  - Lower TCO
  - Managing complexity/compliance needs
- Legato well-positioned in core markets and in high-growth opportunities in content and messaging management
- However the combined opportunity is greater
  - Create the most complete ILM software vendor in the industry
  - More resources to capture market opportunities
  - Accelerate growth and profitability

© 2003 EMC Corporation. All rights reserved. 19

*Why Now for Legato? Why EMC?*

*Why EMC?*

- Common approach to Information Lifecycle Management, with focus on delivering protection, availability and access solutions around key customer pain points
- EMC's scale
  - Extensive R&D resources
  - Global distribution and world-class support
  - Financial strength
- Highly complementary fit (products, sales)
- Cultural fit - we know the team well
- EMC's commitment to Open Software
  - Legato to operate as a division of EMC to maximize software sales

© 2003 EMC Corporation. All rights reserved. 20

*Transaction Summary*

**Bill Teuber**

**Executive Vice President & CFO**

© 2003 EMC Corporation. All rights reserved. 21

*EMC and Legato: Transaction Summary*

|                           |                               |
|---------------------------|-------------------------------|
| <b>Deal Structure:</b>    | All stock transaction         |
| <b>Exchange Ratio:</b>    | 0.9 EMC shares per LGTO share |
| <b>Expected Closing :</b> | Early Q4 2003                 |
| <b>Ownership:</b>         | EMC Shareholders: >95%        |
| <b>Current Value :</b>    | Approximately \$1.3 Billion   |

© 2003 EMC Corporation. All rights reserved. 22

*EMC and Legato: Transaction Summary*

- Value of transaction will be finalized using the average of the closing price several days pre and post -announcement
- Allocation of purchase price is subject to appraisal
- Based on yesterday's closing stock price, the transaction would result in approximately:
  - \$125-\$175M of intangible assets
  - \$30-\$60M (primarily) in-process R&D
  - \$1.0-\$1.1B of goodwill

© 2003 EMC Corporation. All rights reserved. 23



*Financial Details Last 4 Quarters (Q2 02-Q1 03)*

|  | <u>EMC</u>  | <u>Legato</u>                      | <u>Combined</u>                         |
|--|---|------------------------------------|---|
| Revenues                               | \$5.5B  | \$280M<br>Systems N/A              | \$5.8B<br>Systems \$2.996B              |
|  | Systems \$ 2.996B<br>Software \$1.249B<br>Services \$1.275B | Software \$138M<br>Services \$142M | Software \$ 1.387B<br>Services \$1.417B |
| SW license<br>revenue as<br>% of total | 23%   | 49%                                | 24%                                     |
| Assets                                 | \$9.6B  | \$472M                             | \$ 10.1B                                |
| Employees                              | 17,200  | 1,500                              | 18,700                                  |

Totals may not foot and may not agree to other schedules due to rounding

*Financial Highlights*

- Consolidated in financial statements during Q4 '03
  - Revenue reported in Multi-platform Software and Services lines
  - In-process R&D expensed in Q4 '03
- Continue to expect to be profitable in every quarter of 2003
- Slightly accretive to 2004 earnings
  - Predominantly revenue synergies
  - Some cost efficiencies
  - Some improvement in consolidated gross margins

© 2003 EMC Corporation. All rights reserved. 25

*Q&A*

© 2003 EMC Corporation. All rights reserved. 26

*EMC & Legato: Great Strategic Fit*

~450 Software engineers

**Leading Technology**

Customer Base

**~31,000 customers**

**Distribution & Support**

~500 Customer Facing Personnel ~400 Channel Partners

**Additional Software DNA**

© 2003 EMC Corporation. All rights reserved. 27