EMC CORP
Form 10-Q
August 05, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For transition period from ______ to ______

Commission File Number 1-9853

EMC CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	**04-2680009**
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification Number)

176 South Street

Hopkinton, Massachusetts **01748**
(Address of principal executive offices) (Zip Code)

(508) 435-1000

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares of common stock, par value $.01 per share, of the registrant outstanding as of June 30, 2009 was 2,022,047,556.

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FACTORS THAT MAY AFFECT FUTURE RESULTS

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of the Federal securities laws, about our business and prospects. The forward-looking statements do not include the potential impact of any mergers, acquisitions, divestitures, securities offerings or business combinations that may be announced or closed after the date hereof. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, plans, intends, expects, goals and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Our future results may differ materially from our past results and from those projected in the forward-looking statements due to various uncertainties and risks, including, but not limited to, those described in Item 1A of Part II (Risk Factors). The forward-looking statements speak only as of the date of this Quarterly Report and undue reliance should not be placed on these statements. We disclaim any obligation to update any forward-looking statements contained herein after the date of this Quarterly Report.

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PART I

FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EMC CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

(unaudited)

	June 30, 2009	December 31, 2008 (As Adjusted)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,422,760	$ 5,843,685
Short-term investments	835,490	963,292
Accounts and notes receivable, less allowance for doubtful accounts of $52,761 and $48,080	1,855,986	2,252,640
Inventories	773,528	842,803
Deferred income taxes	457,193	477,101
Other current assets	341,305	285,508
Total current assets	10,686,262	10,665,029
Long-term investments	2,765,946	2,370,493
Property, plant and equipment, net	2,229,053	2,223,007
Intangible assets, net	698,180	795,616
Other assets, net	998,326	773,631
Goodwill	7,109,565	7,046,799
Total assets	$ 24,487,332	$ 23,874,575
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 697,389	$ 757,405
Accrued expenses	1,812,674	1,901,884
Securities lending payable	260,125	412,321
Income taxes payable		136,802
Deferred revenue	2,137,173	2,010,024
Total current liabilities	4,907,361	5,218,436
Income taxes payable	226,517	255,182
Deferred revenue	1,208,825	1,182,360
Deferred income taxes	454,516	389,787
Long-term convertible debt	3,045,022	2,991,943
Other liabilities	196,730	180,917
Total liabilities	10,038,971	10,218,625

Commitments and contingencies (see Note 12)		
EMC Corporation s 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 and outstanding 2,022,048 and 2,012,938 shares	20,220	20,129
Additional paid-in capital	3,105,717	2,817,054
Retained earnings	11,070,513	10,671,212
Accumulated other comprehensive loss, net	(141,487)	(179,952)
Total EMC Corporation s shareholders equity	14,054,963	13,328,443
Non-controlling interest in VMware, Inc.	393,398	327,507
Total shareholders equity	14,448,361	13,655,950
Total liabilities and shareholders equity	\$ 24,487,332	\$ 23,874,575

The accompanying notes are an integral part of the consolidated financial statements.

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EMC CORPORATION

CONSOLIDATED INCOME STATEMENTS

(in thousands, except per share amounts)

(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2009	June 30, 2008 (As Adjusted)	June 30, 2009	June 30, 2008 (As Adjusted)
Revenues:				
Product sales	$ 2,005,270	$ 2,461,651	$ 3,974,390	$ 4,802,081
Services	1,252,082	1,212,223	2,433,724	2,341,852
	3,257,352	3,673,874	6,408,114	7,143,933
Costs and expenses:				
Cost of product sales	1,057,205	1,119,553	2,070,535	2,194,136
Cost of services	456,369	525,751	910,546	1,011,832
Research and development	397,881	442,502	781,174	876,016
Selling, general and administrative	1,051,204	1,135,674	2,075,977	2,217,889
In-process research and development				79,204
Restructuring and other special charges (credit)	33,234		48,806	(357)
Operating income	261,459	450,394	521,076	765,213
Investment income	31,343	58,730	71,187	135,870
Interest expense	(44,158)	(44,044)	(89,701)	(87,113)
Other income (expense), net	17	(2,811)	(10,741)	(7,574)
Income before provision for income taxes	248,661	462,269	491,821	806,396
Income tax provision	38,045	94,432	75,860	180,751
Net income	210,616	367,837	415,961	625,645
Less: Net income attributable to the non-controlling interest in VMware, Inc.	(5,384)	(7,713)	(16,660)	(13,874)
Net income attributable to EMC Corporation	$ 205,232	$ 360,124	$ 399,301	$ 611,771
Net income per weighted average share, basic attributable to EMC Corporation common shareholders	$ 0.10	$ 0.18	$ 0.20	$ 0.30
Net income per weighted average share, diluted attributable to EMC Corporation common shareholders	$ 0.10	$ 0.17	$ 0.20	$ 0.29
Weighted average shares, basic	2,011,508	2,057,766	2,010,147	2,066,470
Weighted average shares, diluted	2,030,048	2,094,795	2,025,433	2,102,184

The accompanying notes are an integral part of the consolidated financial statements.

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EMC CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the Six Months Ended	
	June 30, 2009	June 30, 2008 (As Adjusted)
Cash flows from operating activities:		
Cash received from customers	$ 6,951,380	$ 7,585,822
Cash paid to suppliers and employees	(5,348,576)	(5,947,544)
Dividends and interest received	73,448	135,058
Interest paid	(35,900)	(36,778)
Income taxes paid	(202,273)	(199,689)
Net cash provided by operating activities	1,438,079	1,536,869
Cash flows from investing activities:		
Additions to property, plant and equipment	(205,512)	(326,449)
Capitalized software development costs	(151,774)	(118,848)
Purchases of short and long-term available for sale securities	(3,315,606)	(1,005,655)
Sales and maturities of short and long-term available for sale securities	3,078,580	1,572,954
Purchase of Data Domain common stock	(65,000)	
Acquisitions, net of cash acquired	(98,860)	(604,788)
Increase in strategic and other related investments	(107,055)	(3,060)
Net cash used in investing activities	(865,227)	(485,846)
Cash flows from financing activities:		
Issuance of EMC s common stock from the exercise of stock options	84,028	156,220
Issuance of VMware s common stock from the exercise of stock options	81,606	133,327
Repayments on securities lending	(152,196)	
Repurchase of EMC s common stock		(686,950)
Excess tax benefits from stock-based compensation	6,715	88,613
Payment of short and long-term obligations	(19,364)	(5,279)
Proceeds from short and long-term obligations	1,116	1,820
Net cash provided by (used in) financing activities	1,905	(312,249)
Effect of exchange rate changes on cash and cash equivalents	4,318	(1,638)
Net increase in cash and cash equivalents	579,075	737,136
Cash and cash equivalents at beginning of period	5,843,685	4,482,211
Cash and cash equivalents at end of period	$ 6,422,760	$ 5,219,347
Reconciliation of net income to net cash provided by operating activities:		
Net income	$ 415,961	$ 625,645
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation and amortization	509,066	517,692
Non-cash interest expense on convertible debt	53,079	50,277
Non-cash restructuring and in-process research and development	9,300	80,970
Stock-based compensation expense	234,531	239,405
Increase in provision for doubtful accounts	7,219	8,576
Deferred income taxes, net	60,067	10,431
Excess tax benefits from stock-based compensation	(6,715)	(88,613)
Other, net	450	(5,123)
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	391,899	160,492
Inventories	(9,910)	12,668
Other assets	(37,540)	(35,719)
Accounts payable	(27,915)	(61,343)
Accrued expenses	(134,894)	(248,139)
Income taxes payable	(186,480)	(32,677)
Deferred revenue	144,148	272,821
Other liabilities	15,813	29,506
Net cash provided by operating activities	$ 1,438,079	$ 1,536,869

The accompanying notes are an integral part of the consolidated financial statements.

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EMC CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2009	June 30, 2008 (As Adjusted)	June 30, 2009	June 30, 2008 (As Adjusted)
Net income	$ 210,616	$ 367,837	$ 415,961	$ 625,645
Other comprehensive income (loss), net of taxes (benefits):				
Foreign currency translation adjustments	37,483	(10,599)	10,748	887
Changes in market value of investments, including unrealized gains and losses and reclassification adjustment to net income, net of taxes (benefits) of $15,182, $(12,598), $21,085 and $(11,537)	26,185	(12,419)	30,611	(17,657)
Other-than-temporary investment losses, excluding credit losses recognized in the Consolidated Income Statements, net of tax benefits of $(1,384), $0, $(1,384) and $0	(2,571)		(2,571)	
Changes in market value of derivatives, net of tax (benefits) of $(1,121), $(8), $(442) and $(26)	(2,125)	525	(323)	(238)
Other comprehensive income (loss)	58,972	(22,493)	38,465	(17,008)
Comprehensive income	269,588	345,344	454,426	608,637
Less: Net income attributable to the non-controlling interest in VMware, Inc.	(5,384)	(7,713)	(16,660)	(13,874)
Less: Other comprehensive income attributable to the non-controlling interest in VMware, Inc.	(324)		(324)	
Comprehensive income attributable to EMC Corporation	$ 263,880	$ 337,631	$ 437,442	$ 594,763

The accompanying notes are an integral part of the consolidated financial statements.

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EMC CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(in thousands)

(unaudited)

For the six months ended June 30, 2009:

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Non-controlling Interest in VMware	Total Shareholders Equity
Balance, January 1, 2009	2,012,938	$ 20,129	$ 2,817,054	$ 10,671,212	$ (179,952)	$ 327,507	$ 13,655,950
Stock issued through stock option and stock purchase plans	10,357	104	83,924				84,028
Tax shortfall from stock options exercised			(8,477)				(8,477)
Restricted stock grants, cancellations and withholdings, net	(1,247)	(13)	(35,866)				(35,879)
Stock options issued in business acquisitions			1,454				1,454
Stock-based compensation			242,828				242,828
Impact from equity transactions of VMware, Inc.			4,800			48,907	53,707
Change in market value of investments					30,611	324	30,935
Change in market value of derivatives					(323)		(323)
Non-credit other-than-temporary losses on investments					(2,571)		(2,571)
Translation adjustment					10,748		10,748
Net income				399,301		16,660	415,961
Balance, June 30, 2009	2,022,048	$ 20,220	$ 3,105,717	$ 11,070,513	$ (141,487)	$ 393,398	$ 14,448,361

For the six months ended June 30, 2008:

(As Adjusted)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Non-controlling Interest in VMware	Total Shareholders Equity
Balance, January 1, 2008	2,102,187	$ 21,022	$ 3,462,673	$ 9,396,108	$ (8,449)	$ 188,988	$ 13,060,342
Stock issued through stock option and stock purchase plans	13,888	137	156,083				156,220
Tax benefit from stock options exercised			101,371				101,371
Restricted stock grants, cancellations and withholdings, net	(1,103)	(11)	(45,597)				(45,608)
Repurchase of common stock	(44,433)	(443)	(686,505)				(686,948)
Stock options issued in business acquisitions			1,669				1,669

Stock-based compensation			247,963				247,963
Impact from equity transactions of VMware, Inc.			18,945			60,704	79,649
Change in market value of investments					(17,657)		(17,657)
Change in market value of derivatives					(238)		(238)
Translation adjustment					887		887
Net income				611,771		13,874	625,645
Balance, June 30, 2008	2,070,539	$ 20,705	$ 3,256,602	$ 10,007,879	$ (25,457)	$ 263,566	$ 13,523,295

The accompanying notes are an integral part of the consolidated financial statements.

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Company

EMC Corporation (EMC) and its subsidiaries develop, deliver and support the Information Technology (IT) industry s broadest range of information infrastructure technologies and solutions.

EMC s Information Infrastructure business supports customers information lifecycle management (ILM) strategies and helps them build information infrastructures that store, protect, optimize and leverage their vast and growing quantities of information. EMC s Information Infrastructure business consists of three segments Information Storage, Content Management and Archiving, and RSA Information Security.

EMC s VMware Virtual Infrastructure business, which is comprised of a majority equity stake in VMware, Inc. (VMware), is the leading provider of virtualization infrastructure solutions from the desktop to the data center. VMware s virtual infrastructure software solutions run on industry-standard desktops and servers and support a wide range of operating system and application environments, as well as networking and storage infrastructures.

General

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. These consolidated financial statements include the accounts of EMC, its wholly owned subsidiaries and VMware, a company majority-owned by EMC. All intercompany transactions have been eliminated.

Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 which are contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2009.

Effective January 1, 2009, we adopted FSP APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1). FSP APB 14-1 changed the accounting treatment for certain convertible securities including our convertible debt. Under FSP APB 14-1, issuers are required to allocate the bond proceeds into a debt portion and a conversion option. The allocation of the bond portion is based upon the fair value of the debt without the equity conversion option. The residual value is allocated to the conversion option which is accounted for as additional paid-in capital. As a result of this change, the bonds are recorded at a discount which is amortized over the instrument s expected life using the effective interest method, resulting in additional non-cash interest expense.

We revised prior period financial statements by reclassifying $669.1 million of our convertible debt associated with our $1.725 billion 1.75% convertible senior notes due 2011 (the 2011 Notes), our $1.725 billion 1.75% convertible senior notes due 2013 (the 2013 Notes and, together with the 2011 Notes, the Notes) to additional paid-in capital and increased interest expense by $25.3 million and $50.3 million for the three and six months ended June 30, 2008, respectively. See Note 3. The revision reduced net income attributable to EMC Corporation by $17.3 million and $34.5 million for the three and six months ended June 30, 2008, respectively, and reduced both basic and diluted net income attributable to EMC Corporation common shareholders by $0.01 and $0.02 for the three and six months ended June 30, 2008, respectively. Retained earnings as of January 1, 2008 were reduced by $74.2 million.

Effective January 1, 2009, we adopted FAS No. 160, Non-controlling Interest in Consolidated Financial Statements (FAS No. 160). FAS No. 160 requires that (a) the ownership interest in subsidiaries be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent s equity, (b) the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated income statement, and (c) changes in a parent s ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently within equity. A parent s ownership interest in a subsidiary changes if the parent purchases additional ownership interest in its subsidiary, the parent sells some of its ownership interest or the subsidiary issues additional ownership interests. Upon adoption of FAS No. 160, previously reported financial statements were revised and we

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

reclassified the previously reported expense of Minority interest in VMware to a component of shareholders equity as non-controlling interest in VMware, Inc. Previously reported Minority interest was renamed Net income attributable to the non-controlling interest in VMware, Inc. See Note 4.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for any future period or the entire fiscal year. The interim consolidated financial statements, in the opinion of management, reflect all adjustments necessary to fairly state the results as of and for the three and six-month periods ended June 30, 2009 and 2008.

Net Income Per Share

Basic net income per weighted average share has been computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per weighted average share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of stock options, restricted stock and restricted stock units, our Notes and associated warrants (Sold Warrants). Additionally, for purposes of calculating diluted net income per weighted average share, net income is adjusted for the difference between VMware s reported diluted and basic net income per weighted average share, if any, multiplied by the number of shares of VMware held by EMC.

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued FAS No. 166, Accounting for Transfers of Financial Assets (FAS No. 166). FAS No. 166 clarifies that the objective of Statement 140 is to determine whether a transferor and all of the entities included in the transferor s financial statements being presented have surrendered control over transferred financial assets. The pronouncement is effective for us beginning in 2010. Early adoption is prohibited. We do not expect FAS No. 166 to have a material impact on our financial position or results of operations.

In June 2009, the FASB issued FAS No. 167, Amendments to FASB Interpretation No. 46(R) (FAS No. 167). FAS No. 167 amends Interpretation 46(R) to replace the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance. The pronouncement is effective for us beginning in 2010. Early adoption is prohibited. We are currently evaluating the potential impact of FAS No. 167 on our financial position and results of operations.

2. Acquisitions

In the second quarter of 2009, we acquired all of the outstanding capital stock of Configuresoft, Inc., (Configuresoft), a provider of server configuration, change and compliance management software for net consideration of $86.8 million. The acquisition complements and extends our server configuration management solutions within the Information Storage segment. The results of Configuresoft s operations have been included in our consolidated financial statements since the date of acquisition. Pro forma results of operations have not been presented for the acquisition as the results were not material to our consolidated results of operations.

3. Convertible Debt

In November 2006, we issued our Notes for total gross proceeds of $3.45 billion. The Notes are senior unsecured obligations and rank equally with all other existing and future senior unsecured debt. Holders may convert their Notes at their option on any day prior to the close of business on the scheduled trading day immediately preceding (i) September 1, 2011, with respect to the 2011 Notes, and (ii) September 1, 2013, with respect to the 2013 Notes, in each case only under the following circumstances: (1) during the five business-day period after any five consecutive trading-day period (the measurement period) in which the price per Note of the applicable series for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such day; (2) during any calendar quarter, if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect on the last trading day of the immediately preceding calendar quarter; or (3) upon the occurrence of certain events specified in the Notes. Additionally, the Notes will become convertible during the last three months prior to the respective maturities of the 2011 Notes and the 2013 Notes.

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Upon conversion, we will pay cash up to the principal amount of the debt converted. With respect to any conversion value in excess of the principal amount of the Notes converted, we have the option to settle the excess with cash, shares of our common stock, or a combination of cash and shares of our common stock based on a daily conversion value, determined in accordance with the indenture, calculated on a proportionate basis for each day of the relevant 20-day observation period. The initial conversion rate for the Notes will be 62.1978 shares of our common stock per one thousand dollars of principal amount of Notes, which represents a 27.5% conversion premium from the date the Notes were issued and is equivalent to a conversion price of approximately $16.08 per share of our common stock. The conversion price is subject to adjustment in some events as set forth in the indenture. In addition, if a fundamental change (as defined in the indenture) occurs prior to the maturity date, we will in some cases increase the conversion rate for a holder of Notes that elects to convert its Notes in connection with such fundamental change.

The Notes pay interest in cash at a rate of 1.75% semi-annually in arrears on December 1 and June 1 of each year.

In connection with the sale of the Notes, we entered into separate convertible note hedge transactions with respect to our common stock (the Purchased Options). The Purchased Options allow us to receive shares of our common stock and/or cash related to the excess conversion value that we would pay to the holders of the Notes upon conversion. The Purchased Options will cover, subject to customary anti-dilution adjustments, approximately 215 million shares of our common stock. Half of the Purchased Options expire on December 1, 2011 and the remaining half of the Purchased Options expire on December 1, 2013. We paid an aggregate amount of $669.1 million of the proceeds from the sale of the Notes for the Purchased Options.

We also entered into separate transactions in which we sold warrants to acquire, subject to customary anti-dilution adjustments, approximately 215 million shares of our common stock at an exercise price of approximately $19.55 per share of our common stock. Half of the Sold Warrants have expiration dates between February 15, 2012 and March 15, 2012 and the remaining half of the Sold Warrants have expiration dates between February 18, 2014 and March 18, 2014. We received aggregate proceeds of $391.1 million from the sale of the Sold Warrants.

The Purchased Options and Sold Warrants will generally have the effect of increasing the conversion price of the Notes to approximately $19.55 per share of our common stock, representing an approximate 55% conversion premium based on the closing price of $12.61 per share of our common stock on November 13, 2006.

The carrying amount reported in the consolidated balance sheet as of June 30, 2009 for our long-term convertible debt was $3,045.0 million. The fair value of the long-term convertible debt as of June 30, 2009 was $3,560.0 million based on active market prices for the debt.

The following tables represent the key components of our convertible debt (tables in thousands):

	For the Three Months Ended	
	June 30, 2009	June 30, 2008
Contractual interest expense on the coupon	$ 15,094	$ 15,094
Amortization of the discount component recognized as interest expense	26,780	25,250
Total interest expense on the convertible debt	$ 41,874	$ 40,344

	For the Six Months Ended	
	June 30, 2009	June 30, 2008
Contractual interest expense on the coupon	$ 30,188	$ 30,188

Amortization of the discount component recognized as interest expense	53,079	50,277
Total interest expense on the convertible debt	$ 83,267	$ 80,465

As of June 30, 2009, the unamortized discount consists of $147.6 million which will be amortized over 2.5 years and an unamortized discount of $257.4 million which will be amortized over 4.5 years. The effective interest rate on the Notes was 5.6% for the quarters ended June 30, 2009 and 2008. The carrying amount of the equity component was $669.1 million at both June 30, 2009 and December 31, 2008.

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. Non-controlling Interest in VMware, Inc.

The effects of changes in our ownership interest in VMware on our equity were as follows (table in thousands):

	For the Six Months Ended	
	June 30, 2009	June 30, 2008
Net income attributable to EMC Corporation	$ 399,301	$ 611,771
Transfers (to) from the non-controlling interest in VMware:		
Increase in EMC Corporation s additional paid-in-capital for VMware s equity issuances	31,474	43,343
Decrease in EMC Corporation s additional paid-in-capital for VMware s other equity activity	(26,674)	(24,398)
Net transfers from non-controlling interest	4,800	18,945
Change from net income attributable to EMC Corporation and transfers from the non-controlling interest in VMware, Inc.	$ 404,101	$ 630,716

5. Derivatives

We hedge our exposure in foreign currency-denominated monetary assets and liabilities with foreign currency forward and option contracts. Since these derivatives hedge existing exposures that are denominated in foreign currencies, the contracts do not qualify for hedge accounting. Accordingly, these outstanding non-designated derivatives are recognized on the consolidated balance sheet at fair value and the changes in fair value from these contracts are recorded in other expense, net, in the consolidated income statement. These derivative contracts mature in less than one year.

We also use foreign currency forward and option contracts to hedge our exposure on a portion of our forecasted revenue and expense transactions and commodity option contracts to hedge our exposure on a portion of our forecasted energy expense transactions.

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table provides the major types of derivative instruments outstanding as of June 30, 2009 and December 31, 2008 (table in thousands):

	Fair Values of Derivative Instruments			
	Asset Derivatives			
	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign exchange contracts	Other assets	$ 1,835	Other assets	$ 4,977
Total derivatives designated as hedging instruments:		$ 1,835		$ 4,977
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Other assets	$ 43,834	Other assets	$ 39,065
Total derivatives not designated as hedging instruments:		$ 43,834		$ 39,065
Total asset derivatives		$ 45,669		$ 44,042

	Liability Derivatives			
	June 30, 2009		December 31, 2008	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign exchange contracts	Accrued expenses	$ 2,109	Accrued expenses	$ 5,603
Commodity derivatives	Accrued expenses	1,232		
Total derivatives designated as hedging instruments:		$ 3,341		$ 5,603
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	Accrued expenses	$ 39,710	Accrued expenses	$ 34,347
Embedded derivatives with foreign exchange provisions	Accrued expenses	144		
Total derivatives not designated as hedging instruments:		$ 39,854		$ 34,347
Total liability derivatives		$ 43,195		$ 39,950

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following tables provide the effect derivative instruments had on other comprehensive loss (OCI) and results of operations (tables in thousands):

The Effect of Derivative Instruments on the Consolidated Income Statements

For the Three Months Ended June 30, 2009 and 2008

Derivatives Designated as Hedging Instruments under Statement 133 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2009	2008		2009	2008		2009	2008
Foreign exchange contracts	$ (16,904)	$ 1,221	Product sales	$ (19,199)	$ 2,068	Other expense, net	$ (1,072)	$ (1,042)
			SG&A	4,314	(1,364)			
Commodity derivatives	(1,227)							
Total	$ (18,131)	$ 1,221	Total	$ (14,885)	$ 704	Total	$ (1,072)	$ (1,042)

Derivatives Not Designated as Hedging Instruments under Statement 133	Amount of Gain or (Loss) Recognized in Other expense, net	
	2009	2008
Foreign exchange contracts	$ (2,591)	$ (10,682)
Embedded derivatives with foreign exchange provisions	(1,506)	
Total	$ (4,097)	$ (10,682)

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Effect of Derivative Instruments on the Consolidated Income Statements

For the Six Months Ended June 30, 2009 and 2008

Derivatives Designated as Hedging Instruments under Statement 133 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion) 2009	2008	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) 2009	2008	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) 2009	2008
Foreign exchange contracts	$ (5,821)	$ (10,978)	Product sales	$ (4,913)	$ (10,281)	Other expense, net	$ (2,520)	$ (2,602)
			SG&A	(1,370)	(433)			
Commodity derivatives	(1,227)							
Total	$ (7,048)	$ (10,978)	Total	$ (6,283)	$ (10,714)	Total	$ (2,520)	$ (2,602)

Derivatives Not Designated as Hedging Instruments under Statement 133	Amount of Gain or (Loss) Recognized in Other expense, net 2009	2008
Foreign exchange contracts	$ (3,063)	$ (7,713)
Embedded derivatives with foreign exchange provisions	(1,021)	
Total	$ (4,084)	$ (7,713)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

6. Investments and Fair Value

We account for financial assets and liabilities in accordance with FAS No. 157, Fair Value Measurements (FAS No. 157). FAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under FAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under FAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In the second quarter of 2009, we adopted FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That are Not Orderly (FSP 157-4). The pronouncement clarifies how companies should determine fair value measurements when the level of market activity for an asset or liability has significantly decreased. The pronouncement did not have a material impact on our assessment of fair value.

In the second quarter of 2009, we adopted FASB Staff Position No. FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FAS 115-2). The pronouncement requires an entity to recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the non-credit component in other comprehensive loss when the entity does not intend to sell the security and it is more likely than not that the entity will not be required to sell the security prior to recovery.

FAS 115-2 applies to existing and new investments held by us as of April 1, 2009. The adoption of the pronouncement requires the recording of a cumulative effect adjustment to retained earnings with a corresponding adjustment to other comprehensive loss equal to the present value of the cash flows expected to be collected less the amortized cost basis of the debt securities held at March 31, 2009 for which an other-than-temporary impairment was previously recognized for securities that we do not intend to sell nor is it more likely than not that we will be required to sell before recovery of its amortized cost basis. We elected not to record the cumulative effect adjustment as the amount was de minimis to our financial condition.

Our investments are comprised primarily of debt securities that are classified as available for sale and recorded at their fair market values. At June 30, 2009, with the exception of our auction rate securities, the vast majority of our investments were priced by pricing vendors. These pricing vendors utilize the most recent observable market information in pricing these securities or, if specific prices are not available for these securities, use other observable inputs. In the event observable inputs are not available, we assess other factors to determine the security s market value, including broker quotes or model valuations. Each month, we perform independent price verifications of all of our holdings. In the event a price fails a pre-established tolerance check, it is researched so that we can assess the cause of the variance to determine what we believe is the appropriate fair market value.

In general, investments with remaining effective maturities of 12 months or less from the balance sheet date are classified as short-term investments. Investments with remaining effective maturities of more than 12 months from the balance sheet date are classified as long-term investments. As a result of the lack of liquidity for auction rate securities, we have classified these as long-term investments as of June 30, 2009. At June 30, 2009, all of our available for sale, short- and long-term investments, excluding auction rate securities, were recognized at fair value, which was determined based upon observable inputs from our pricing service vendors for identical or similar assets. At June 30, 2009 and December 31, 2008, auction rate securities were valued using a discounted cash flow model.

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following tables summarize the composition of our investments at June 30, 2009 and December 31, 2008 (tables in thousands):

	June 30, 2009				
	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Aggregate Fair Value	Other-than-Temporary Impairments
U.S. government and agency obligations	$ 1,336,926	$ 14,349	$ (796)	$ 1,350,479	$
U.S. corporate debt securities	529,302	4,372	(3,609)	530,065	
Asset and mortgage-backed securities	225,838	805	(20,537)	206,106	(4,758)
Municipal obligations	1,192,878	19,486	(3,137)	1,209,227	
Auction rate securities	228,118		(31,610)	196,508	
Foreign debt securities	108,099	1,158	(206)	109,051	
Total	$ 3,621,161	$ 40,170	$ (59,895)	$ 3,601,436	$ (4,758)

	December 31, 2008				
	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Aggregate Fair Value	Other-than-Temporary Impairments
U.S. government and agency obligations	$ 1,102,739	$ 28,040	$ (249)	$ 1,130,530	$
U.S. corporate debt securities	463,874	1,193	(13,254)	451,813	
Asset and mortgage-backed securities	304,769	7	(41,392)	263,384	(2,690)
Municipal obligations	1,230,772	15,786	(3,250)	1,243,308	
Auction rate securities	230,217		(31,048)	199,169	
Foreign debt securities	45,944	560	(923)	45,581	
Total	$ 3,378,315	$ 45,586	$ (90,116)	$ 3,333,785	$ (2,690)

In accordance with FAS No. 157, the following table represents our fair value hierarchy for our financial assets and liabilities measured at fair value as of June 30, 2009 (table in thousands):

	Level 1	Level 2	Level 3	Total
Cash	$ 1,062,953	$	$	$ 1,062,953
Cash equivalents	5,359,807			5,359,807
U.S. government and agency obligations	889,879	460,600		1,350,479
U.S. corporate debt securities		530,065		530,065
Asset and mortgage-backed securities		206,106		206,106
Municipal obligations		1,209,227		1,209,227
Auction rate securities			196,508	196,508
Foreign debt securities		109,051		109,051
Total cash and investments	$ 7,312,639	$ 2,515,049	$ 196,508	$ 10,024,196

Other items:

Foreign exchange derivative assets	$	$	45,669	$	$	45,669
Foreign exchange derivative liabilities			41,963			41,963
Commodity derivative liabilities			1,232			1,232
Convertible debt			3,559,969			3,559,969

To determine the estimated fair value of our investment in auction rate securities, we used a discounted cash flow model. The assumptions used in preparing the discounted cash flow model include an incremental discount rate for the lack of liquidity in the market (liquidity discount margin) for an estimated period of time. The discount rate we selected was based on AA-rated banks as the majority of our portfolio is invested in student loans where EMC acts as a financier to these lenders. The liquidity discount margin represents an estimate of the additional return an investor would require for the lack of liquidity of these securities over an estimated five-year holding period which was increased from a two-year holding period at March 31, 2009. The rate used for the discount margin was 2% at June 30, 2009 versus 5% at December 31, 2008 as credit spreads on AA-rated banks improved.

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table provides a summary of changes in fair value of our Level 3 financial assets for the three and six months ended June 30, 2009 (table in thousands):

	Three Months ended June 30, 2009	Six Months ended June 30, 2009
Beginning balance	$ 198,560	$ 199,169
Sales	(1,300)	(2,099)
Unrealized loss included in other comprehensive income	(752)	(562)
Balance at June 30, 2009	$ 196,508	$ 196,508

Unrealized losses on investments at June 30, 2009 by investment category and length of time the investment has been in a continuous unrealized loss position are as follows (table in thousands):

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency obligations	$ 207,270	$ (796)	$	$	$ 207,270	$ (796)
U.S. corporate debt securities	249,335	(2,900)	18,350	(709)	267,685	(3,609)
Asset and mortgage-backed securities	97,041	(5,242)	54,341	(15,295)	151,382	(20,537)
Municipal obligations	248,314	(2,370)	29,706	(767)	278,020	(3,137)
Auction rate securities	25,649	(2,176)	191,930	(29,434)	217,579	(31,610)
Foreign debt securities	25,427	(175)	2,998	(31)	28,425	(206)
Total	$ 853,036	$ (13,659)	$ 297,325	$ (46,236)	$ 1,150,361	$ (59,895)

Investment Losses

For the three months ended June 30, 2009, we had other-than-temporary impairment losses of $4.8 million, of which $4.0 million was recognized in other comprehensive loss and $0.8 million was recognized in earnings. We did not present these amounts on the Consolidated Income Statements because they are immaterial.

For all of our securities where the amortized cost basis was greater than the fair value at June 30, 2009, we have concluded that currently we do not plan to sell the security nor is it more likely than not that we would be required to sell the security before its anticipated recovery. In making the determination as to whether the unrealized loss is other-than-temporary, we considered the length of time and extent the investment has been in an unrealized loss position, the financial condition and near-term prospects of the issuers, the issuers credit rating, the underlying value and performance of the collateral, third party guarantees and the time to maturity. The following table provides a summary of changes in credit losses on investments with other-than-temporary impairments (table in thousands):

	Three Months Ended June 30, 2009
Beginning balance	$

Add: Increase in credit losses on previously recognized other-than-temporary impairments		(687)
Add: Increase in credit losses on new other-than-temporary investment impairments		(116)
Balance at June 30, 2009	$	(803)

The significant components of the temporary impairments and credit loss are as follows:

Auction Rate Securities

Our auction rate securities are predominantly rated AAA and are primarily collateralized by student loans. The underlying loans of all but two of our auction rate securities, with a market value of $17.0 million, have partial guarantees by the U.S. government as part of the Federal Family Education Loan Program (FFELP) through the U.S. Department of Education. FFELP guarantees at least 95.0% of the loans which collateralize the auction rate securities. The two securities whose underlying loans are

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

not guaranteed by the U.S. government have credit enhancements and are insured by third party agencies. We believe the quality of the collateral underlying all of our auction rate securities will enable us to recover our principal balance in full.

Beginning in mid-February 2008, liquidity issues in the global credit markets resulted in the complete failure of auctions associated with our auction rate securities as the amount of securities submitted for sale in those auctions exceeded the amount of bids. For each unsuccessful auction, the interest rate moves to a maximum rate defined for each security, generally reset periodically at a level higher than defined short-term interest benchmarks. To date, we have collected all interest payable on all of our auction rate securities when due and expect to continue to do so in the future. The principal associated with failed auctions will not be accessible until successful auctions occur, a buyer is found outside of the auction process, the issuers establish a different form of financing to replace these securities, issuers repay principal over time from cash flows prior to final maturity, or final payments come due according to contractual maturities which range from 2024 to 2046. We understand that issuers and financial markets are in the process of developing alternatives that may improve liquidity, although it is not yet clear when or to what extent such efforts will be successful. We expect that we will receive the entire principal associated with these auction rate securities through one of the means described above, and accordingly, we did not experience credit losses within our Auction Rate Security portfolio. None of the auction rate securities in our portfolio are mortgage-backed or collateralized debt obligations.

Asset- and Mortgage-Backed Securities

Our asset- and mortgage-backed securities are predominantly rated AAA. The assets underlying these securities are generally residential or commercial obligations, automobile loans, credit card loans, equipment loans and home equity loans. The average maturity is 0.81 years and 2.96 years for the asset-backed and mortgage-backed securities, respectively. For these securities, 55.0% are mortgage-backed. The mortgage loans may have fixed rate or adjustable rate terms. The remainder of the portfolio consists of asset-backed securities. To date, we have collected all interest payable on all these securities when due. For each security, regardless if it has a temporary decline in value, we analyzed the collateral value, collateral statistics, including the borrowers payment history and cash flows expected to be collected, and our position in the capital structure. We estimated the losses in the underlying loans for these securities and compared these losses to the amortized cost basis in the security. In estimating these losses, we included the remaining payment terms of the security, prepayment speeds, expected defaults and whether subordinated interests are capable of absorbing estimated losses on the loans underlying the security. For those securities where the underlying collateral is not sufficient or the expected cash flows to be collected is less than the amortized cost basis, we have recognized the credit component of the other-than-temporary losses on these securities which aggregated $0.8 million and $1.3 million for the three and six months ended June 30, 2009, respectively. For the securities where the collateral and expected cash flows are deemed to be adequate, we believe we will realize the current cost basis of these securities based on our position in the credit structure and the aforementioned items previously mentioned.

U.S. Corporate Debt Securities

Our U.S. corporate debt securities are predominantly rated A or better. The security issuers are from a cross section of industries, including banking and finance, insurance, consumer, industrial, technology and utilities. To mitigate concentration of risk, we impose sector limits at the portfolio and CUSIP level. The average maturity is 1.66 years. To date, we have collected all interest payable on all the debt securities when due and expect to continue to do so in the future. For each security with a temporary decline in value that fails internal thresholds, we have analyzed the issuers credit history, current financial standing and cash flows expected to be collected on the debt obligations. We expect that we will receive the entire principal associated with these securities.

The contractual maturities of investments held at June 30, 2009 are as follows (table in thousands):

	June 30, 2009	
	Amortized Cost Basis	**Aggregate Fair Value**
Due within one year	$ 671,149	$ 671,527
Due after 1 year through 5 years	2,135,100	2,159,507
Due after 5 years through 10 years	151,445	152,563

Due after 10 years	663,467	617,839
Total	$ 3,621,161	$ 3,601,436

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table summarizes our strategic investments at June 30, 2009 and December 31, 2008 (table in thousands). The investments are classified within other assets, net, in the balance sheet and are stated at the lower of cost or fair value. Fair value for strategic investments in privately-held companies is primarily based on Level 2 and Level 3 inputs. Fair value for publicly-traded investments is determined based upon quoted prices representing a Level 1 input.

	June 30, 2009	December 31, 2008
Strategic investments in privately-held companies	$ 56,311	$ 43,589
Strategic investments in publicly-held companies	108,036	269

Gross unrealized gains on strategic investments were $22.9 million and $0.2 million at June 30, 2009 and December 31, 2008, respectively. Gross realized gains on strategic investments were $0.0 million and $1.5 million at June 30, 2009 and December 31, 2008, respectively. Gross realized losses on strategic investments were $0.2 million and $11.2 million at June 30, 2009 and December 31, 2008, respectively. Strategic investments in publicly-held companies include $84.6 million of Data Domain, Inc. common stock with an aggregate cost of $65.0 million.

7. Inventories

Inventories consist of (table in thousands):

	June 30, 2009	December 31, 2008
Purchased parts	$ 25,534	$ 62,866
Work-in-process	441,744	488,286
Finished goods	306,250	291,651
	$ 773,528	$ 842,803

8. Property, Plant and Equipment

Property, plant and equipment consist of (table in thousands):

	June 30, 2009	December 31, 2008
Furniture and fixtures	$ 223,371	$ 224,736
Equipment	3,445,834	3,387,498
Buildings and improvements	1,361,235	1,280,580
Land	116,734	115,873
Building construction in progress	104,457	95,219
	5,251,631	5,103,906
Accumulated depreciation and amortization	(3,022,578)	(2,880,899)
	$ 2,229,053	$ 2,223,007

Building construction in progress at June 30, 2009 includes $62.6 million for facilities not yet placed in service that we are holding for future use.

9. Accrued Expenses

Accrued expenses consist of (table in thousands):

	June 30, 2009	December 31, 2008
Salaries and benefits	$ 671,054	$ 712,237
Product warranties	267,246	269,218
Restructuring (see Note 11)	148,937	224,702
Other	725,437	695,727
	$ 1,812,674	$ 1,901,884

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Product Warranties

Systems sales include a standard product warranty. At the time of the sale, we accrue for the systems warranty costs. The initial systems warranty accrual is based upon our historical experience, expected future costs and specific identification of the systems requirements. Upon expiration of the initial warranty, we may sell additional maintenance contracts to our customers. Revenue from these additional maintenance contracts is deferred and recognized ratably over the service period. The following represents the activity in our warranty accrual for our standard product warranty (table in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Balance, beginning of the period	$ 262,255	$ 267,296	$ 269,218	$ 263,561
Current period accrual	39,307	48,866	64,742	89,448
Amounts charged to the accrual	(34,316)	(41,421)	(66,714)	(78,268)
Balance, end of the period	$ 267,246	$ 274,741	$ 267,246	$ 274,741

The provision includes amounts accrued for systems at the time of shipment, adjustments for changes in estimated costs for warranties on systems shipped in the period and changes in estimated costs for warranties on systems shipped in prior periods. It is not practicable to determine the amounts applicable to each of the components. Additionally, the accruals for 2008 include $6.3 million assumed in the acquisition of Iomega Corporation.

10. Shareholders Equity

Net Income Per Share

The reconciliation from basic to diluted earnings per share for both the numerators and denominators is as follows (table in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Numerator:				
Net income, as reported, basic	$ 205,232	$ 360,124	$ 399,301	$ 611,771
Incremental dilution from VMware	(273)	(1,795)	(507)	(3,511)
Net income, diluted	$ 204,959	$ 358,329	$ 398,794	$ 608,260
Denominator:				
Basic weighted average common shares outstanding	2,011,508	2,057,766	2,010,147	2,066,470
Weighted average common stock equivalents	18,540	37,029	15,286	35,714
Diluted weighted average shares outstanding	2,030,048	2,094,795	2,025,433	2,102,184

Options to acquire 187.7 million and 201.3 million shares of our common stock for the three and six months ended June 30, 2009, respectively, and options to acquire 95.0 million and 97.8 million shares of our common stock for the three and six months ended June 30, 2008, respectively, were excluded from the calculation of diluted earnings per share attributable to EMC Corporation shareholders because of their antidilutive effect due to their exercise prices being greater than the average market price of common stock for the period. For the three and six months ended June 30, 2009, there were no shares potentially issuable under our Notes and the Sold Warrants because these instruments were not in-the-money. As a result, the Notes and the Sold Warrants were excluded from the calculation of diluted net income per weighted average share attributable to EMC Corporation shareholders for the three and six months ended June 30, 2009.

For the three and six months ended June 30, 2008, there were 0.2 million and 0.1 million shares, respectively, potentially issuable under our Notes. For the three and six months ended June 30, 2008, there were no shares potentially issuable under the Sold Warrants because these instruments were not in-the-money. As a result, the Sold Warrants were excluded from the calculation of diluted net income per weighted average share for the three and six months ended June 30, 2008.

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The incremental dilution from VMware represents the impact of VMware s dilutive securities on EMC s diluted net income per share and is calculated by multiplying the difference between VMware s basic and diluted earnings per share by the number of VMware shares owned by EMC.

Accumulated Other Comprehensive Loss, Net

Accumulated other comprehensive loss, net, which is presented net of tax, consists of the following (table in thousands):

	June 30, 2009	December 31, 2008
Foreign currency translation adjustments, net of tax benefits of $0 and $0	$ (6,551)	$ (17,299)
Unrealized losses on temporarily impaired investments, net of tax benefits of $(20,078) and $(35,150)	(35,864)	(54,423)
Unrealized gains on investments, net of taxes of $23,432 and $17,419	39,676	27,624
Unrealized losses on other-than-temporary impaired securities, net of tax benefits of $(1,384) and $0	(2,571)	
Unrealized losses on derivatives, net of tax benefits of $(550) and $(108)	(1,299)	(976)
Recognition of actuarial net loss from pension and other postretirement plans and impact of adoption of FAS No. 158, net of tax benefits of $(82,880) and $(82,880)	(134,878)	(134,878)
	$ (141,487)	$ (179,952)

11. Restructuring and Other Special Charges

For the three and six months ended June 30, 2009, we incurred restructuring and other special charges of $33.2 million and $48.8 million, respectively.

During the three months ended June 30, 2008, we recognized restructuring credits of $1.3 million which is included in selling, general and administrative expenses (SG&A). For the six months ended June 30, 2008, we recognized restructuring credits of $1.7 million, of which $1.3 million is included in SG&A.

In the fourth quarter of 2008, we implemented a restructuring program to further streamline the costs related to our Information Infrastructure business. The plan includes the following components:

A reduction in force resulting in the elimination of approximately 2,400 positions which will be substantially completed by the end of 2009 and fully completed by the third quarter of 2010.

The consolidation of facilities and the termination of contracts. These actions are expected to be completed by 2015.

The write-off of certain assets for which EMC has determined it will no longer derive any benefit. These actions were completed in the fourth quarter of 2008.

In addition to this plan, we also recognized an asset impairment charge for certain assets for which the forecasted cash flows from the assets are less than the assets net book value.

The total charge resulting from these actions is expected to be between $362.0 million and $387.0 million, with $247.9 million recognized in 2008, $100.0 million to $125.0 million to be recognized in 2009 and 2010 and the remainder to be recognized through 2015. Total cash expenditures associated with the plan are expected to be in the range of $310.7 million to $335.7 million.

Additionally, in the third quarter of 2008 we implemented a restructuring program resulting in a reduction in force of approximately 75 employees and the consolidation of excess facilities.

The charge for the three and six months ended June 30, 2009 was primarily attributable to recognizing additional expense related to the restructuring program implemented in the fourth quarter of 2008.

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The credits for the three and six months ended June 30, 2008 were primarily attributable to lower than expected severance payments to our 2006 restructuring programs, partially offset by higher than expected severance payments to our 2007 and prior restructuring programs.

The activity for each charge is explained in the following sections.

2008 Restructuring Programs

The activity for the 2008 restructuring programs for the three and six months ended June 30, 2009 is presented below (tables in thousands):

Three Months Ended June 30, 2009

Category	Balance as of March 31, 2009	2009 Charges Relating to the 2008 Plan	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 140,993	$ 15,918	$ (42,153)	$ 114,758
Consolidation of excess facilities and other contractual obligations	4,166	6,628	(1,765)	9,029
Abandoned assets		6,105	(6,105)	
Total	$ 145,159	$ 28,651	$ (50,023)	$ 123,787

Six Months Ended June 30, 2009

Category	Balance as of December 31, 2008	2009 Charges Relating to the 2008 Plan	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 186,274	$ 23,152	$ (94,668)	$ 114,758
Consolidation of excess facilities and other contractual obligations	2,376	15,717	(9,064)	9,029
Abandoned assets		6,105	(6,105)	
Total	$ 188,650	$ 44,974	$ (109,837)	$ 123,787

The adjustment to the workforce reductions provision is primarily attributable to individuals whose severance expense is being recognized ratably from the date of notification through their last day of work. These employees are required to render services beyond a minimum retention period in order to receive their severance. As of June 30, 2009, we had completed approximately 75% of the headcount reductions. The adjustment to the provision for the consolidation of excess facilities and other contractual obligations represents lease termination costs for facilities vacated in the quarter in accordance with our plan as part of our 2008 restructuring programs. The adjustment for abandoned assets represents additional identified infrastructure determined to no longer have benefit and abandoned in the second quarter of 2009.

The remaining cash portion owed for the 2008 restructuring programs is $119.7 million. The cash expenditures relating to workforce reductions are expected to be substantially paid out by the end of 2010. The cash expenditures relating to the consolidation of excess facilities and other contractual obligations are expected to be paid out by the end of 2015.

Prior Restructuring Programs

Prior to 2008, we had instituted several restructuring programs. The activity for these programs for the three and six months ended June 30, 2009 and 2008, respectively, is presented below (tables in thousands):

Three Months Ended June 30, 2009

Category	Balance as of March 31, 2009	Adjustment to the Provision	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 7,831	$ 1,672	$ (2,650)	$ 6,853
Consolidation of excess facilities	18,981		(1,791)	17,190
Contractual and other obligations	725	437	(55)	1,107
Total	$ 27,537	$ 2,109	$ (4,496)	$ 25,150

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Six Months Ended June 30, 2009

Category	Balance as of December 31, 2008	Adjustment to the Provision	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 14,322	$ 921	$ (8,391)	$ 6,852
Consolidation of excess facilities	20,860		(3,669)	17,191
Contractual and other obligations	870	437	(200)	1,107
Total	$ 36,052	$ 1,358	$ (12,260)	$ 25,150

Three Months Ended June 30, 2008

Category	Balance as of March 31, 2008	Adjustment to the Provision	Utilization	Balance as of June 30, 2008
Workforce reductions	$ 61,747	$ (834)	$ (26,710)	$ 34,203
Consolidation of excess facilities	25,052	(513)	(3,319)	21,220
Contractual and other obligations	900			900
Total	$ 87,699	$ (1,347)	$ (30,029)	$ 56,323

Six Months Ended June 30, 2008

Category	Balance as of December 31, 2007	Adjustment to the Provision	Utilization	Balance as of June 30, 2008
Workforce reductions	$ 96,821	$ (1,231)	$ (61,387)	$ 34,203
Consolidation of excess facilities	28,273	(548)	(6,505)	21,220
Contractual and other obligations	830	75	(5)	900
Total	$ 125,924	$ (1,704)	$ (67,897)	$ 56,323

The remaining cash portion owed for these programs is $22.5 million. The cash expenditures relating to workforce reductions are expected to be substantially paid out by the end of 2010. The cash expenditures relating to the excess facilities are expected to be paid out by the end of 2015. The cash expenditures relating to the contractual obligations are expected to be paid out by the end of 2009.

12. Commitments and Contingencies

Line of Credit

We have available for use a credit line of $50.0 million in the United States. As of June 30, 2009, we had no borrowings outstanding on the line of credit. The credit line bears interest at the bank s base rate and requires us, upon utilization of the credit line, to meet certain financial covenants with respect to limitations on losses. In the event the covenants are not met, the lender may require us to provide collateral to secure the outstanding balance, if any. At June 30, 2009, we were in compliance with the covenants.

Litigation

We are involved in a variety of claims, demands, suits, investigations, and proceedings, including those identified below, that arise from time to time relating to matters incidental to the ordinary course of our business, including actions with respect to contracts, intellectual property, product liability, employment, benefits and securities matters. As required by Statement of Financial Accounting Standards No. 5, we have estimated the amount of probable losses that may result from any such pending matters, and such amounts are reflected in our consolidated financial statements. These recorded amounts are not material to our consolidated financial position or results of operations. While it is not possible to predict the outcome of these matters with certainty, we do not expect the results of any of these actions to have a material adverse effect on our business, results of operations

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

or financial condition. Because litigation is inherently unpredictable, however, the actual amounts of loss may prove to be larger or smaller than the amounts reflected in our consolidated financial statements, and we could incur judgments or enter into settlements of claims that could adversely affect our operating results or cash flows in a particular period.

United States ex rel. Rille and Roberts v. EMC Corporation. On February 27, 2009, the U.S. District Court for the Eastern District of Arkansas entered an order unsealing a civil False Claims Act *qui tam* action by two individuals (the relators) that named EMC as a defendant in December 2006. This action relates to the previously disclosed investigation being conducted by the Civil Division of the United States Department of Justice (the DoJ) regarding (i) EMC s fee arrangements with systems integrators and other partners in federal government transactions, and (ii) EMC s compliance with the terms and conditions of certain agreements pursuant to which we sold products and services to the federal government. By the same order of February 27, 2009, the U.S. District Court for the Eastern District of Arkansas also unsealed a complaint in intervention filed by the DoJ in June 2008 in this matter and directed that EMC be served with both complaints. The DoJ complaint, which adopts the claims advanced by the relators, asserts claims under the Anti-Kickback Act and False Claims Act in addition to breach of contract and other claims. The DoJ and the relators seek various remedies, including treble damages and statutory penalties. By order dated June 3, 2009, the Arkansas Court granted a motion by EMC to transfer the action to the U.S. District Court for the Eastern District of Virginia, where it is now pending. This action could lead to other related proceedings by various agencies of the federal government, which could result in suspension or debarment from sales to the federal government. We believe that we have meritorious factual and legal defenses to the claims raised and intend to defend this matter vigorously.

Derivative Demand Letters. In April 2009, we received two derivative demand letters sent on behalf of individuals purporting to be EMC shareholders. Both letters contain allegations to the effect that the existence of the matter captioned *United States ex rel. Rille and Roberts v. EMC Corporation* serves as evidence that certain Company officers and directors failed to exercise due care and/or failed to oversee compliance with the laws identified in the *Roberts* complaints. The matters relating to the demand letters were referred to a Special Committee of independent directors of the Board of Directors, which investigated and made a determination regarding such allegations. At the conclusion of their investigation, the Special Committee determined in good faith that commencing or maintaining derivative proceedings based on the allegations would not be in the best interests of EMC.

13. Segment Information

We manage our business in two broad categories: EMC Information Infrastructure and VMware Virtual Infrastructure. EMC Information Infrastructure operates in three segments: Information Storage, Content Management and Archiving and RSA Information Security, while VMware Virtual Infrastructure operates in a single segment. Our management measures are designed to assess performance of these operating segments excluding certain items. As a result, corporate reconciling items are used to capture the items excluded from segment operating performance measures, including stock-based compensation expense and acquisition-related intangible asset amortization expense. Additionally, in certain instances, IPR&D charges, restructuring charges and infrequently occurring gains or losses are also excluded from the measures used by management in assessing segment performance. The VMware Virtual Infrastructure amounts represent the revenues and expenses of VMware as reflected within EMC s consolidated financial statements. Research and development expenses, SG&A and other income associated with the EMC Information Infrastructure business are not allocated to the segments within the EMC Information Infrastructure business, as they are managed centrally at the business unit level. For the three segments within the EMC Information Infrastructure business, gross profit is the segment operating performance measure.

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Our segment information for the three and six months ended June 30, 2009 and 2008 is as follows (tables in thousands, except percentages):

	EMC Information Infrastructure						
Three Months Ended: June 30, 2009	**Information Storage**	**Content Management and Archiving**	**RSA Information Security**	**EMC Information Infrastructure**	**VMware Virtual Infrastructure within EMC**	**Corp Reconciling Items**	**Consolidated**
Revenues:							
Product revenues	$ 1,632,309	$ 60,792	$ 84,080	$ 1,777,181	$ 228,089	$	$ 2,005,270
Services revenues	842,558	119,445	63,055	1,025,058	227,024		1,252,082
Total consolidated revenues	2,474,867	180,237	147,135	2,802,239	455,113		3,257,352
Cost of sales	1,274,341	68,461	45,417	1,388,219	71,221	54,134	1,513,574
Gross profit	$ 1,200,526	$ 111,776	$ 101,718	1,414,020	383,892	(54,134)	1,743,778
Gross profit percentage	48.5%	62.0%	69.1%	50.5%	84.4%		53.5%
Research and development				255,652	93,677	48,552	397,881
Selling, general and administrative				772,381	191,304	87,519	1,051,204
Restructuring charges						33,234	33,234
Total costs and expenses				1,028,033	284,981	169,305	1,482,319
Operating income				385,987	98,911	(223,439)	261,459
Other income (expense), net				13,962	20	(26,780)	(12,798)
Income before tax				399,949	98,931	(250,219)	248,661
Income tax provision				83,587	18,388	(63,930)	38,045
Net income				316,362	80,543	(186,289)	210,616
Net income attributable to the non-controlling interest in VMware, Inc.					(13,058)	7,674	(5,384)
Net income attributable to EMC Corporation				$ 316,362	$ 67,485	$ (178,615)	$ 205,232

	EMC Information Infrastructure						
Three Months Ended: June 30, 2008	**Information Storage**	**Content Management and Archiving**	**RSA Information Security**	**EMC Information Infrastructure**	**VMware Virtual Infrastructure within EMC**	**Corp Reconciling Items**	**Consolidated**
Revenues:							
Product revenues	$ 2,018,026	$ 73,415	$ 89,067	$ 2,180,508	$ 281,143	$	$ 2,461,651

Services revenues	855,221	130,591	54,979	1,040,791	171,432		1,212,223
Total consolidated revenues	2,873,247	204,006	144,046	3,221,299	452,575		3,673,874
Cost of sales	1,395,594	76,674	43,131	1,515,399	71,579	58,326	1,645,304
Gross profit	$ 1,477,653	$ 127,332	$ 100,915	1,705,900	380,996	(58,326)	2,028,570
Gross profit percentage	51.4%	62.4%	70.1%	53.0%	84.2%		55.2%
Research and development				305,420	94,783	42,299	442,502
Selling, general and administrative				868,495	178,607	88,572	1,135,674
Total costs and expenses				1,173,915	273,390	130,871	1,578,176
Operating income				531,985	107,606	(189,197)	450,394
Other income (expense), net				33,563	3,562	(25,250)	11,875
Income before tax				565,548	111,168	(214,447)	462,269
Income tax provision				128,452	23,386	(57,406)	94,432
Net income				437,096	87,782	(157,041)	367,837
Net income attributable to the non-controlling interest in VMware, Inc.					(13,131)	5,418	(7,713)
Net income attributable to EMC Corporation				$ 437,096	$ 74,651	$ (151,623)	$ 360,124

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EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	EMC Information Infrastructure						
Six Months Ended: June 30, 2009	Information Storage	Content Management and Archiving	RSA Information Security	EMC Information Infrastructure	VMware Virtual Infrastructure within EMC	Corp Reconciling Items	Consolidated
Revenues:							
Product revenues	$ 3,204,717	$ 119,502	$ 164,751	$ 3,488,970	$ 485,420	$	$ 3,974,390
Services revenues	1,633,490	235,050	125,090	1,993,630	440,094		2,433,724
Total consolidated revenues	4,838,207	354,552	289,841	5,482,600	925,514		6,408,114
Cost of sales	2,508,831	140,159	89,072	2,738,062	137,485	105,534	2,981,081
Gross profit	$ 2,329,376	$ 214,393	$ 200,769	2,744,538	788,029	(105,534)	3,427,033
Gross profit percentage	48.1%	60.5%	69.3%	50.1%	85.1%		53.5%
Research and development				513,236	174,541	93,397	781,174
Selling, general and administrative				1,533,044	370,169	172,764	2,075,977
Restructuring charges						48,806	48,806
Total costs and expenses				2,046,280	544,710	314,967	2,905,957
Operating income				698,258	243,319	(420,501)	521,076
Other income (expense), net				26,753	(2,929)	(53,079)	(29,255)
Income before tax				725,011	240,390	(473,580)	491,821
Income tax provision				156,546	45,600	(126,286)	75,860
Net income				568,465	194,790	(347,294)	415,961
Net income attributable to the non-controlling interest in VMware, Inc.					(31,351)	14,691	(16,660)
Net income attributable to EMC Corporation				$ 568,465	$ 163,439	$ (332,603)	$ 399,301

	EMC Information Infrastructure						
Six Months Ended: June 30, 2008	Information Storage	Content Management and Archiving	RSA Information Security	EMC Information Infrastructure	VMware Virtual Infrastructure within EMC	Corp Reconciling Items	Consolidated
Revenues:							
Product revenues	$ 3,921,665	$ 134,543	$ 170,750	$ 4,226,958	$ 575,123	$	$ 4,802,081
Services revenues	1,663,411	254,666	108,153	2,026,230	315,622		2,341,852
Total consolidated revenues	5,585,076	389,209	278,903	6,253,188	890,745		7,143,933
Cost of sales	2,716,498	151,031	83,450	2,950,979	140,153	114,836	3,205,968

Gross profit	$ 2,868,578	$ 238,178	$ 195,453	3,302,209	750,592	(114,836)	3,937,965
Gross profit percentage	51.4%	61.2%	70.1%	52.8%	84.3%		55.1%
Research and development				599,925	191,956	84,135	876,016
Selling, general and administrative				1,691,473	351,103	175,313	2,217,889
In-process research and development						79,204	79,204
Restructuring credit				(357)			(357)
Total costs and expenses				2,291,041	543,059	338,652	3,172,752
Operating income				1,011,168	207,533	(453,488)	765,213
Other income (expense), net				85,259	6,201	(50,277)	41,183
Income before tax				1,096,427	213,734	(503,765)	806,396
Income tax provision				253,844	42,513	(115,606)	180,751
Net income				842,583	171,221	(388,159)	625,645
Net income attributable to the non-controlling interest in VMware, Inc.					(24,736)	10,862	(13,874)
Net income attributable to EMC Corporation				$ 842,583	$ 146,485	$ (377,297)	$ 611,771

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Our revenues are attributed to the geographic areas according to the location of the customers. Revenues by geographic area are included in the following table (table in thousands):

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
United States	$ 1,680,583	$ 1,927,094	$ 3,319,494	$ 3,812,535
Europe, Middle East and Africa	998,670	1,147,098	1,985,310	2,199,705
Asia Pacific	407,318	440,846	781,637	820,633
Latin America, Mexico and Canada	170,781	158,836	321,673	311,060
Total	$ 3,257,352	$ 3,673,874	$ 6,408,114	$ 7,143,933

No country other than the United States accounted for 10% or more of revenues during the three and six months ended June 30, 2009 or 2008.

Long-lived assets, excluding financial instruments and deferred tax assets, in the United States were $10,007.5 million at June 30, 2009 and $9,902.8 million at December 31, 2008. No country other than the United States accounted for 10% or more of these assets at June 30, 2009 or December 31, 2008. Internationally, long-lived assets, excluding financial instruments and deferred tax assets, were $1,027.6 million at June 30, 2009 and $936.3 million at December 31, 2008.

For the three and six months ended June 30, 2008, sales to Dell Inc. accounted for 12.3% and 12.4%, respectively, of our total revenues.

14. Income Taxes

Our effective income tax rates were 15.3% and 15.4% for the three and six months ended June 30, 2009, respectively. Our effective income tax rates were 20.4% and 22.4% for the three and six months ended June 30, 2008, respectively. The effective income tax rate is based upon the estimated income for the year, the composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for the potential tax consequences, benefits or resolutions of tax audits or other tax contingencies. For the three and six months ended June 30, 2008 and 2009, the effective tax rate varied from the statutory tax rate principally as a result of the mix of income attributable to foreign versus domestic jurisdictions. Our aggregate income tax rate in foreign jurisdictions is lower than our income tax rate in the United States.

Our effective income tax rate decreased from the three months ended June 30, 2008 to the three months ended June 30, 2009 due to the recognition of discrete tax benefits during the second quarter of 2009, principally from the favorable resolution of uncertain tax positions related to transfer pricing and a U.S. federal income tax audit. Additionally, in 2009 our tax rate was favorably impacted by an increase in tax credits. These benefits were substantially offset by income tax charges relating to recent acquisitions and an increase in our permanent book-tax differences.

Our effective income tax rate decreased from the six months ended June 30, 2008 to the six months ended June 30, 2009 due to the recognition of discrete tax benefits during the second quarter of 2009, principally from the favorable resolution of uncertain tax positions related to transfer pricing and a U.S. federal income tax audit. Additionally, the decrease in our effective tax rate was due to an increase in tax credits, as well as non-deductible IPR&D charges during the quarter ended March 31, 2008 which increased the 2008 effective tax rate. These benefits were partially offset by certain income tax charges relating to recent acquisitions and an increase in our permanent book-tax differences.

As of December 31, 2008, we had $218.5 million of unrecognized tax benefits and as of June 30, 2009, we had $175.1 million of unrecognized tax benefits. During the six months ended June 30, 2009, the balance decreased by $39.0 million as a result of the favorable resolution of certain ruling requests from taxing authorities and the outcome of 2005 and 2006 U.S. federal income tax audits.

We have substantially concluded all U.S. federal income tax matters for years through 2006, with the completion of the 2005 and 2006 federal income tax audits during the quarter ended June 30, 2009. We have income tax audits in process in numerous

EMC CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

state, local and international jurisdictions. Based on the timing and outcome of examinations of EMC, the result of the expiration of statutes of limitations for specific jurisdictions or the timing and result of ruling requests from taxing authorities, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in our statement of financial position. We anticipate that several of these audits may be finalized within the next 12 months. Based on the status of these examinations and the protocol of finalizing such audits, it is not possible to estimate the impact of any amount of such changes, if any, to our previously recorded uncertain tax positions. However, it is reasonably possible that up to $18 million to $27 million of reserves for unrecognized tax benefits may be released within one year as a result of the lapse of statutes of limitations and the resolution of agreements with various tax authorities.

15. Subsequent Events

In July 2009, we completed the acquisition of all of the capital stock of Data Domain for approximately $1,882.1 million, which was net of their cash and investment balances of $240.5 million. Data Domain is a provider of storage solutions for backup and archive applications based on deduplication technology. Data Domain deduplication storage systems are designed to deliver reliable, efficient and cost-effective solutions that enable enterprises of all sizes to manage, retain and protect their data. The acquisition of Data Domain complements and expands our Information Storage business.

Because the acquisition just recently closed, we have not yet completed the initial purchase price allocation.

Management has updated the financial statements for events through August 5, 2009.

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Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management s Discussion and Analysis (MD&A) of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements and should also be read in conjunction with the risk factors set forth in Item 1A of Part II. The forward-looking statements do not include the potential impact of any mergers, acquisitions, divestitures, securities offerings or business combinations that may be announced or closed after the date hereof.

All dollar amounts expressed numerically in this MD&A are in millions, except per share amounts.

Certain tables may not add due to rounding.

INTRODUCTION

We manage our business in two broad categories: EMC Information Infrastructure and VMware Virtual Infrastructure.

EMC Information Infrastructure

Our EMC Information Infrastructure business consists of three of our segments: Information Storage, Content Management and Archiving and RSA Information Security. Our objective for our EMC Information Infrastructure business is to grow faster than the markets we serve by investing in the business for sustainable advantage.

To further improve the competitiveness and efficiency of our global business in response to a challenging global economy, in the fourth quarter of 2008, we implemented a restructuring program to further streamline the costs related to our Information Infrastructure business. We expected the program to reduce costs from our 2008 rate by approximately $350 in 2009, increasing to approximately $500 in 2010. The program s focus is to consolidate back office functions, field and campus offices, rebalance investments towards higher-growth products and markets, reduce management layers, and further reduce indirect spend on contractors, third-party services and travel. The restructuring program will reduce our global Information Infrastructure workforce by approximately 2,400 positions. As part of our ongoing focus on costs, we have identified some additional near-term cost reduction actions that will save approximately another $100 in the second half of 2009 yielding total expected savings in 2009 of approximately $450. These actions consist of temporary reductions in salaries and employee benefits. Given the shorter-term nature of some of these new initiatives, we still expect total cost reductions to be approximately $500 in 2010.

These programs will favorably impact our cost of sales, selling, general & administrative (SG&A) and research & development (R&D) expenses. For 2009, we estimate that approximately one-third of these reductions will be to our cost of sales and the remaining two-thirds will be to our other operating expenses.

The programs expected savings will come from both cost reductions and the transformation of several areas of our operational cost structure. As part of these efforts, we are undertaking several initiatives to transform the structural efficiency of our worldwide operations. These initiatives which began in 2009 include the consolidation and movement of various facilities and processes which are expected to be completed by the end of 2010. As part of these transformation efforts, we expect to incur additional non-recurring transition costs of approximately $75 to $100 over this period. These investments are necessary to implement the new, more efficient capabilities ahead of transitioning from the existing cost structure. Through the end of the second quarter of 2009, we have incurred approximately $18.6 of these incremental transition costs.

VMware Virtual Infrastructure

VMware s current financial focus is on long-term revenue growth to generate cash flows to fund its expansion of industry segment share and development of virtualization-based products for data centers, desktops and cloud computing. VMware expects to grow its business by broadening virtualization infrastructure software solutions technology and product portfolio, increasing product awareness, promoting the adoption of virtualization, and building long-term relationships with its customers through the adoption of enterprise license agreements (ELAs). In the second quarter of 2009, VMware vSphere 4, the next generation of VMware Infrastructure which is VMware s flagship virtual data center operating system (VDC-OS) product, became generally available. VMware expects to continue to introduce products that build on the vSphere foundation through 2009 and 2010.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS - (Continued)

Since mid-2008, VMware has observed that customers are reducing their IT spending in order to preserve cash. As a result, customers are subjecting larger orders, such as ELAs, to a longer review process and in certain cases are purchasing products to meet their immediate needs, foregoing larger discounts offered under ELAs. VMware believes this trend primarily correlates to the global economic uncertainty and expects this to continue throughout the remainder of 2009 and perhaps longer.

Although VMware is currently the leading provider of virtualization infrastructure software solutions, they face competitive threats to their leadership position from a number of companies, some of which have significantly greater resources than VMware, which could result in increased pressure to reduce prices on its offerings. As a result, VMware believes it is important to continue to invest in strategic initiatives related to product research and development, market expansion and associated support functions to expand its industry leadership. These investments could result in contracting operating margins as VMware invests in its future. VMware believes that it will be able to continue to meet its product development objectives through continued investment in VMware, supplemented with strategic hires and acquisitions, funded through the operating cash flows generated from the sale of existing products and services. VMware believes this is the appropriate priority for the long-term health of its business.

RESULTS OF OPERATIONS

Revenues

The following table presents revenue by our segments:

	For the Three Months Ended			
	June 30, 2009	June 30, 2008	$ Change	% Change
Information Storage	$ 2,474.9	$ 2,873.2	$ (398.3)	(13.9)%
Content Management and Archiving	180.2	204.0	(23.8)	(11.7)
RSA Information Security	147.1	144.0	3.1	2.2
VMware Virtual Infrastructure	455.1	452.6	2.5	0.6
Total revenues	$ 3,257.4	$ 3,673.9	$ (416.5)	(11.3)%

	For the Six Months Ended			
	June 30, 2009	June 30, 2008	$ Change	% Change
Information Storage	$ 4,838.2	$ 5,585.1	$ (746.9)	(13.4)%
Content Management and Archiving	354.6	389.2	(34.6)	(8.9)
RSA Information Security	289.8	278.9	10.9	3.9
VMware Virtual Infrastructure	925.5	890.7	34.8	3.9
Total revenues	$ 6,408.1	$ 7,143.9	$ (735.8)	(10.3)%

The Information Storage segment s product revenues declined 19.1% to $1,632.3 for the three months ended June 30, 2009 and 18.3% to $3,204.7 for the six months ended June 30, 2009. The Information Storage segment s services revenues declined 1.5% to $842.6 for the three months ended June 30, 2009 and 1.8% to $1,633.5 for the six months ended June 30, 2009. The declines in both product and services revenues were primarily attributable to lower demand resulting from the challenging global economic environment and resulting negative impact in our customers IT purchases. Partially offsetting these declines was an increase in maintenance revenues due to continued demand for support from our installed base.

The Content Management and Archiving segment s product revenues declined 17.2% to $60.8 for the three months ended June 30, 2009 and 11.2% to $119.5 for the six months ended June 30, 2009. The Content Management and Archiving segment services revenues declined 8.5% to $119.4 for the three months ended June 30, 2009 and 7.7% to $235.1 for the six months ended June 30, 2009. The declines in both product and services revenues were primarily attributable to lower demand for our product offerings and professional services attributable to the challenging global economic environment and resulting negative impact in our customers IT purchases. Partially offsetting these declines was an increase in maintenance revenues due to continued demand for support from our installed base.

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The RSA Information Security segment s product revenues declined 5.6% to $84.1 for the three months ended June 30, 2009 and 3.5% to $164.8 for the six months ended June 30, 2009. The decrease was primarily attributable to the challenging global economic environment and resulting negative impact in our customers IT purchases. The RSA Information Security segment s services revenue increased 14.7% to $63.1 for the three months ended June 30, 2009 and 15.7% to $125.1 for the six months ended June 30, 2009. Services revenues primarily increased due to an increase in maintenance revenues resulting from continued demand for support from our installed base.

The VMware Virtual Infrastructure segment s product revenues declined 18.9% to $228.1 for the three months ended June 30, 2009 and 15.6% to $485.4 for the six months ended June 30, 2009. The decline in product revenue for both the three and six months ended June 30, 2009 when compared to the prior comparable period was primarily attributable to the challenging global economic environment and resulting negative impact in VMware customers IT purchases. The VMware Virtual Infrastructure segment s services revenues increased 32.4% to $227.0 for the three months ended June 30, 2009 and increased 39.4% to $440.1 for the six months ended June 30, 2009. Services revenues increased as a result of strong renewal, multi-year software maintenance contracts sold in previous periods, and additional maintenance contracts sold in conjunction with software licenses. Given the reasons discussed above, we expect that license revenues will decline during the remainder of 2009 as compared to the same periods in 2008.

Consolidated revenues by geography were as follows:

	For the Three Months Ended		
	June 30, 2009	June 30, 2008	% Change
United States	$ 1,680.6	$ 1,927.1	(12.8)%
Europe, Middle East and Africa	998.7	1,147.1	(12.9)
Asia Pacific	407.3	440.8	(7.6)
Latin America, Mexico and Canada	170.8	158.8	7.6

	For the Six Months Ended		
	June 30, 2009	June 30, 2008	% Change
United States	$ 3,319.5	$ 3,812.5	(12.9)%
Europe, Middle East and Africa	1,985.3	2,199.7	(9.7)
Asia Pacific	781.6	820.6	(4.8)
Latin America, Mexico and Canada	321.7	311.1	3.4

Revenues decreased for the three and six months ended June 30, 2009 compared to the same periods in 2008 in all of our markets with the exception of Latin America, Mexico and Canada due to the challenging global economic environment and resulting negative impact in customers IT purchases. Revenues improved in Latin America, Mexico and Canada primarily due to increased services revenues. Changes in exchange rates contributed 3.7% and 3.6% to the overall revenue decrease for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008. Changes in exchange rates favorably impacted revenue growth by 2.7% and 2.5% for the three and six months ended June 30, 2008, respectively. The impact of the change in rates was most significant in the European market, primarily Germany, France, Italy and the United Kingdom.

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Costs and Expenses

The following tables present our costs and expenses, other income and net income attributable to EMC Corporation.

	For the Three Months Ended			
	June 30, 2009	**June 30, 2008**	**$ Change**	**% Change**
Cost of revenue:				
Information Storage	$ 1,274.3	$ 1,395.6	$ (121.3)	(8.7)%
Content Management and Archiving	68.5	76.7	(8.2)	(10.7)
RSA Information Security	45.4	43.1	2.3	5.3
VMware Virtual Infrastructure	71.2	71.6	(0.4)	(0.6)
Corporate reconciling items	54.1	58.3	(4.2)	(7.2)
Total cost of revenue	1,513.6	1,645.3	(131.7)	(8.0)
Gross margins:				
Information Storage	1,200.5	1,477.7	(277.2)	(18.8)
Content Management and Archiving	111.8	127.3	(15.5)	(12.2)
RSA Information Security	101.7	100.9	0.8	0.8
VMware Virtual Infrastructure	383.9	381.0	2.9	0.8
Corporate reconciling items	(54.1)	(58.3)	4.2	7.2
Total gross margin	1,743.8	2,028.6	(284.8)	(14.0)
Operating expenses:				
Research and development (1)	397.9	442.5	(44.6)	(10.1)
Selling, general and administrative (2)	1,051.2	1,135.7	(84.5)	(7.4)
Restructuring charge	33.2		33.2	NM
Total operating expenses	1,482.3	1,578.2	(95.9)	(6.1)
Operating income	261.5	450.4	(188.9)	(41.9)
Investment income, interest expense and other expense, net	(12.8)	11.9	(24.7)	NM
Income before income taxes	248.7	462.3	(213.6)	(46.2)
Income tax provision	38.0	94.4	(56.4)	(59.7)
Net income	210.6	367.8	(157.2)	(42.7)
Less: Net income attributable to the non-controlling interest in VMware, Inc.	(5.4)	(7.7)	2.3	29.9
Net income attributable to EMC Corporation	$ 205.2	$ 360.1	$ (154.9)	(43.0)%

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	For the Six Months Ended			
	June 30, 2009	June 30, 2008	$ Change	% Change
Cost of revenue:				
Information Storage	$ 2,508.8	$ 2,716.5	$ (207.7)	(7.6)%
Content Management and Archiving	140.2	151.0	(10.8)	(7.2)
RSA Information Security	89.1	83.5	5.6	6.7
VMware Virtual Infrastructure	137.5	140.2	(2.7)	(1.9)
Corporate reconciling items	105.5	114.8	(9.3)	(8.1)
Total cost of revenue	2,981.1	3,206.0	(224.9)	(7.0)
Gross margins:				
Information Storage	2,329.4	2,868.6	(539.2)	(18.8)
Content Management and Archiving	214.4	238.2	(23.8)	(10.0)
RSA Information Security	200.8	195.5	5.3	2.7
VMware Virtual Infrastructure	788.0	750.6	37.4	5.0
Corporate reconciling items	(105.5)	(114.8)	9.3	8.1
Total gross margin	3,427.0	3,938.0	(511.0)	(13.0)
Operating expenses:				
Research and development (3)	781.2	876.0	(94.8)	(10.8)
Selling, general and administrative (4)	2,076.0	2,217.9	(141.9)	(6.4)
In-process research and development		79.2	(79.2)	(100.0)
Restructuring charge (credit)	48.8	(0.4)	49.2	NM
Total operating expenses	2,906.0	3,172.8	(266.8)	(8.4)
Operating income	521.1	765.2	(244.1)	(31.9)
Investment income, interest expense and other expense, net	(29.3)	41.2	(70.5)	NM
Income before income taxes	491.8	806.4	(314.6)	(39.0)
Income tax provision	75.9	180.8	(104.9)	(58.0)
Net income	416.0	625.6	(209.6)	(33.5)
Less: Net income attributable to the non-controlling interest in VMware, Inc.	(16.7)	(13.9)	(2.8)	(20.1)
Net income attributable to EMC Corporation	$ 399.3	$ 611.8	$ (212.5)	(34.7)%

(1) Amount includes corporate reconciling items of $48.6 and $42.3 for the three months ended June 30, 2009 and 2008, respectively.
(2) Amount includes corporate reconciling items of $87.5 and $88.6 for the three months ended June 30, 2009 and 2008, respectively.
(3) Amount includes corporate reconciling items of $93.4 and $84.1 for the six months ended June 30, 2009 and 2008, respectively.
(4) Amount includes corporate reconciling items of $172.8 and $175.3 for the six months ended June 30, 2009 and 2008, respectively.

NM not measurable

Gross Margins

For the three months ended June 30, 2009 and 2008, our gross margin percentages were 53.5% and 55.2%, respectively. The decline in the gross margin percentage in the second quarter of 2009 compared to 2008 was primarily attributable to the Information Storage segment, which decreased overall gross margins by 174 basis points, the Content Management and Archiving segment, which decreased overall gross margins by 8 basis points and the RSA Information Security segment, which decreased overall gross margins by 2 basis points. These declines were partially offset by a 4 basis point gross margin contribution from the

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VMware Virtual Infrastructure segment. The decrease in corporate reconciling items, consisting of stock-based compensation, acquisition-related intangible asset amortization and transition costs, increased the consolidated gross margin percentage by 10 basis points.

For the six months ended June 30, 2009 and 2008, our gross margin percentages were 53.5% and 55.1%, respectively. The decline in the gross margin percentage in the six months ended June 30, 2009 compared to 2008 was primarily attributable to the Information Storage segment, which decreased overall gross margins by 195 basis points, the Content Management and Archiving segment, which decreased overall gross margins by 7 basis points and the RSA Information Security segment, which decreased overall gross margins by 1 basis point. These declines were partially offset by gross margin improvements in the VMware Virtual Infrastructure segment, which contributed 27 basis points. The decrease in corporate reconciling items, consisting of stock-based compensation, acquisition-related intangible asset amortization and transition costs, increased the consolidated gross margin percentage by 16 basis points.

For segment reporting purposes, stock-based compensation, acquisition-related intangible asset amortization and transition costs are recognized as corporate expenses and are not allocated among our various operating segments. The decrease of $4.2 in the corporate reconciling items for the three months ended June 30, 2009 was attributable to a $8.7 decrease in intangible asset amortization expense associated with acquisitions consummated in prior years, partially offset by an $3.2 increase in stock-based compensation expense and $1.3 in transition costs. The transition costs represent the incremental costs incurred to transform our current cost structure to a more streamlined cost structure. The decrease of $9.3 in the corporate reconciling items for the six months ended June 30, 2009 was attributable to a $16.3 decrease in intangible asset amortization expense associated with acquisitions consummated in prior years, partially offset by a $4.8 increase in stock-based compensation expense and $2.2 in transition costs.

The gross margin percentages for the Information Storage segment were 48.5% and 51.4% for the second quarters of 2009 and 2008, respectively, and 48.1% and 51.4% for the six months ended June 30, 2009 and 2008, respectively. The decrease in gross margin percentage for both the three and six months ended June 30, 2009 compared to the same periods in 2008 were primarily attributable to lower sales volume and the acquisition of Iomega in June 2008. Iomega operates within the consumer and small business marketplace which historically has had lower gross margins than marketplaces typically served by our Information Storage segment.

The gross margin percentages for the Content Management and Archiving segment were 62.0% and 62.4% for the second quarters of 2009 and 2008, respectively, and 60.5% and 61.2% for the six months ended June 30, 2009 and 2008, respectively. The decrease in gross margin percentage for the three months ended June 30, 2009 compared to the same period in 2008 was primarily attributable to the reduction in the mix of software license revenues as a percentage of total segment revenues. The decrease in gross margin percentage for the six months ended June 30, 2009 compared to the same period in 2008 was primarily attributable to a decline in the professional services margin. Software license revenues as a percentage of total revenues decreased to 33.7% for both the three and six months ended June 30, 2009 from 35.9% and 33.9% for the three and six months ended June 30, 2008, respectively.

The gross margin percentages for the RSA Information Security segment were 69.1% and 70.1% for the second quarters of 2009 and 2008, respectively, and 69.3% and 70.1% for the six months ended June 30, 2009 and 2008, respectively. The decrease in gross margin percentage for both the three and six months ended June 30, 2009 compared to the same periods in 2008 were primarily attributable to the reduction in the mix of software license revenues as a percentage of total segment revenues. Software license revenues as a percentage of total revenues decreased to 53.0% and 52.7% for the three and six months ended June 30, 2009, respectively, from 58.9% and 58.1% for the three and six months ended June 30, 2008, respectively.

The gross margin percentages for VMware Virtual Infrastructure were 84.4% and 84.2% for the second quarters of 2009 and 2008, respectively, and 85.1% and 84.3% for the six months ended June 30, 2009 and 2008, respectively. The increase in gross margin percentage for both the three and six months ended June 30, 2009 compared to the same periods in 2008 were primarily attributable to improved margins earned on both professional services and maintenance services.

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Research and Development

As a percentage of revenues, R&D expenses were 12.2% and 12.0% for the three months ended June 30, 2009 and 2008, respectively, and 12.2% and 12.3% for the six months ended June 30, 2009 and 2008, respectively. R&D expenses decreased $44.6 and $94.8 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008 primarily due to a reduction in personnel-related costs, including salaries, benefits, recruiting, contract labor and consulting, facilities costs and materials costs. Personnel-related costs decreased by $26.8 and $66.6, the cost of facilities decreased by $10.4 and $16.0 and the cost of materials to support new product development decreased by $6.7 and $9.4 for the three and six months ended June 30, 2009, respectively, when compared to the same periods in 2008. For the three and six months ended June 30, 2009, personnel-related and facilities costs declined primarily due to savings achieved as a result of our 2008 restructuring programs and our cost savings initiatives. Capitalized software development costs, which reduce R&D expense, decreased $0.4 for the three months ended June 30, 2009 and increased $32.9 for the six months ended June 30, 2009 compared to the same periods in 2008.

Corporate reconciling items within R&D, which consist of stock-based compensation, intangible asset amortization and transition costs, increased $6.3 and $9.3 to $48.6 and $93.4 for the three and six months ended June 30, 2009, respectively, when compared to the same periods in 2008. Stock-based compensation expense increased $4.3 and $6.7, intangible asset amortization increased $0.4 and $0.6 and transition costs were $1.6 and $2.0 for the three and six months ended June 30, 2009, respectively, when compared to the same periods in 2008. For segment reporting purposes, corporate reconciling items are not allocated to our various operating segments.

R&D expenses within EMC s Information Infrastructure business, as a percentage of EMC s Information Infrastructure business revenues, were 9.1% and 9.5% for the three months ended June 30, 2009 and 2008, respectively, and 9.4% and 9.6% for the six months ended June 30, 2009 and 2008, respectively. R&D expenses decreased $49.8 and $86.7 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008, primarily due to a reduction in personnel-related costs, facilities costs and materials costs. Personnel-related costs decreased by $28.9 and $53.3, the cost of facilities decreased by $9.1 and $16.8 and the cost of materials to support new product development decreased by $6.6 and $9.3 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008. For the three and six months ended June 30, 2009, personnel-related and facilities costs declined primarily due to savings achieved as a result of our 2008 restructuring programs and our cost savings initiatives. Capitalized software development costs, which reduce R&D expense, decreased $3.4 for the three months ended June 30, 2009 and increased $4.2 for the six months ended June 30, 2009.

R&D expenses within the VMware Virtual Infrastructure business, as a percentage of VMware s revenues, were 20.6% and 20.9% for the three months ended June 30, 2009 and 2008, respectively, and 18.9% and 21.6% for the six months ended June 30, 2009 and 2008, respectively. R&D expenses decreased $1.1 and $17.4 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008, primarily due to a reduction in personnel-related costs, including salaries, benefits, recruiting, contract labor and consulting, which decreased $2.2 and $20.0, respectively. Personnel-related costs declined primarily due to an increase in capitalized software development costs of $3.0 and $28.7 for the three and six months ended June 30, 2009, respectively, which reduce R&D expense.

Selling, General and Administrative

As a percentage of revenues, SG&A expenses were 32.3% and 30.9% for the three months ended June 30, 2009 and 2008, respectively, and 32.4% and 31.0% for the six months ended June 30, 2009 and 2008, respectively. SG&A expenses decreased $84.5 and $141.9 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008, primarily due to a reduction in personnel-related and travel costs. Personnel-related costs decreased by $58.6 and $98.1 and travel costs decreased by $18.8 and $35.3 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008. For the three and six months ended June 30, 2009, personnel-related and travel costs declined primarily due to savings achieved as a result of our 2008 restructuring programs and our cost savings initiatives. Partially offsetting these decreases were a $4.6 and $12.6 increase in depreciation expense for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008, primarily associated with 2008 acquisitions.

Corporate reconciling items within SG&A, which consist of stock-based compensation, intangible asset amortization and transition costs decreased $1.1 and $2.5 to $87.5 and $172.8 for the three and six months ended June 30, 2009, respectively, when compared to the same periods in 2008. Stock-based compensation decreased $5.9 and $16.3 and intangible asset amortization

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decreased $1.1 and $0.5 for three and six month periods ended June 30, 2009, respectively, compared to the same periods in 2008. Partially offsetting these decreases were transition costs of $5.9 and $14.3 for the three and six months ended June 30, 2009, respectively. For the three and six months ended June 30, 2009, the decrease in stock-based compensation expense was primarily attributable to a decreased vesting percentage of contingent performance awards. For segment reporting purposes, corporate reconciling items are not allocated to our various operating segments.

SG&A expenses within EMC s Information Infrastructure business, as a percentage of EMC s Information Infrastructure business revenues, were 27.6% and 27.0% for the three months ended June 30, 2009 and 2008, respectively, and 28.0% and 27.0% for the six months ended June 30, 2009 and 2008, respectively. SG&A expenses decreased $96.1 and $158.4 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008, primarily due to a reduction in personnel-related and travel costs. Personnel-related costs decreased by $71.4 and $118.1 and travel costs decreased by $15.2 and $28.5 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008. For the three and six months ended June 30, 2009, personnel-related and travel costs declined primarily due to savings achieved as a result of our 2008 restructuring programs and our cost savings initiatives.

SG&A expenses within the VMware Virtual Infrastructure business, as a percentage of VMware s revenues, were 42.0% and 39.5% for the three months ended June 30, 2009 and 2008, respectively, and 40.0% and 39.4% for the six months ended June 30, 2009 and 2008, respectively. SG&A expenses increased $12.7 and $19.1 for the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008. The increase in SG&A expenses in 2009 was consisted primarily of higher salaries and benefits due to increase in sales, marketing and other administrative personnel added to the organization.

In-Process Research and Development

We incurred no in-process research and development (IPR&D) charges in 2009. IPR&D charges for the three and six month ended June 30, 2008 were $0.0 and $79.2, respectively.

For the six months ended June 30, 2008, two IPR&D projects related to the acquisition of Pi Corporation (Pi) and one IPR&D project related to the acquisition of Infra Corporation Pty Limited (Infra) were identified and written off at the time of the respective date of each acquisition because they had no alternative uses and had not reached technological feasibility. The value assigned to the IPR&D was determined utilizing the income approach by determining cash flow projections relating to the identified IPR&D projects. The stage of completion of each in-process project was estimated to determine the discount rates to be applied to the valuation of the in-process technology. Based upon the level of completion and the risk associated with the in-process technology, we applied a discount rate of 50% for the Pi IPR&D projects and 20% for the Infra IPR&D project.

Restructuring and Other Special Charges

For the three and six months ended June 30, 2009, we incurred restructuring and other special charges of $33.2 and $48.8, respectively.

During the three months ended June 30, 2008, we recognized restructuring credits of $1.3 which is included in SG&A. For the six months ended June 30, 2008, we recognized restructuring credits of $1.7, of which $1.3 is included in SG&A.

In the fourth quarter of 2008, we implemented a restructuring program to further streamline the costs related to our Information Infrastructure business. The plan includes the following components:

A reduction in force resulting in the elimination of approximately 2,400 positions which will be substantially completed by the end of 2009 and fully completed by the third quarter of 2010.

- The consolidation of facilities and the termination of contracts. These actions are expected to be completed by 2015.

- The write-off of certain assets for which EMC has determined it will no longer derive any benefit. These actions were completed in the fourth quarter of 2008.

In addition to this plan, we also recognized an asset impairment charge for certain assets for which the forecasted cash flows from the assets are less than the assets net book value.

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The total charge resulting from these actions is expected to be between $362.0 and $387.0, with $247.9 recognized in 2008, $100.0 to $125.0 to be recognized in 2009 and 2010 and the remainder to be recognized through 2015. Total cash expenditures associated with the plan are expected to be in the range of $310.7 to $335.7.

Additionally, in the third quarter of 2008 we implemented a restructuring program resulting in a reduction in force of approximately 75 employees and the consolidation of excess facilities.

The charge for the three and six months ended June 30, 2009 was primarily attributable to recognizing additional expense related to the restructuring program implemented in the fourth quarter of 2008.

The credits for the three and six months ended June 30, 2008 were primarily attributable to lower than expected severance payments to our 2006 restructuring programs, partially offset by higher than expected severance payments to our 2007 and prior restructuring programs.

The activity for each charge is explained in the following sections.

2008 Restructuring Programs

The activity for the 2008 restructuring programs for the three and six months ended June 30, 2009 is presented below:

Three Months Ended June 30, 2009

Category	Balance as of March 31, 2009	2009 Charges Relating to the 2008 Plan	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 141.0	$ 15.9	$ (42.2)	$ 114.8
Consolidation of excess facilities and other contractual obligations	4.2	6.6	(1.8)	9.0
Abandoned assets		6.1	(6.1)	
Total	$ 145.2	$ 28.7	$ (50.0)	$ 123.8

Six Months Ended June 30, 2009

Category	Balance as of December 31, 2008	2009 Charges Relating to the 2008 Plan	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 186.3	$ 23.2	$ (94.7)	$ 114.8
Consolidation of excess facilities and other contractual obligations	2.4	15.7	(9.1)	9.0
Abandoned assets		6.1	(6.1)	
Total	$ 188.7	$ 45.0	$ (109.8)	$ 123.8

The adjustment to the workforce reductions provision is primarily attributable to individuals whose severance expense is being recognized ratably from the date of notification through their last day of work. These employees are required to render services beyond a minimum retention period in order to receive their severance. As of June 30, 2009, we had completed approximately 75% of the headcount reductions. The adjustment to the provision for the consolidation of excess facilities and other contractual obligations represents lease termination costs for facilities vacated in the quarter in accordance with our plan as part of our 2008 restructuring programs. The adjustment for abandoned assets represents additional identified infrastructure determined to no longer have benefit and abandoned in the second quarter of 2009.

The remaining cash portion owed for the 2008 restructuring programs is $119.7. The cash expenditures relating to workforce reductions are expected to be substantially paid out by the end of 2010. The cash expenditures relating to the consolidation of excess facilities and other contractual obligations are expected to be paid out by the end of 2015.

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Prior Restructuring Programs

Prior to 2008, we had instituted several restructuring programs. The activity for these programs for the three and six months ended June 30, 2009 and 2008, respectively, is presented below:

Three Months Ended June 30, 2009

Category	Balance as of March 31, 2009	Adjustment to the Provision	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 7.8	$ 1.7	$ (2.7)	$ 6.9
Consolidation of excess facilities	19.0		(1.8)	17.2
Contractual and other obligations	0.7	0.4		1.1
Total	$ 27.5	$ 2.1	$ (4.5)	$ 25.2

Six Months Ended June 30, 2009

Category	Balance as of December 31, 2008	Adjustment to the Provision	Utilization	Balance as of June 30, 2009
Workforce reductions	$ 14.3	$ 0.9	$ (8.4)	$ 6.9
Consolidation of excess facilities	20.9		(3.7)	17.2
Contractual and other obligations	0.9	0.4	(0.2)	1.1
Total	$ 36.1	$ 1.4	$ (12.3)	$ 25.2

Three Months Ended June 30, 2008

Category	Balance as of March 31, 2008	Adjustment to the Provision	Utilization	Balance as of June 30, 2008
Workforce reductions	$ 61.7	$ (0.8)	$ (26.7)	$ 34.2
Consolidation of excess facilities	25.1	(0.5)	(3.3)	21.2
Contractual and other obligations	0.9			0.9
Total	$ 87.7	$ (1.3)	$ (30.0)	$ 56.3

Six Months Ended June 30, 2008

Category	Balance as of December 31, 2007	Adjustment to the Provision	Utilization	Balance as of June 30, 2008
Workforce reductions	$ 96.8	$ (1.2)	$ (61.4)	$ 34.2
Consolidation of excess facilities	28.3	(0.5)	(6.5)	21.2
Contractual and other obligations	0.8			0.9
Total	$ 125.9	$ (1.7)	$ (67.9)	$ 56.3

The remaining cash portion owed for these programs is $22.5. The cash expenditures relating to workforce reductions are expected to be substantially paid out by the end of 2010. The cash expenditures relating to the excess facilities are expected to be paid out by the end of 2015. The cash expenditures relating to the contractual obligations are expected to be paid out by the end of 2009.

Investment Income

Investment income was $31.3 and $58.7 for the three months ended June 30, 2009 and 2008, respectively, and $71.2 and $135.9 for the six months ended June 30, 2009 and 2008, respectively. Investment income decreased for the three and six months ended June 30, 2009 compared to the same periods in 2008 primarily due to lower weighted average returns on investments. The weighted average return on investments, excluding realized losses and gains, was 1.3% and 3.1% for the three months ended June 30, 2009 and 2008, respectively, and 1.4% and 3.4% for the six months ended June 30, 2009 and 2008, respectively.

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Interest Expense

Interest expense was $44.2 and $44.0 for the three months ended June 30, 2009 and 2008, respectively, and $89.7 and $87.1 for the six months ended June 30, 2009 and 2008, respectively. Interest expense consists primarily of interest on the Notes. Included in interest expense are non-cash interest charges of $26.8 and $25.3 for the three months ended June 30, 2009 and 2008, respectively, and $53.1 and $50.3 for the six months ended June 30, 2009 and 2008, respectively. As a result of adopting FSP 14-1, we are accreting the Notes to their face value over their term. See Note 3 to the Consolidated Financial Statements.

Other Income (Expense), Net

Other expense, net was $0.0 and $(2.8) for the three months ended June 30, 2009 and 2008, respectively, and $(10.7) and $(7.6) for the six months ended June 30, 2009 and 2008, respectively. The increase in other expense for the six months ended June 30, 2009 was primarily attributable to greater foreign currency transaction losses when compared to the same period in 2008.

Provision for Income Taxes

Our effective income tax rates were 15.3% and 15.4% for the three and six months ended June 30, 2009, respectively. Our effective income tax rates were 20.4% and 22.4% for the three and six months ended June 30, 2008, respectively. The effective income tax rate is based upon the estimated income for the year, the composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for the potential tax consequences, benefits or resolutions of tax audits or other tax contingencies. For the three and six months ended June 30, 2008 and 2009, the effective tax rate varied from the statutory tax rate principally as a result of the mix of income attributable to foreign versus domestic jurisdictions. Our aggregate income tax rate in foreign jurisdictions is lower than our income tax rate in the United States.

Our effective income tax rate decreased from the three months ended June 30, 2008 to the three months ended June 30, 2009 due to the recognition of discrete tax benefits during the second quarter of 2009, principally from the favorable resolution of uncertain tax positions related to transfer pricing and a U.S. federal income tax audit. Additionally, in 2009 our tax rate was favorably impacted by an increase in tax credits. These benefits were substantially offset by income tax charges relating to recent acquisitions and an increase in our permanent book-tax differences.

Our effective income tax rate decreased from the six months ended June 30, 2008 to the six months ended June 30, 2009 due to the recognition of discrete tax benefits during the second quarter of 2009, principally from the favorable resolution of uncertain tax positions related to transfer pricing and a U.S. federal income tax audit. Additionally, the decrease in our effective tax rate was due to an increase in tax credits, as well as non-deductible IPR&D charges during the quarter ended March 31, 2008 which increased the 2008 effective tax rate. These benefits were partially offset by certain income tax charges relating to recent acquisitions and an increase in our permanent book-tax differences.

We have substantially concluded all U.S. federal income tax matters for years through 2006, with the completion of the 2005 and 2006 federal income tax audits during the quarter ended June 30, 2009. We have income tax audits in process in numerous state, local and international jurisdictions. Based on the timing and outcome of examinations of EMC, the result of the expiration of statutes of limitations for specific jurisdictions or the timing and result of ruling requests from taxing authorities, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in our statement of financial position. We anticipate that several of these audits may be finalized within the next 12 months. Based on the status of these examinations and the protocol of finalizing such audits, it is not possible to estimate the impact of any amount of such changes, if any, to our previously recorded uncertain tax positions. However, it is reasonably possible that up to $18 to $27 of reserves for unrecognized tax benefits may be released within one year as a result of the lapse of statutes of limitations and the resolution of agreements with various tax authorities.

Non-controlling Interest in VMware, Inc.

The net income attributable to the non-controlling interest in VMware was $5.4 and $7.7 for the three months ended June 30, 2009 and 2008, respectively, and $16.7 and $13.9 for the six months ended June 30, 2009 and 2008, respectively. VMware s reported net income was $32.5 and $52.3 for the three months ended June 30, 2009 and 2008, respectively, and $102.5 and $95.4 for the six months ended June 30, 2009 and 2008, respectively. The weighted average non-controlling interest in VMware was approximately 16.6% and 14.7% for the three months ended June 30, 2009 and 2008, respectively, and approximately 16.3% and 14.5% for the six months ended June 30, 2009 and 2008, respectively.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS - (Continued)

Financial Condition

Cash provided by operating activities was $1,438.1 and $1,536.9 for the six months ended June 30, 2009 and 2008, respectively. Cash received from customers was $6,951.4 and $7,585.8 for the six months ended June 30, 2009 and 2008, respectively. The decrease in cash received from customers was attributable to a reduction in sales volume. Cash paid to suppliers and employees was $5,348.6 and $5,947.5 for the six months ended June 30, 2009 and 2008, respectively. The decrease was attributable to a reduction in inventory purchases associated with a reduction in sales volume and our cost transformation program. Cash received from dividends and interest declined to $73.4 for the six months ended June 30, 2009 compared with $135.1 for the six months ended June 30, 2008, due to lower yields on our investments. For the six months ended June 30, 2009 and 2008, we paid $202.3 and $199.7, respectively, in income taxes. These payments are comprised of estimated taxes for the current year, extension payments for the prior year and refunds or payments associated with income tax filings and tax audits.

Cash used in investing activities was $865.2 and $485.8 for the six months ended June 30, 2009 and 2008, respectively. Cash used for acquisitions and strategic and other related investments decreased $401.9 in 2009 compared to the same period in 2008. During the six months ended June 30, 2009, we also purchased $65.0 of Data Domain common stock. Capital additions were $205.5 and $326.4 for the six months ended June 30, 2009 and 2008, respectively. The lower level of capital additions was due to lower spending on infrastructure as part of our cost savings initiatives. Capitalized software development costs were $151.8 and $118.8 for the six months ended June 30, 2009 and 2008, respectively. The increase was primarily attributable to increased software capitalization by VMware. VMware capitalized more costs during the first half of 2009 compared to the first half of 2008 primarily due to VMware vSphere 4 reaching technological feasibility during the third quarter of 2008. Net purchases of investments were $237.0 for the six months ended June 30, 2009 compared to net sales and maturities of $567.3 for the six months ended June 30, 2008. This activity varies from period to period based upon our cash collections, cash requirements and maturity dates of our investments.

Cash from financing activities was $1.9 for the six months ended June 30, 2009 compared to $312.2 used in financing activities for the six months ended June 30, 2008. For the six months ended June 30, 2008, we spent $687.0 to repurchase 44.4 million shares of our common stock. We made no share repurchases in the six months ended June 30, 2009. We generated $165.6 and $289.5 during the six months ended June 30, 2009 and 2008, respectively, from the exercise of stock options. In 2009, we repaid $152.2 for investment securities we had loaned from our investment portfolio.

In July 2009, we completed the acquisition of all of the capital stock of Data Domain, which resulted in a net cash outflow of $1,882.1.

We have a credit line of $50.0 in the United States. As of June 30, 2009, we had no borrowings outstanding on the line of credit. The credit line bears interest at the bank s base rate and requires us, upon utilization of the credit line, to meet certain financial covenants with respect to limitations on losses. In the event the covenants are not met, the lender may require us to provide collateral to secure the outstanding balance. At June 30, 2009, we were in compliance with the covenants. As of June 30, 2009, the aggregate amount of liabilities of our subsidiaries was approximately $3,700.0.

At June 30, 2009, our total cash, cash equivalents, and short-term and long-term investments were $10,024.2. This balance includes approximately $2,275.7 held by VMware and $3,736.6 held by EMC in overseas entities.

Investment Losses

For the three months ended June 30, 2009, we had other-than-temporary impairment losses of $4.8, of which $4.0 was recognized in other comprehensive loss and $0.8 was recognized in earnings.

For all of our securities where the amortized cost basis was greater than the fair value at June 30, 2009, we have concluded that currently we do not plan to sell the security nor is it more likely than not that we would be required to sell the security before its anticipated recovery. In making the determination as to whether the unrealized loss is other-than-temporary, we considered the length of time and extent the investment has been in an unrealized loss position, the financial condition and near-term prospects of the issuers, the issuers credit rating, the underlying value and performance of the collateral, third party guarantees and the time to maturity.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS - (Continued)

The significant components of the temporary impairments are as follows:

Auction Rate Securities

Our auction rate securities are predominantly rated AAA and are primarily collateralized by student loans. The underlying loans of all but two of our auction rate securities, with a market value of $17.0, have partial guarantees by the U.S. government as part of the Federal Family Education Loan Program (FFELP) through the U.S. Department of Education. FFELP guarantees at least 95.0% of the loans which collateralize the auction rate securities. The two securities whose underlying loans are not guaranteed by the U.S. government have credit enhancements and are insured by third party agencies. We believe the quality of the collateral underlying all of our auction rate securities will enable us to recover our principal balance in full.

Beginning in mid-February 2008, liquidity issues in the global credit markets resulted in the complete failure of auctions associated with our auction rate securities as the amount of securities submitted for sale in those auctions exceeded the amount of bids. For each unsuccessful auction, the interest rate moves to a maximum rate defined for each security, generally reset periodically at a level higher than defined short-term interest benchmarks. To date, we have collected all interest payable on all of our auction rate securities when due and expect to continue to do so in the future. The principal associated with failed auctions will not be accessible until successful auctions occur, a buyer is found outside of the auction process, the issuers establish a different form of financing to replace these securities, issuers repay principal over time from cash flows prior to final maturity, or final payments come due according to contractual maturities which range from 2024 to 2046. We understand that issuers and financial markets are in the process of developing alternatives that may improve liquidity, although it is not yet clear when or to what extent such efforts will be successful. We expect that we will receive the entire principal associated with these auction rate securities through one of the means described above, and accordingly, we did not experience credit losses within our Auction Rate Security portfolio. None of the auction rate securities in our portfolio are mortgage-backed or collateralized debt obligations.

Asset- and Mortgage-Backed Securities

Our asset- and mortgage-backed securities are predominantly rated AAA. The assets underlying these securities are generally residential or commercial obligations, automobile loans, credit card loans, equipment loans and home equity loans. The average maturity is 0.81 years and 2.96 years for the asset-backed and mortgage-backed securities, respectively. For these securities, 55.0% are mortgage-backed. The mortgage loans may have fixed rate or adjustable rate terms. The remainder of the portfolio consists of asset-backed securities. To date, we have collected all interest payable on all these securities when due. For each security, regardless if it has a temporary decline in value, we analyzed the collateral value, collateral statistics, including the borrowers payment history and cash flows expected to be collected, and our position in the capital structure. We estimated the losses in the underlying loans for these securities and compared these losses to the amortized cost basis in the security. In estimating these losses, we included the remaining payment terms of the security, prepayment speeds, expected defaults and whether subordinated interests are capable of absorbing estimated losses on the loans underlying the security. For those securities where the underlying collateral is not sufficient or the expected cash flows to be collected is less than the amortized cost basis, we have recognized the credit component of the other-than-temporary losses on these securities which aggregated $0.8 and $1.3 for the three and six months ended June 30, 2009, respectively. For the securities where the collateral and expected cash flows are deemed to be adequate, we believe we will realize the current cost basis of these securities based on our position in the credit structure and the aforementioned items previously mentioned.

U.S. Corporate Debt Securities

Our U.S. corporate debt securities are predominantly rated A or better. The security issuers are from a cross section of industries, including banking and finance, insurance, consumer, industrial, technology and utilities. To mitigate concentration of risk, we impose sector limits at the portfolio and CUSIP level. The average maturity is 1.66 years. To date, we have collected all interest payable on all the debt securities when due and expect to continue to do so in the future. For each security with a temporary decline in value that fails internal thresholds, we have analyzed the issuers credit history, current financial standing and cash flows expected to be collected on the debt obligations. We expect that we will receive the entire principal associated with these securities.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS - (Continued)

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued FAS No. 166, Accounting for Transfers of Financial Assets (FAS No. 166). FAS No. 166 clarifies that the objective of Statement 140 is to determine whether a transferor and all of the entities included in the transferor s financial statements being presented have surrendered control over transferred financial assets. The pronouncement is effective for us beginning in 2010. Early adoption is prohibited. We do not expect FAS No. 166 to have a material impact on our financial position or results of operations.

In June 2009, the FASB issued FAS No. 167, Amendments to FASB Interpretation No. 46(R) (FAS No. 167). FAS No. 167 amends Interpretation 46(R) to replace the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance. The pronouncement is effective for us beginning in 2010. Early adoption is prohibited. We are currently evaluating the potential impact of FAS No. 167 on our financial position and results of operations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting us, see Item 7A Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K filed with the SEC on February 27, 2009. Our exposure to market risks has not changed materially from that set forth in our Annual Report.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in a variety of claims, demands, suits, investigations, and proceedings, including those identified below, that arise from time to time relating to matters incidental to the ordinary course of our business, including actions with respect to contracts, intellectual property, product liability, employment, benefits and securities matters. As required by Statement of Financial Accounting Standards No. 5, we have estimated the amount of probable losses that may result from any such pending matters, and such amounts are reflected in our consolidated financial statements. These recorded amounts are not material to our consolidated financial position or results of operations. While it is not possible to predict the outcome of these matters with certainty, we do not expect the results of any of these actions to have a material adverse effect on our business, results of operations or financial condition. Because litigation is inherently unpredictable, however, the actual amounts of loss may prove to be larger or smaller than the amounts reflected in our consolidated financial statements, and we could incur judgments or enter into settlements of claims that could adversely affect our operating results or cash flows in a particular period.

United States ex rel. Rille and Roberts v. EMC Corporation. On February 27, 2009, the U.S. District Court for the Eastern District of Arkansas entered an order unsealing a civil False Claims Act *qui tam* action by two individuals (the relators) that named EMC as a defendant in December 2006. This action relates to the previously disclosed investigation being conducted by the Civil Division of the United States Department of Justice (the DoJ) regarding (i) EMC s fee arrangements with systems integrators and other partners in federal government transactions, and (ii) EMC s compliance with the terms and conditions of certain agreements pursuant to which we sold products and services to the federal government. By the same order of February 27, 2009, the U.S. District Court for the Eastern District of Arkansas also unsealed a complaint in intervention filed by the DoJ in June 2008 in this matter and directed that EMC be served with both complaints. The DoJ complaint, which adopts the claims advanced by the relators, asserts claims under the Anti-Kickback Act and False Claims Act in addition to breach of contract and other claims. The DoJ and the relators seek various remedies, including treble damages and statutory penalties. By order dated June 3, 2009, the Arkansas Court granted a motion by EMC to transfer the action to the U.S. District Court for the Eastern District of Virginia, where it is now pending. This action could lead to other related proceedings by various agencies of the federal government, which could result in suspension or debarment from sales to the federal government. We believe that we have meritorious factual and legal defenses to the claims raised and intend to defend this matter vigorously.

Derivative Demand Letters. In April 2009, we received two derivative demand letters sent on behalf of individuals purporting to be EMC shareholders. Both letters contain allegations to the effect that the existence of the matter captioned *United States ex rel. Rille and Roberts v. EMC Corporation* serves as evidence that certain Company officers and directors failed to exercise due care and/or failed to oversee compliance with the laws identified in the *Roberts* complaints. The matters relating to the demand letters were referred to a Special Committee of independent directors of the Board of Directors, which investigated and made a determination regarding such allegations. At the conclusion of their investigation, the Special Committee determined in good faith that commencing or maintaining derivative proceedings based on the allegations would not be in the best interests of EMC.

Item 1A. RISK FACTORS

The risk factors that appear below could materially affect our business, financial condition and results of operations. This description includes any material changes to and supersedes the description of the risk factors associated with our business previously disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The risks and uncertainties described below are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies.

Our business could be materially adversely affected as a result of general economic and market conditions, including the current economic crisis.

We are subject to the effects of general global economic and market conditions. If these conditions remain uncertain or persist, spread or deteriorate further, our business, results of operations or financial condition could be materially adversely affected. In addition, the financial crisis in the banking sector and financial markets have resulted in a tightening in the credit markets, a low level of liquidity in many financial markets, and extreme volatility in fixed income, credit and equity markets. Possible consequences from the financial crisis on our business, including insolvency of key suppliers resulting in product delays, inability of customers to obtain credit to finance purchases of our products and/or customer insolvencies, increased risk that customers may delay payments, fail to pay or default on credit extended to them, and counterparty failures negatively impacting our treasury operations, could have a material adverse effect on our results of operations or financial condition.

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Our business could be materially adversely affected as a result of a lessening demand in the information technology market.

Our revenue and profitability depend on the overall demand for our products and services. Delays or reductions in IT spending, domestically or internationally, could materially adversely affect demand for our products and services which could result in decreased revenues or earnings.

Our customers operate in a variety of markets, including the financial services, credit and housing, automotive and construction markets. Any adverse effects to such markets could materially adversely affect demand for our products and services which could result in decreased revenues or earnings.

Competitive pricing, sales volume, mix and component costs could materially adversely affect our revenues, gross margins and earnings.

Our gross margins are impacted by a variety of factors, including competitive pricing, component and product design costs as well as the volume and relative mixture of product and services revenues. Increased component costs, increased pricing pressures, the relative and varying rates of increases or decreases in component costs and product price, changes in product and services revenue mixture or decreased volume could have a material adverse effect on our revenues, gross margins or earnings.

The costs of third-party components comprise a significant portion of our product costs. While we generally have been able to manage our component and product design costs, we may have difficulty managing such costs if supplies of certain components become limited or component prices increase. Any such limitation could result in an increase in our component costs. An increase in component or design costs relative to our product prices could have a material adverse effect on our gross margins and earnings. Moreover, certain competitors may have advantages due to vertical integration of their supply chain, which may include disk drives, microprocessors, memory components and servers.

The markets in which we do business are highly competitive and we may encounter aggressive price competition for all of our products and services from numerous companies globally. There also has been and may continue to be a willingness on the part of certain competitors to reduce prices or provide information infrastructure and virtual infrastructure products or services, together with other IT products or services, at minimal or no additional cost in order to preserve or gain market share. Such price competition may result in pressure on our product and service prices, and reductions in product and service prices may have a material adverse effect on our revenues, gross margins and earnings. We currently believe that pricing pressures will continue.

If our suppliers are not able to meet our requirements, we could have decreased revenues and earnings.

We purchase or license many sophisticated components and products from one or a limited number of qualified suppliers, including some of our competitors. These components and products include disk drives, high density memory components, power supplies and software developed and maintained by third parties. We have experienced delivery delays from time to time because of high industry demand or the inability of some vendors to consistently meet our quality or delivery requirements. If any of our suppliers were to cancel or materially change contracts or commitments with us or fail to meet the quality or delivery requirements needed to satisfy customer orders for our products, we could lose time-sensitive customer orders, be unable to develop or sell certain products cost-effectively or on a timely basis, if at all, and have significantly decreased quarterly revenues and earnings, which would have a material adverse effect on our business, results of operations and financial condition. Additionally, we periodically transition our product line to incorporate new technologies. The importance of transitioning our customers smoothly to new technologies, along with our historically uneven pattern of quarterly sales, intensifies the risk that the failure of a supplier to meet our quality or delivery requirements will have a material adverse impact on our revenues and earnings. The current economic crisis may also negatively affect our suppliers solvency, which could, in turn, result in product delays or otherwise materially adversely affect our business, results of operations or financial condition.

Our financial performance may be impacted by the financial performance of VMware.

Because we consolidate VMware s financial results in our results of operations, our financial performance will be impacted by the financial performance of VMware. VMware s financial performance may be affected by a number of factors, including, but not limited to:

- rates of customer adoption for virtualization solutions;
- fluctuations in demand, adoption, sales cycles and pricing levels for VMware s products and services;

fluctuations in foreign currency exchange rates;

changes in customers budgets for information technology purchases and in the timing of their purchasing decisions;

VMware s ability to compete with existing or new competitors;

the timing of recognizing revenue in any given quarter which as a result of software revenue recognition policies, can be affected by a number of factors, including product announcements and beta programs;

the sale of VMware products in the timeframes they anticipate, including the number and size of orders in each quarter;

VMware s ability to develop, introduce and ship in a timely manner new products and product enhancements that meet customer demand, certification requirements and technical requirements;

VMware s ability to effectively manage future growth and acquisitions;

changes to VMware s effective tax rate;

the increasing scale of VMware s business and its effect on VMware s ability to maintain historical rates of growth;

the timing of the announcement or release of products or upgrades by VMware or by its competitors;

VMware s ability to implement scalable systems of internal controls;

the timing and amount of R&D costs that qualify for capitalization;

VMware s ability to control costs, including its operating expenses;

VMware s ability to attract and retain highly skilled employees, particularly those with relevant experience in software development and sales; and

general economic conditions in VMware s domestic and international markets.

Our stock price is volatile and may be affected by the trading price of VMware Class A common stock and/or speculation about the possibility of future actions we might take in connection with our VMware stock ownership.

Our stock price, like that of other technology companies, is subject to significant volatility because of factors such as:

the announcement of acquisitions, new products, services or technological innovations by us or our competitors;

- quarterly variations in our operating results;
- changes in revenue or earnings estimates by the investment community; and
- speculation in the press or investment community.

The trading price of our common stock has been and likely will continue to be affected by various factors related to VMware, including:

- the trading price for VMware Class A common stock;
- actions taken or statements made by us, VMware, or others concerning the potential separation of VMware from us, including by spin-off, split-off or sale; and
- factors impacting the financial performance of VMware, including those discussed in the prior risk factor.

In addition, although we own a majority of VMware and consolidate their results, our stock price may not reflect our pro rata ownership interest of VMware.

We may be unable to keep pace with rapid industry, technological and market changes.

The markets in which we compete are characterized by rapid technological change, frequent new product introductions, evolving industry standards and changing needs of customers. There can be no assurance that our existing products will be properly positioned in the market or that we will be able to introduce new or enhanced products into the market on a timely basis, or at all. We spend a considerable amount of money on research and development and introduce new products from time to time. There can be no assurance that enhancements to existing products and solutions or new products and solutions will receive customer acceptance. As competition in the IT industry increases, it may become increasingly difficult for us to maintain a technological advantage and to leverage that advantage toward increased revenues and profits.

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Risks associated with the development and introduction of new products include delays in development and changes in data storage, networking virtualization, infrastructure management, information security and operating system technologies which could require us to modify existing products. Risks inherent in the transition to new products include:

- the difficulty in forecasting customer preferences or demand accurately;
- the inability to expand production capacity to meet demand for new products;
- the impact of customers demand for new products on the products being replaced, thereby causing a decline in sales of existing products and an excessive, obsolete supply of inventory; and
- delays in initial shipments of new products.

Further risks inherent in new product introductions include the uncertainty of price-performance relative to products of competitors, competitors responses to the introductions and the desire by customers to evaluate new products for extended periods of time. Our failure to introduce new or enhanced products on a timely basis, keep pace with rapid industry, technological or market changes or effectively manage the transitions to new products or new technologies could have a material adverse effect on our business, results of operations or financial condition.

The markets we serve are highly competitive and we may be unable to compete effectively.

We compete with many companies in the markets we serve, certain of which offer a broad spectrum of IT products and services and others which offer specific information storage, content management, security or virtualization products or services. Some of these companies (whether independently or by establishing alliances) may have substantially greater financial, marketing and technological resources, larger distribution capabilities, earlier access to customers and greater opportunity to address customers various IT requirements than us. In addition, as the IT industry consolidates, companies may improve their competitive position and ability to compete against us. We compete on the basis of our products features, performance and price as well as our services. Our failure to compete on any of these bases could affect demand for our products or services, which could have a material adverse effect on our business, results of operations or financial condition.

Companies may develop new technologies or products in advance of us or establish business models or technologies disruptive to us. Our business may be materially adversely affected by the announcement or introduction of new products, including hardware and software products and services by our competitors, and the implementation of effective marketing or sales strategies by our competitors. The material adverse effect to our business could include a decrease in demand for our products and services and an increase in the length of our sales cycle due to customers taking longer to compare products and services and to complete their purchases.

We may have difficulty managing operations.

Our future operating results will depend on our overall ability to manage operations, which includes, among other things:

- retaining and hiring, as required, the appropriate number of qualified employees;
- managing, protecting and enhancing, as appropriate, our infrastructure, including but not limited to, our information systems and internal controls;
- accurately forecasting revenues;

- training our sales force to sell more software and services;
- successfully integrating new acquisitions;
- managing inventory levels, including minimizing excess and obsolete inventory, while maintaining sufficient inventory to meet customer demands;
- controlling expenses;
- managing our manufacturing capacity, real estate facilities and other assets; and
- executing on our plans.

An unexpected decline in revenues without a corresponding and timely reduction in expenses or a failure to manage other aspects of our operations could have a material adverse effect on our business, results of operations or financial condition.

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Our investment portfolio could experience a decline in market value which could adversely affect our financial results.

We held $3.6 billion in short and long-term investments as of June 30, 2009. The investments are invested primarily in investment grade debt securities, and we limit the amount of investment with any one issuer. A further deterioration in the economy, including a continuing credit crisis, increased defaults by issuers, or significant volatility in interest rates, could cause the investments to decline in value or could impact the liquidity of the portfolio. If market conditions deteriorate significantly, our results of operations or financial condition could be materially adversely affected.

If our cost cutting measures are not successful, our business could be adversely affected.

A variety of factors could prevent us from achieving our goal of better aligning our revenues and cost structure. While we have achieved savings to date in 2009 from our cost savings initiatives, there is no assurance that we will be able to continue to achieve additional savings for the remainder of the year. Additionally, we may determine that the costs of implementing reductions outweigh the commensurate benefits. Should we implement certain cost reductions, there could be adverse consequences on our business which could have a material adverse effect on our results of operations or financial position.

Our business may suffer if we are unable to retain or attract key personnel.

Our business depends to a significant extent on the continued service of senior management and other key employees, the development of additional management personnel and the hiring of new qualified employees. There can be no assurance that we will be successful in retaining existing personnel or recruiting new personnel. The loss of one or more key or other employees, our inability to attract additional qualified employees or the delay in hiring key personnel could have a material adverse effect on our business, results of operations or financial condition.

Our quarterly revenues and earnings could be materially adversely affected by uneven sales patterns and changing purchasing behaviors.

Our quarterly sales have historically reflected an uneven pattern in which a disproportionate percentage of a quarter s total sales occur in the last month and weeks and days of each quarter. This pattern makes prediction of revenues, earnings and working capital for each financial period especially difficult and uncertain and increases the risk of unanticipated variations in quarterly results and financial condition. We believe this uneven sales pattern is a result of many factors including:

- the relative dollar amount of our product and services offerings in relation to many of our customers budgets, resulting in long lead times for customers budgetary approval, which tends to be given late in a quarter;

- the tendency of customers to wait until late in a quarter to commit to purchase in the hope of obtaining more favorable pricing from one or more competitors seeking their business;

- the fourth quarter influence of customers spending their remaining capital budget authorization prior to new budget constraints in the first nine months of the following year; and

- seasonal influences.

Our uneven sales pattern also makes it extremely difficult to predict near-term demand and adjust manufacturing capacity or our supply chain accordingly. If predicted demand is substantially greater than orders, there will be excess inventory. Alternatively, if orders substantially exceed predicted demand, the ability to assemble, test and ship orders received in the last weeks and days of each quarter may be limited, which could materially adversely affect quarterly revenues and earnings.

In addition, our revenues in any quarter are substantially dependent on orders booked and shipped in that quarter and our backlog at any particular time is not necessarily indicative of future sales levels. This is because:

- we assemble our products on the basis of our forecast of near-term demand and maintain inventory in advance of receipt of firm orders from customers;

- we generally ship products shortly after receipt of the order; and

- customers may generally reschedule or cancel orders with little or no penalty.

Loss of infrastructure, due to factors such as an information systems failure, loss of public utilities or extreme weather conditions, could impact our ability to ship products in a timely manner. Delays in product shipping or an unexpected decline in revenues without a corresponding and timely slowdown in expenses, could intensify the impact of these factors on our business, results of operations and financial condition.

In addition, unanticipated changes in our customers purchasing behaviors such as customers taking longer to negotiate and complete their purchases or making smaller, incremental purchases based on their current needs, also make the prediction of revenues, earnings and working capital for each financial period difficult and uncertain and increase the risk of unanticipated variations in our quarterly results and financial condition.

Risks associated with our distribution channels may materially adversely affect our financial results.

In addition to our direct sales force, we have agreements in place with many distributors, systems integrators, resellers and original equipment manufacturers to market and sell our products and services. We may, from time to time, derive a significant percentage of our revenues from such distribution channels. Our financial results could be materially adversely affected if our contracts with channel partners were terminated, if our relationship with channel partners were to deteriorate, if the financial condition of our channel partners were to weaken, if our channel partners are not able to timely and effectively implement their planned actions or if the level of demand for our channel partners products and services decreases. In addition, as our market opportunities change, we may have an increased reliance on channel partners, which may negatively impact our gross margins. There can be no assurance that we will be successful in maintaining or expanding these channels. If we are not successful, we may lose sales opportunities, customers and market share. Furthermore, the partial reliance on channel partners may materially reduce the visibility to our management of potential customers and demand for products and services, thereby making it more difficult to accurately forecast such demand. In addition, there can be no assurance that our channel partners will not develop, market or sell products or services or acquire other companies that develop, market or sell products or services in competition with us in the future.

In addition, as we focus on new market opportunities and additional customers through our various distribution channels, including small-to-medium sized businesses, we may be required to provide different levels of service and support than we typically provided in the past. We may have difficulty managing directly or indirectly through our channels these different service and support requirements and may be required to incur substantial costs to provide such services which may adversely affect our business, results of operations or financial condition.

Due to the international nature of our business, changes in foreign conditions or other factors could impair our international operations, future revenue or financial condition.

A substantial portion of our revenues is derived from sales outside the United States. In addition, a substantial portion of our products is manufactured outside of the United States. Accordingly, our future results could be materially adversely affected by a variety of factors, including changes in foreign currency exchange rates, changes in a specific country s or region s political or economic conditions, trade restrictions, import or export licensing requirements, the overlap of different tax structures or changes in international tax laws, changes in regulatory requirements, compliance with a variety of foreign laws and regulations and longer payment cycles in certain countries. In addition, we hold a significant portion of our cash and investments in our international subsidiaries. Potential regulations could impact our ability to transfer the cash and investments to the United States. Additionally, should we desire to repatriate cash, we may incur a significant tax obligation.

Undetected problems in our products could directly impair our financial results.

If flaws in design, production, assembly or testing of our products (by us or our suppliers) were to occur, we could experience a rate of failure in our products that would result in substantial repair, replacement or service costs and potential damage to our reputation. Continued improvement in manufacturing capabilities, control of material and manufacturing quality and costs and product testing are critical factors in our future growth. There can be no assurance that our efforts to monitor, develop, modify and implement appropriate test and manufacturing processes for our products will be sufficient to permit us to avoid a rate of failure in our products that results in substantial delays in shipment, significant repair or replacement costs or potential damage to our reputation, any of which could have a material adverse effect on our business, results of operations or financial condition.

Our business could be materially adversely affected as a result of the risks associated with alliances.

We have alliances with leading information technology companies and we plan to continue our strategy of developing key alliances in order to expand our reach into markets. There can be no assurance that we will be successful in our ongoing strategic alliances or that we will be able to find further suitable business relationships as we develop new products and strategies. Any failure to continue or expand such relationships could have a material adverse effect on our business, results of operations or financial condition.

There can be no assurance that companies with which we have strategic alliances, certain of which have substantially greater financial, marketing or technological resources than us, will not develop or market products in competition with us in the future, discontinue their alliances with us or form alliances with our competitors.

Our business may suffer if we cannot protect our intellectual property.

We generally rely upon patent, copyright, trademark and trade secret laws and contract rights in the United States and in other countries to establish and maintain our proprietary rights in our technology and products. However, there can be no assurance that any of our proprietary rights will not be challenged, invalidated or circumvented. In addition, the laws of certain countries do not protect our proprietary rights to the same extent as do the laws of the United States. Therefore, there can be no assurance that we will be able to adequately protect our proprietary technology against unauthorized third-party copying or use, which could adversely affect our competitive position. Further, there can be no assurance that we will be able to obtain licenses to any technology that we may require to conduct our business or that, if obtainable, such technology can be licensed at a reasonable cost.

From time to time, we receive notices from third parties claiming infringement by our products of third-party patent or other intellectual property rights. Responding to any such claim, regardless of its merit, could be time-consuming, result in costly litigation, divert management s attention and resources and cause us to incur significant expenses. In the event there is a temporary or permanent injunction entered prohibiting us from marketing or selling certain of our products or a successful claim of infringement against us requiring us to pay royalties to a third party, and we fail to develop or license a substitute technology, our business, results of operations or financial condition could be materially adversely affected.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management s attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, there can be no assurance that the results of any of these actions will not have a material adverse effect on our business, results of operations or financial condition.

We may have exposure to additional income tax liabilities.

As a multinational corporation, we are subject to income taxes in both the United States and various foreign jurisdictions. Our domestic and international tax liabilities are subject to the allocation of revenues and expenses in different jurisdictions and the timing of recognizing revenues and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. From time to time, we are subject to income tax audits. While we believe we have complied with all applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes. Should we be assessed with additional taxes, there could be a material adverse effect on our results of operations or financial condition.

In May of 2009, President Obama and the U.S. Treasury Department proposed changing certain of the U.S. tax rules for U.S. corporations doing business outside the United States. The proposed changes include limiting the ability of U.S. corporations to deduct expenses attributable to offshore earnings, modifying the foreign tax credit rules and further restricting the ability of U.S. corporations to transfer funds between foreign subsidiaries without triggering U.S. income tax. Although the scope of the proposed changes is unclear, it is possible that these or other changes in the U.S. tax laws could increase the Company s effective tax rate and adversely affect our profitability.

Changes in regulations could materially adversely affect us.

Our business, results of operations or financial condition could be materially adversely affected if laws, regulations or standards relating to us or our products are newly implemented or changed. In addition, our compliance with existing regulations may have a material adverse impact on us. Under applicable federal securities laws, including the Sarbanes-Oxley Act of 2002, we are required to evaluate and determine the effectiveness of our internal control structure and procedures for financial reporting. Should we or our independent auditors determine that we have material weaknesses in our internal controls, our results of operations or financial condition may be materially adversely affected or our stock price may decline.

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Changes in generally accepted accounting principles may adversely affect us.

From time to time, the Financial Accounting Standards Board (FASB) promulgates new accounting principles that could have a material adverse impact on our results of operations or financial condition. For example, in May 2008, the FASB voted to issue FASB Staff Position (FSP) APB 14-1, which changes the accounting treatment for certain convertible securities which include our Notes. See Note 1 to our Consolidated Financial Statements.

In addition, in 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R) Business Combinations. The standard, which is effective commencing in our 2009 fiscal year, will result in significant changes in accounting for acquisitions including our recently announced acquisition of Data Domain, Inc. Depending upon the number of and magnitude of acquisitions which we may consummate in 2009, the standard could have a material adverse effect on our business, results of operations or financial condition.

Our business could be materially adversely affected as a result of the risks associated with acquisitions and investments.

As part of our business strategy, we seek to acquire businesses that offer complementary products, services or technologies. These acquisitions are accompanied by the risks commonly encountered in an acquisition of a business, which may include, among other things:

- the effect of the acquisition on our financial and strategic position and reputation;
- the failure of an acquired business to further our strategies;
- the failure of the acquisition to result in expected benefits, which may include benefits relating to enhanced revenues, technology, human resources, cost savings, operating efficiencies and other synergies;
- the difficulty and cost of integrating the acquired business, including costs and delays in implementing common systems and procedures and costs and delays caused by communication difficulties or geographic distances between the two companies sites;
- the assumption of liabilities of the acquired business, including litigation-related liability;
- the potential impairment of acquired assets;
- the lack of experience in new markets, products or technologies or the initial dependence on unfamiliar supply or distribution partners;
- the diversion of our management s attention from other business concerns;
- the impairment of relationships with customers or suppliers of the acquired business or our customers or suppliers;
- the potential loss of key employees of the acquired company; and

the potential incompatibility of business cultures.

These factors could have a material adverse effect on our business, results of operations or financial condition. To the extent that we issue shares of our common stock or other rights to purchase our common stock in connection with any future acquisition, existing shareholders may experience dilution. Additionally, regardless of the form of consideration issued, acquisitions could negatively impact our net income and our earnings per share.

In addition to the risks commonly encountered in the acquisition of a business as described above, we may also experience risks relating to the challenges and costs of closing a transaction. Further, the risks described above may be exacerbated as a result of managing multiple acquisitions at the same time.

We also seek to invest in businesses that offer complementary products, services or technologies. These investments are accompanied by risks similar to those encountered in an acquisition of a business.

Our pension and retirement benefit plan assets are subject to market volatility.

We have noncontributory defined benefit pension plans and a post-retirement benefit plan assumed as part of our Data General acquisition. The plans assets are invested in common stocks, bonds and cash. The expected long-term rate of return on the plans assets is 8.0%. For the ten years ended December 31, 2007, the actual long-term rate of return was 6.0%. In 2008, we experienced a 27.0% loss on the plans assets. As such, the actual long-term rate of return achieved on the plans assets for the ten

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years ended December 31, 2008 was 1.6%. Given current market conditions, should we not achieve the expected rate of return on our plans assets or if our plans experience a decline in the fair value of their assets, we may be required to contribute assets to the plans which could materially adversely affect our results of operations or financial condition.

Our business could be materially adversely affected by changes in regulations or standards regarding energy use of our products.

We continually seek ways to increase the energy efficiency of our products. Recent analyses have estimated the amount of global carbon emissions that are due to information technology products. As a result, governmental and non-governmental organizations have turned their attention to development of regulations and standards to drive technological improvements and reduce such amount of carbon emissions. There is a risk that the rush to development of these standards will not fully address the complexity of the technology developed by the IT industry or will favor certain technological approaches. Depending on the regulations or standards that are ultimately adopted, compliance could adversely affect our business, results of operations or financial condition.

Our business could be materially adversely affected as a result of war or acts of terrorism.

Terrorist acts or acts of war may cause damage or disruption to our employees, facilities, customers, partners, suppliers, distributors and resellers, which could have a material adverse effect on our business, results of operations or financial condition. Such conflicts may also cause damage or disruption to transportation and communication systems and to our ability to manage logistics in such an environment, including receipt of components and distribution of products.

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Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES IN THE SECOND QUARTER OF 2009

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2009 April 30, 2009	1,622	$ 12.28		188,649,602
May 1, 2009 May 31, 2009	74,064	$ 12.12		188,649,602
June 1, 2009 June 30, 2009	64,968	$ 12.88		188,649,602
Total	140,654	$ 12.47		188,649,602

(1) Represents shares withheld from employees for the payment of taxes.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

EMC s Annual Meeting of Shareholders was held on May 6, 2009. There was no solicitation in opposition to management s nominees as listed in EMC s proxy statement, and all such nominees were elected directors for a one-year term. The shareholders ratified the selection by the Audit Committee of PricewaterhouseCoopers LLP as EMC s independent auditors for the fiscal year ending December 31, 2009, approved an amendment to the EMC Corporation Amended and Restated 1989 Employee Stock Purchase Plan to increase by 30 million the number of shares available for grant under such plan, approved an amendment to EMC s Bylaws to reduce the percentage of shares required for shareholders to call a special meeting of shareholders and rejected a shareholder proposal relating to an advisory vote on executive compensation. The results of the votes for each of these proposals were as follows:

1. Election of Directors:

	For	Against	Abstain
Michael W. Brown	1,693,144,574	33,724,964	5,311,893
Randolph L. Cowen	1,692,630,922	34,123,252	5,427,257
Michael J. Cronin	1,696,777,442	30,102,599	5,301,390
Gail Deegan	1,705,087,278	21,819,926	5,274,226
John R. Egan	1,691,829,068	35,556,904	4,795,459
W. Paul Fitzgerald	1,697,339,106	29,805,183	5,037,142
Edmund F. Kelly	1,705,291,376	21,426,564	5,463,491
Windle B. Priem	1,691,099,996	35,620,516	5,460,619
Paul Sagan	1,705,562,500	21,123,410	5,495,521
David N. Strohm	1,691,510,362	35,153,620	5,517,449
Joseph M. Tucci	1,685,141,066	42,444,488	4,595,877

2. Ratification of the selection by the Audit Committee of PricewaterhouseCoopers LLP as EMC s independent auditors for the fiscal year ending December 31, 2009:

For:	1,711,680,650
Against:	17,449,227
Abstain:	3,051,554
Broker Non-Vote:	0

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3. Approval of an amendment to the EMC Corporation Amended and Restated 1989 Employee Stock Purchase Plan to increase by 30 million the number of shares of Common Stock available for grant under such plan:

For:	1,336,640,447
Against:	28,845,818
Abstain:	2,130,656
Broker Non-Vote:	364,564,510

4. Approval of an amendment to EMC s Bylaws to reduce the percentage of shares required for shareholders to call a special meeting of shareholders:

For:	1,694,213,135
Against:	34,734,911
Abstain:	3,233,385
Broker Non-Vote:	0

5. Approval of a shareholder proposal relating to an advisory vote on executive compensation:

For:	641,170,005
Against:	654,300,427
Abstain:	72,142,811
Broker Non-Vote:	364,568,188

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

(a) Exhibits

See index to Exhibits on page 55 of this report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	EMC CORPORATION
Date: August 5, 2009	By: /s/ DAVID I. GOULDEN David I. Goulden *Executive Vice President and Chief Financial Officer* *(Principal Financial Officer)*

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EXHIBIT INDEX

3.1	Restated Articles of Organization of EMC Corporation, as amended. (1)
3.2	Amended and Restated Bylaws of EMC Corporation. (filed herewith)
4.1	Form of Stock Certificate. (2)
10.1	Fundamental Software, Inc. 2000 Stock Option/Stock Issuance Plan. (filed herewith)
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
31.2	Certification of Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (filed herewith)
101.INS	XBRL Instance Document. (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema. (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase. (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase. (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. (filed herewith)

(1) Incorporated by reference to EMC Corporation s Annual Report on Form 10-K filed February 27, 2009 (No. 1-9853).
(2) Incorporated by reference to EMC Corporation s Annual Report on Form 10-K filed February 29, 2008 (No. 1-9853).