

Edgar Filing: EMC CORP - Form 11-K

EMC CORP  
Form 11-K  
June 28, 2001

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 11-K

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ANNUAL REPORT  
PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

/X/ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2000

/ / TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9853

EMC Corporation 401(k) Savings Plan  
(Full title of the Plan)

EMC Corporation  
(Name of issuer of the securities held pursuant to the Plan)

35 Parkwood Drive, Hopkinton, Massachusetts 01748  
(address of principal executive office)

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EMC CORPORATION

Reports of Independent Accountants

Financial Statements:

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Statement of Assets Available for Plan Benefits as of December 31, 2000 and 1999

Statement of Changes in Assets Available for Plan Benefits for the Years Ended December 31, 2000 and 1999

Notes to Financial Statements

Supplemental Schedules\*

Assets Held for Investment Purposes as of December 31, 2000

Signature

Exhibit Index

Exhibit 23.1 Consent of Independent Accountants

\*Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because such schedules are not applicable.

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### REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Plan Administrator of the  
EMC Corporation 401(k) Savings Plan

In our opinion, the accompanying statements of assets available for benefits and the related statements of changes in assets available for benefits present fairly, in all material respects, the assets available for benefits of the EMC Corporation 401(k) Savings Plan (the "Plan") at December 31, 2000 and 1999, and the changes in assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1, the Data General Corporation Savings and Investment Plan was merged into the Plan on January 1, 2000.

/s/ PricewaterhouseCoopers LLP

June 28, 2001

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EMC CORPORATION  
EMC CORPORATION 401(K) SAVINGS PLAN  
STATEMENT OF ASSETS AVAILABLE FOR PLAN BENEFITS  
AS OF DECEMBER 31, 2000 AND 1999

	2000
ASSETS	
Investments at fair value:	
Common collective trust:	
Fidelity Managed Income Portfolio Fund	\$ 50,561,019 *
-----	
Mutual funds:	
Fidelity Equity Income Fund	55,955,157 *
Fidelity Equity Income II Fund	28,106,229
Fidelity Independence Fund	56,339,953 *
Fidelity Magellan Fund	157,472,593 *
Fidelity Puritan Fund	42,640,509 *
Fidelity Retirement Growth Fund	-
Vanguard U.S. Growth Fund	22,031,324
Other mutual funds	172,004,624
-----	
Total mutual funds	534,550,389
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EMC Corporation Stock Fund:	
EMC Corporation common stock	23,942,128
Interest bearing cash	206,447
	-----
Total EMC Corporation Stock Fund	24,148,575
	-----
Loans to participants	12,438,538
	-----
Total investments	621,698,521
	-----
Receivables:	
Employer contributions	7,746,205
Participant contributions	1,990,730
Investment income receivable	2,085
Receivable for investments sold	-
	-----
Total receivables	9,739,020
	-----
Assets available for benefits	\$ 631,437,541
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\*Represents 5% or more of assets available for benefits.

The accompanying notes are an integral part of these financial statements.

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EMC CORPORATION  
 EMC CORPORATION 401(K) SAVINGS PLAN  
 STATEMENT OF CHANGES IN ASSETS  
 AVAILABLE FOR PLAN BENEFITS FOR THE YEARS  
 ENDED DECEMBER 31, 2000 AND 1999

	2000
Additions:	
Investment income:	
Net appreciation (depreciation) of investments:	
Mutual funds	\$ (73,396,752)
EMC Corporation common stock	1,586,182
	-----
Total net appreciation (depreciation) of investments	(71,810,570)
	-----
Dividends and interest	50,449,885

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	(21,360,685)
	-----
Contributions:	
Employer contributions	23,747,714
Participant contributions	75,226,508
Participant rollovers from other qualified plans	31,199,984
	-----
	130,174,206
	-----
Total additions	108,813,521
	-----
Deductions:	
Benefits paid to participants	33,306,222
Administrative fees	11,239
	-----
Total deductions	33,317,461
	-----
Net increase prior to plan merger	75,496,060
Merger of plan assets from Data General Corporation Savings and Investment Plan	229,200,245
	-----
Net increase	304,696,305
Assets available for benefits:	
Beginning of year	326,741,236
	-----
End of year	\$ 631,437,541
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The accompanying notes are an integral part of these financial statements.

EMC CORPORATION  
EMC CORPORATION 401(K) SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following description of the EMC Corporation 401(k) Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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### GENERAL

The Plan is a contributory defined contribution plan established January 1, 1983 for the purpose of providing an opportunity for retirement income and increased savings to the employees of EMC Corporation (the "Company") who meet the length of service requirements. Plan assets acquired under this Plan as a result of contributions, investment income, and other additions to the Plan will be administered for the exclusive benefit of the participants and their beneficiaries. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

### CONTRIBUTIONS

During 2000, participants could elect to contribute an amount not to exceed, in the aggregate, between 1% and 17% (19% as of January 1, 2001) of their compensation on a pretax basis while participating in the Plan. Participants may also contribute amounts representing distributions from other qualified plans. In any Plan year, the Company may contribute to participants' accounts a quarterly matching contribution equal to a percentage of the participant's compensation contributed to the Plan as determined by the Company's Board of directors up to a maximum quarterly matching contribution of \$750. In addition, discretionary Company profit sharing contributions based on different discretionary goals established for separate business units within the Company may be made upon a vote of the Board of Directors. To be eligible for an allocation of Company quarterly matching contributions, a participant must be employed by the Company on the last day of the calendar quarter. To be eligible for an allocation of discretionary Company profit sharing contributions, a participant must have completed at least 1,000 hours of service during the Plan year and be employed by the Company on the last day of the Plan year. Contributions are subject to certain limitations under the Internal Revenue Code of 1986, as amended (the "Code"). During 2000, the Company did not make any discretionary profit sharing contributions.

### PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution, the Company's discretionary matching contribution and an allocation of the profit sharing contributions and Plan earnings and debited with applicable expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### VESTING AND FORFEITURE

Participants are immediately vested 100% in their voluntary contributions, rollover contributions, Company discretionary matching contributions plus the investment earnings arising from these contributions. Company discretionary profit sharing contributions are subject to a vesting schedule based on the number of years of continuous service as follows:

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YEARS OF SERVICE	VESTED PERCENTAGE
Less than 1 year	0%
1 year but less than 2	25%
2 years but less than 3	50%
3 years but less than 4	75%
4 years or more	100%

Participants' interest in their accounts shall become 100% vested and nonforfeitable without regard to their credited years of service if they are employed by the Company on or after age 65, incur a permanent and total disability or die while employed by the Company.

If a participant who is not fully vested terminates employment with the Company, the participant shall be entitled to the vested portion of their account. The nonvested portion is forfeited and will be applied to the payment of Plan expenses.

### INVESTMENT OPTIONS

Participants elect to invest the contributions to their accounts in five percent increments in the following options:

#### FIDELITY FUNDS

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Fidelity Managed Income Portfolio Fund  
(Stable Value Fund)  
Fidelity Magellan Fund

Fidelity Puritan Fund  
Fidelity Equity Income Fund  
Fidelity Retirement Money Market Fund  
Fidelity Equity Income II Fund  
Fidelity Conservative Strategy Fund  
Fidelity Moderate Strategy Fund  
Fidelity Aggressive Strategy Fund  
Fidelity Spartan U.S. Equity Index Fund  
Fidelity Independence Fund (formerly known as  
the Fidelity Retirement Growth  
Fund)  
Fidelity Low Price Stock Fund  
Fidelity Freedom Income Fund  
Fidelity Freedom 2000 Fund  
Fidelity Freedom 2010 Fund  
Fidelity Freedom 2020 Fund  
Fidelity Freedom 2030 Fund  
Fidelity Spartan Extended Market Index  
Fund

#### AMERICAN FUNDS

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Washington Mutual Fund  
Europacific Growth Fund  
T. ROWE PRICE FUNDS

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Mid Cap Growth Fund  
Value Fund  
Brandywine Growth Fund  
Domini Social Equity Fund  
Janus Worldwide Fund  
PIMCO Total Return Adm Fun  
Franklin Small Cap Growth  
Templeton Foreign A Fund  
Vanguard U.S. Growth Fund  
EMC Corporation Stock Fund

Participants may change their investment options as determined by the rules applicable to each investment.

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### PAYMENT OF BENEFITS

Benefits are payable upon normal retirement age (65), death, separation from service or proven hardship. Participants who were a Plan member as of December 31, 1988 may elect to receive the value of their vested interest in his or her account in the form of an installment or in a lump-sum distribution. Plan members after such date will receive their vested interest in his or her account in a lump-sum distribution. In any event, payment of benefits must commence when the participant reaches age 70 1/2 or, if later, following the year they terminate employment. However, a 5% owner of the Company will be required to begin receiving minimum distributions from their account by the April 1 following attainment of age 70 1/2 regardless of whether they have terminated employment at that time.

### PARTICIPANT NOTES RECEIVABLE

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or one-half of the participant's vested account balance. Loan terms range from 1-5 years or up to 10 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Company, as Plan administrator. Interest rates ranged from 8.25% - 10.5% for 2000 and 8.75% - 10% for 1999. Principal and interest are paid ratably through payroll deductions.

### MERGER INTO PLAN

On October 12, 1999, the Company acquired Data General Corporation. In connection with the acquisition, the Data General Corporation Savings and Investment Plan (the "Data General Plan") merged into the Plan on January 1, 2000 resulting in the transfer of assets of \$223,571,109 and the transfer of participant loans of \$5,629,136 into the Plan. Former participants of the Data General Plan, eligible to participate in the Plan, began to participate in the Plan on January 1, 2000.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

The financial statements of the Plan are prepared using the accrual method of accounting.

### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are valued at fair value. Investments in shares of mutual funds and the common collective trust are valued based on net asset



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value announced by the fund at year-end. The Company's common stock, par value \$.01 per share ("Common Stock"), is valued at the quoted market price on the last business day of the Plan year. Loans to participants are valued at cost plus accrued interest, which approximates fair value.

The Plan presents in the statements of changes in assets available for plan benefits net appreciation (depreciation) in the fair value of its investments which consists of realized gains or losses and unrealized appreciation (depreciation) on investments. The cost of investments is determined on the average cost basis in calculating realized gains or losses.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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### EXPENSES OF THE PLAN

Administrative expenses, including legal and participant accounting, and other costs of administering the Plan, and all expenses directly relating to the investments are charged to and paid by the Plan unless paid by the Company. The Company pays the majority of expenses except certain transaction fees.

### TERMINATION OF THE PLAN

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan. The Plan administrator, upon termination, shall cause the assets of the Plan to be allocated as described in the Plan agreement. In the event of Plan termination, participants will become 100% vested in their accounts.

### PAYMENT OF BENEFITS

Benefits are recorded when paid.

### 3. TAX STATUS OF THE PLAN

The Internal Revenue Service has determined and informed the Plan sponsor by a letter dated November 18, 1998 that the Plan and related trust are designed in accordance with applicable sections of the Code. The Plan has since been amended and a new letter has not been requested. Management has asserted the Plan, as amended, and its operations have been and continue to be in accordance with all applicable provisions of the Code and ERISA. Therefore, no provisions for income taxes are required.

### 4. RELATED PARTY TRANSACTIONS

The Plan invests in Common Stock. During the years ended December 31, 2000 and 1999, the Plan purchased shares of Common Stock having values of \$12,916,668 and \$10,822,030, respectively, and sold shares of Common Stock having values of \$1,778,738 and \$389,052, respectively. The total value of shares held of Common Stock was \$23,942,128 and \$11,468,519 at December 31, 2000 and 1999, respectively.

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Certain Plan investments are shares of mutual funds managed by FMR Corp. FMR Corp. is a related party to the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management and recordkeeping services amounted to \$11,239 for the year ended December 31, 2000. Loans to participants also qualify as party-in-interest transactions.

5. DIFFERENCES BETWEEN FINANCIAL STATEMENTS AND PRESENTATION OF ASSET INFORMATION IN FORM 5500

As described in Note 1 of these financial statements, the Data General Plan was merged into the Plan as of January 1, 2000 and the December 31, 1999 financial statements of the Plan do not reflect the merger. The Form 5500 for the Plan shows the transfer of assets occurring on December 31, 1999. The two approaches reflect agreement that the assets and participants had moved to the respective recipient plan as of January 1, 2000. The only difference concerns whether the transfer in from the Data General Plan occurred as of January 1, 2000 or, instead, occurred the moment before that - i.e., as of the close of business on December 31, 1999.

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EMC CORPORATION  
EMC CORPORATION 401(K) SAVINGS PLAN  
ASSETS HELD FOR INVESTMENT PURPOSES  
SUPPLEMENTAL SCHEDULE  
DECEMBER 31, 2000

SHARES/UNITS	DESCRIPTION
	Common Collective Trust:
50,561,019	Fidelity Managed Income Portfolio Fund*
	Mutual Funds:
	Fidelity Investment Mutual Funds:
1,319,971	Magellan Fund*
2,264,499	Puritan Fund*
1,047,261	Equity Income Fund*
13,767,634	Retirement Money Market Fund*
1,177,964	Equity Income II Fund*
67,732	Conservative Strategy Fund*
206,309	Moderate Strategy Fund*
418,974	Aggressive Strategy Fund*
2,559,743	Independence Fund*
313,099	Low Price Stock Fund*
12,445	Freedom Income Fund*
42,740	Freedom 2000 Fund*
167,770	Freedom 2010 Fund*

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309,839	Freedom 2020 Fund*
363,666	Freedom 2030 Fund*
45,559	Spartan Extended Market Index Fund*
473,885	Spartan U.S. Equity Index Fund*
	American Funds:
155,092	Washington Mutual Fund
419,382	Europacific Growth Fund
	T. Rowe Price Funds:
205,998	Mid Cap Growth Fund
145,870	Value Fund
450,520	Brandywine Growth Fund
420,478	Janus Worldwide
25,571	Domini Social Equity
638,439	PIMCO Total Return Adm Fund
732,596	Franklin Small Cap Growth Fund
246,357	Templeton Foreign A Fund
796,793	Vanguard U.S. Growth Fund

360,032 Total mutual funds

EMC Corporation common stock\*  
Interest bearing cash

Total EMC Corporation Stock Fund

Loans to participants\*

Total

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\*Party-in-interest.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

EMC CORPORATION 401(K) SAVINGS PLAN

By: EMC Corporation, Plan Administrator

Date: June 28, 2001

By: /s/ William J. Teuber, Jr.

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William J. Teuber, Jr.  
Senior Vice President and Chief Financial Officer

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(PRINCIPAL FINANCIAL OFFICER AND CHIEF ACCOUNTING  
OFFICER)

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EXHIBIT INDEX

Exhibit 23.1 Consent of Independent Accountants

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