

March 2010

Dear Fellow Shareholder,

EMC has emerged from the depths of last year's global recession a much stronger and more agile company. Few businesses can say that. We entered 2010 in our best financial and operational shape ever, and we are in an excellent position to play an increasingly strategic role in the success of a broadening range of organizations. I say that because we have the vision, technologies, products, services, partnerships, and, above all, the people needed to lead the newest and potentially largest wave of change in the IT industry's long evolution.

This new wave is known as cloud computing, and it has captured the attention of pragmatic organizations everywhere that are frustrated with the increasing complexity, inflexibility, and cost of their information technology environments. They find cloud computing compelling because it holds the promise of making IT much easier and more cost-effective to install, use, and manage than ever before. In short, cloud computing should enable organizations to achieve faster and higher returns on their IT investments.

EMC is enabling this new wave. In fact, our industry-leading portfolio of innovative virtualization, storage, security, and information and content management products is essential for cloud computing to fulfill its promise. For the last few years, we've been hard at work moving our company into position to provide customers with a safe path from the world of physical IT to fully virtualized IT and ultimately to cloud-based IT infrastructure. Doing so will open the door to tens of billions of dollars in new market opportunities for EMC.

In this letter, I will focus on how we strengthened EMC in 2009 and executed our strategy to extend our leadership, and how we are paving the way for customers to realize the benefits of a new vision of IT that we established with some of our strategic partners.

Since we are building our future on what we have accomplished in prior years and especially last year, let's look first at 2009. For the full year, we achieved total consolidated revenue of \$14 billion. This modest decline from our 2008 revenue happened during a steep, worldwide reduction in IT spending. It is worth noting that we gained momentum as 2009 progressed and achieved record fourth-quarter revenue of \$4.1 billion, up 17 percent sequentially. In the fourth quarter, we also achieved record results in non-GAAP operating margins, non-GAAP EPS, and free cash flow.

For the full year, we exceeded our non-GAAP EPS* goal of \$0.87 by three cents, and we far exceeded our per-share free cash flow* goal of \$0.87 by achieving \$1.27 per share. All told, we generated a record \$2.6 billion in free cash flow* and ended 2009 with \$9.4 billion in cash and investments. These results highlight our sustained financial strength and flexibility, which enable us to keep investing in our future during all kinds of economic cycles. Our stock price reflected our ability to thrive in 2009, climbing 67 percent during the year and outperforming the Dow, the S&P 500, and the S&P high-tech indices over the same period.

VMware, the global leader in virtualization solutions and a publicly traded company of which EMC owns 81 percent, contributed revenue of \$2 billion, an increase of 8 percent from 2008.

During 2009 we continued our comprehensive cost transformation program, exceeding our goal of saving EMC \$450 million. We continue to be systematic in analyzing the way our business operates because our aim is to do more than simply cut costs selectively for the short term. Instead, we want to improve our cost structure permanently and achieve a higher level of operational excellence.

I offer my thanks and gratitude to the talented people of EMC around the world who performed extremely well. While they work heroically every year to execute our strategy and serve our customers and partners, in 2009 they did even more. They were selfless, accepting a temporary reduction in their pay, as did the entire senior management team, to preserve the jobs of their colleagues and help keep our company strong for the long haul. What's more, EMC's fully engaged and supportive Board members also signed up for this temporary pay reduction. I'm extremely proud of our global team.

At its core, EMC is a technology company. Our focus is IT infrastructure—the foundation that enables the applications and information that every organization needs to be effective. Our mission is to help people and organizations bring the power of their information to life—information that continues to grow rapidly and relentlessly. And our passion is to innovate to make life better for customers and to create new opportunities for EMC to grow.

To fuel our innovation, we've been investing roughly 11 to 12 percent of our annual sales in R&D, or more than \$7 billion over the past five years. Over the same period, we invested roughly the same amount to acquire approximately 40 companies. We will continue to invest heavily to extend our product technology advantages.

Last year, our investments enabled us to introduce highly innovative products and services across our business units with the best quality in our history. For example, we launched our most advanced storage architecture since the original EMC® Symmetrix® system essentially created the high-end storage industry 19 years ago. Built on the EMC Virtual Matrix Architecture™ designed for virtual data environments, Symmetrix V-Max™ systems enable customers to scale out their storage resources simply and cost-effectively, with massive levels of performance, capacity, and connectivity that can be shared across applications.

During the year, we also introduced breakthrough automation capabilities across EMC storage platforms with our Fully Automated Storage Tiering (FAST) technology. FAST optimizes performance by automating the movement and placement of data so that the right data is always in the right place at the right time, which lowers costs and delivers higher service levels. Drawing on the solutions of RSA, The Security Division of EMC, we have augmented the information security capabilities of products across our portfolio. To help companies implement sound information governance, EMC launched EMC SourceOne™, a new family of products and solutions for archiving, eDiscovery, and compliance. In addition, we introduced more than 30 EMC services and solutions to accelerate the adoption of cloud computing.

Building world-class products and services that can meet customers' needs today and in the future is what EMC does best. Many of our offerings are widely recognized as absolute leadership products in the data center, among them our next-generation data protection and recovery products, VMware virtualization solutions, Symmetrix V-Max, and EMC Celerra® Unified Storage platforms. Our broad portfolio of services is helping customers get even more value from their investments in EMC technology and solutions. And our Mozy™ cloud-based applications for backup and personal information management are now handling more than 35,000 terabytes (and growing) of customer data.

We used our strong balance sheet to acquire four innovative growth companies in 2009, most notably Data Domain, whose leading deduplication technology identifies redundant files and data as they are being stored and provides a "storage footprint" that is 10 to 30 times smaller, on average, than the original dataset. Data Domain became the foundation of a new, high-growth information infrastructure product division called Backup Recovery Systems that is focused on delivering the next generation of backup, recovery, and archiving solutions. Over the years, we've become skilled at identifying, acquiring, and integrating companies that complement our own capabilities, help us solve customers' emerging IT challenges, and extend our business into related market segments.

Improving our customer satisfaction and loyalty scores is a top priority for us. We've made significant progress by maintaining the highest levels of product quality and by helping our customers continually reduce their costs. We've also established a rigorous "voice-of-the-customer" loyalty measurement that we track closely, as well as a disciplined process for continuous improvement. And we've recently implemented a "Net Promoter" scorecard as a further discipline for using feedback from our customers to measure and increase their loyalty and to fuel profitable growth.

2010 Prospects

Turning to EMC's prospects for this year and beyond, we're confident in our ability to grow our revenues, gain significant market share, and deliver improving profitability while investing for the future. Here are a few reasons why:

First, while we remain cautious about the global economy's pace of recovery, we do expect the recovery to continue and overall spending on IT to return to modest growth (between 3 and 5 percent) this year. Our outlook also calls for EMC's addressable market to grow faster than the IT industry overall, probably in the range of 6 to 8 percent.

We find that many of our customers have emerged from "IT lock-down" mode. To be sure, they remain intensely focused on increasing the efficiency and reducing the cost and energy use of their IT operations. However, they also have renewed their interest in investing in IT to get closer to their customers, become more agile and global, and sharpen their competitiveness. What's more, they want a path to a simpler, more cost-effective, agile IT world. That is precisely what EMC can offer, which leads to another reason we're optimistic about the future.

We have a vision to lead customers on a safe journey to the private cloud, which is our shorthand for a dramatically more efficient and effective model to deliver information technology as a service—just as other forms of infrastructure like electricity or telephony are delivered as services today. Private clouds will provide customers with unprecedented levels of efficiency, control, and choice, enabling them to focus far more of their precious time and budgets on IT activities that really differentiate them as businesses.

For organizations that want to speed their journey to virtualizing their entire infrastructures and then implement private cloud computing, EMC and Cisco, together with VMware, established a first-of-its-kind collaboration last year called the Virtual Computing Environment (VCE) coalition. This powerful coalition will help us move our customers along the path to their preferred future. In essence, we are telling our customers that "next starts now," that they can get to the future they want sooner with our help.

EMC takes the long view and works hard to strengthen its foundation for long-term growth. With that in mind, we are focused on four rapidly emerging, multi-billion-dollar markets that we believe present opportunities for double-digit revenue growth. The largest of these opportunities is to help organizations transform their data centers into automated, fully virtualized data centers that can operate far more dynamically and cost-effectively than traditional IT environments.

We are also working with our service provider and telecommunications partners to help them develop their "public clouds," which will make the benefits of IT as a service available to both businesses and the general public.

A third big growth opportunity involves using virtualization and advanced information infrastructure solutions to transform traditional desktop computing. Our aim is to give end users maximum flexibility while providing IT organizations with the centralized management and control they need to lower costs and increase the security of corporate information assets.

Our fourth large opportunity is to help customers dramatically reduce the amount of disk storage they need to manage and protect their ever-growing volumes of enterprise data by applying our next generation of backup, recovery, and archive technologies.

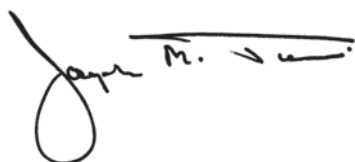
To pursue these market opportunities aggressively, we expect to increase our R&D investment this year by 20 percent over 2009. In addition, we will draw on not only the leading technologies I've discussed in this letter, but also on the knowledge and solutions of our ecosystem of alliance partners—top-tier technology, distribution, service, systems integration, outsourcing, and service provider partners. We have rededicated ourselves to our strategic partnership with Dell, a global alliance that is one of the longest-running and most successful in the IT industry and that provides tremendous value to our mutual customers. We are determined to create a partner ecosystem that is second to none in the IT industry. Of course, the people of EMC are—and always will be—the heart and soul of EMC, the engine of our growth, and the key to creating substantial value for our customers.

I want to take this opportunity on behalf of the 43,000 members of the global EMC family to express our gratitude and thanks to the man who made this great company possible—Dick Egan, our founder and the “E” in EMC. Dick passed away last year after a long battle with cancer, the same month EMC reached its 30th birthday, a mark of longevity rarely imagined by technology entrepreneurs. His spirit is alive and well in EMC, and his passion, enthusiasm, drive, and love for people, especially the people of EMC, will be with us always. All of us are in his debt for the winning culture he created and for what he enabled us to become.

We’re determined to sustain EMC’s relevance and vitality for decades to come. So we strive to make decisions and operate our business in a sustainable way. We know the world is endlessly interconnected and recognize that our company’s prosperity depends on a healthy environment and a vital, inclusive society. *Newsweek* magazine named EMC to its 2009 list of “The Greenest Big Companies in America.”

While we are proud of our progress, we know we’re on a journey and have much to learn about operating as a sustainable company. Earlier this year we became a member of Ceres, a highly regarded national network of investors and environmental organizations that work with companies to address sustainability challenges. We will tap into its wealth of knowledge. We will draw on its connections to help us deepen our engagement with diverse stakeholders. And we will strive to advance our own sustainability initiatives while contributing to the world’s movement to a low-carbon economy.

Now entering my 11th year with EMC, I can say without hesitation that I have never been more excited about EMC’s future. Our vision of taking customers on a safe journey to the private cloud, when combined with our track record of execution, is prompting more customers to view us as the “go-to company” with the know-how, innovative technology, and partnerships to help them overcome whatever challenges they may encounter. We intend to lead the newest wave of IT, and we are confident in our ability to deliver a record year that will include market share gains, investment in the future, and improving profitability.



Joseph M. Tucci
Chairman, President and Chief Executive Officer
EMC Corporation

| * Reconciliation of Earnings Per Share to Non-GAAP Earnings Per Share For the year ended December 31, 2009 (Per Weighted Average Share, Diluted) | * Reconciliation of Operating Income to Free Cash Flow Per Share For the year ended December 31, 2009 (in thousands) |
|--|--|
| Consolidated EPS..... | \$0.528 |
| Gain on Data Domain and SpringSource common stock..... | (0.012) |
| Provision for litigation..... | 0.025 |
| Restructuring and acquisition-related charges | 0.041 |
| Stock-based compensation expense..... | 0.212 |
| Intangible asset amortization | 0.079 |
| Special income tax charge..... | 0.030 |
| Non-GAAP EPS..... | <u>\$0.903</u> |
| | Cash flow from operations.....\$3,334,385 |
| | Property, plant, and equipment.....(411,579) |
| | Capitalized software development costs.....(304,520) |
| | Free cash flow..... <u>\$2,618,286</u> |
| | Average diluted shares outstanding..... <u>2,055,146</u> |
| | Free cash flow per share..... <u>\$1.27</u> |

This letter contains “forward-looking statements” as defined under the Federal Securities Laws. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to: (i) adverse changes in general economic or market conditions; (ii) delays or reductions in information technology spending; (iii) our ability to protect our proprietary technology; (iv) risks associated with managing the growth of our business, including risks associated with acquisitions and investments and the challenges and costs of integration, restructuring and achieving anticipated synergies; (v) fluctuations in VMware, Inc.’s operating results and risks associated with trading of VMware stock; (vi) competitive factors, including but not limited to pricing pressures and new product introductions; (vii) the relative and varying rates of product price and component cost declines and the volume and mixture of product and services revenues; (viii) component and product quality and availability; (ix) the transition to new products, the uncertainty of customer acceptance of new product offerings and rapid technological and market change; (x) insufficient, excess or obsolete inventory; (xi) war or acts of terrorism; (xii) the ability to attract and retain highly qualified employees; (xiii) fluctuating currency exchange rates; (xiv) litigation that we may be involved in; and (xv) other one-time events and other important factors disclosed previously and from time to time in EMC’s filings with the U.S. Securities and Exchange Commission. EMC disclaims any obligation to update any such forward-looking statements after the date of this letter. This document contains non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to GAAP is provided above. Management uses such non-GAAP financial measures to gain an understanding of its comparative operating performance. Management believes that these measures provide useful information in understanding and evaluating EMC’s current operating performance and future prospects in the same manner as management does, if investors so choose.

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