

EMC CORP
Form 10-Q
November 05, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number 1-9853

EMC CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2680009

(I.R.S. Employer
Identification Number)

176 South Street

Hopkinton, Massachusetts

(Address of principal executive offices)

(508) 435-1000

(Registrant's telephone number, including area code)

01748

(Zip 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 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 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

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

The number of shares of common stock, par value \$.01 per share, of the registrant outstanding as of September 30, 2014 was 2,034,908,501.

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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 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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FINANCIAL INFORMATIONItem 1. FINANCIAL STATEMENTS
EMC CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

	September 30, 2014	December 31, 2013
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,055	\$ 7,891
Short-term investments	2,092	2,773
Accounts and notes receivable, less allowance for doubtful accounts of \$68 and \$62	3,185	3,861
Inventories	1,390	1,334
Deferred income taxes	970	912
Other current assets	727	507
Total current assets	14,419	17,278
Long-term investments	7,233	6,924
Property, plant and equipment, net	3,629	3,478
Intangible assets, net	2,069	1,780
Goodwill	15,859	14,424
Other assets, net	1,819	1,965
Total assets	\$ 45,028	\$ 45,849
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,109	\$ 1,434
Accrued expenses	2,884	2,783
Notes converted and payable (See Note 4)	—	1,665
Income taxes payable	448	639
Deferred revenue	5,694	5,278
Total current liabilities	10,135	11,799
Income taxes payable	289	296
Deferred revenue	4,072	3,701
Deferred income taxes	363	421
Long-term debt (See Note 4)	5,494	5,494
Other liabilities	384	352
Total liabilities	20,737	22,063
Commitments and contingencies (See Note 14)		
Shareholders' equity:		
Preferred stock, par value \$0.01; authorized 25 shares; none outstanding	—	—
Common stock, par value \$0.01; authorized 6,000 shares; issued and outstanding 2,035 and 2,020 shares	20	20
Additional paid-in capital	850	1,406
Retained earnings	21,997	21,114
Accumulated other comprehensive loss, net	(198) (239
Total EMC Corporation's shareholders' equity	22,669	22,301

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Non-controlling interests	1,622	1,485
Total shareholders' equity	24,291	23,786
Total liabilities and shareholders' equity	\$ 45,028	\$ 45,849

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

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CONSOLIDATED INCOME STATEMENTS

(in millions, except per share amounts)

(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues:				
Product sales	\$3,400	\$ 3,165	\$9,728	\$ 9,535
Services	2,632	2,374	7,663	7,005
	6,032	5,539	17,391	16,540
Costs and expenses:				
Cost of product sales	1,400	1,324	4,068	4,020
Cost of services	889	773	2,579	2,271
Research and development	767	686	2,239	2,056
Selling, general and administrative	1,990	1,809	5,852	5,308
Restructuring and acquisition-related charges	39	40	187	195
Operating income	947	907	2,466	2,690
Non-operating income (expense):				
Investment income	29	26	100	93