

EMC CORPORATION  
Consolidated Statements of Operations  
(in thousands, except per share amounts)  
Unaudited

	Three Months Ended		Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Revenues:				
Net sales	\$ 1,125,063	\$ 1,099,671	\$ 2,176,041	\$ 2,124,294
Services	354,237	287,867	687,410	565,222
	<u>1,479,300</u>	<u>1,387,538</u>	<u>2,863,451</u>	<u>2,689,516</u>
Cost and expenses:				
Cost of sales	660,735	653,263	1,274,079	1,287,862
Cost of services	174,483	177,874	347,469	344,208
Research and development	176,788	202,027	357,202	402,978
Selling, general and administrative	393,262	420,779	777,813	875,447
Restructuring and other special charges	3,566	-	24,089	-
	<u>70,466</u>	<u>(66,405)</u>	<u>82,799</u>	<u>(220,979)</u>
Operating income (loss)				
Investment income	51,186	57,823	104,323	113,348
Interest expense	(1,175)	(2,720)	(2,039)	(5,581)
Other expense, net	(274)	(5,650)	(5,984)	(13,540)
	<u>120,203</u>	<u>(16,952)</u>	<u>179,099</u>	<u>(126,752)</u>
Income (loss) before taxes	38,464	(17,760)	62,177	(50,701)
Income tax provision (benefit)				
Net income (loss)	<u>\$ 81,739</u>	<u>\$ 808</u>	<u>\$ 116,922</u>	<u>\$ (76,051)</u>
Net income (loss) per weighted average share, basic	<u>\$ 0.04</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Net income (loss) per weighted average share, diluted	<u>\$ 0.04</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Weighted average shares, basic	2,187,267	2,208,383	2,187,134	2,214,997
Weighted average shares, diluted	2,210,614	2,215,903	2,205,629	2,214,997
As a % of total revenue:				
Gross margin	43.5%	40.1%	43.4%	39.3%
Selling, general and administrative	26.6%	30.3%	27.2%	32.6%
Research and development	12.0%	14.6%	12.5%	15.0%
Operating income (loss)	4.8%	-4.8%	2.9%	-8.2%
Net income (loss)	5.5%	0.1%	4.1%	-2.8%

EMC CORPORATION  
Consolidated Balance Sheets  
(in thousands, except per share amounts)  
Unaudited

	June 30, 2003	December 31, 2002
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,904,558	\$ 1,686,598
Short-term investments	969,477	864,743
Accounts and notes receivable, less allowance for doubtful accounts of \$47,211 and \$50,551	734,255	881,325
Inventories	523,148	437,805
Deferred income taxes	237,026	250,197
Other current assets	128,799	96,580
Total current assets	4,497,263	4,217,248
Long-term investments	3,187,505	3,134,290
Property, plant and equipment, net	1,577,440	1,624,396
Intangible and other assets, net	382,335	365,557
Goodwill, net	216,694	205,030
Deferred income taxes	67,316	43,926
Total assets	\$ 9,928,553	\$ 9,590,447
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 12,736	\$ 27,507
Accounts payable	376,880	429,732
Accrued expenses	878,096	948,357
Income taxes payable	438,393	187,695
Deferred revenue	499,157	448,359
Total current liabilities	2,205,262	2,041,650
Deferred revenue	277,694	156,412
Other liabilities	62,434	166,383
Commitments and contingencies		
Stockholders' equity:		
Series preferred stock, par value \$.01; authorized 25,000 shares, none outstanding	-	-
Common stock, par value \$.01; authorized 6,000,000 shares; issued 2,244,502 and 2,235,930 shares	22,445	22,359
Additional paid-in capital	3,622,568	3,580,025
Deferred compensation	(6,693)	(10,762)
Retained earnings	4,186,971	4,070,049
Accumulated other comprehensive loss, net	(59,217)	(53,488)
Treasury stock, at cost; 50,655 and 50,555 shares	(382,911)	(382,181)
Total stockholders' equity	7,383,163	7,226,002
Total liabilities and stockholders' equity	\$ 9,928,553	\$ 9,590,447

EMC CORPORATION  
Consolidated Statements of Cash Flows  
(in thousands)  
Unaudited

	For the Six Months Ended	
	June 30, 2003	June 30, 2002
Cash flows from operating activities:		
Net income (loss)	\$ 116,922	\$ (76,051)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	265,670	334,782
Non-cash restructuring, inventory and other special charges (reversals)	5,732	(52,840)
Amortization of deferred compensation	4,939	7,552
Provision for doubtful accounts	10,416	26,822
Deferred income taxes, net	41,943	40,286
Other	(2,240)	36,138
Changes in assets and liabilities:		
Accounts and notes receivable	153,492	300,956
Inventories	(65,916)	188,791
Other assets	(63,392)	36,910
Accounts payable	(56,049)	1,901
Accrued expenses	(72,093)	(132,376)
Income taxes payable	198,397	4,639
Deferred revenue	173,488	107,678
Other liabilities	(99,889)	(9,594)
Net cash provided by operating activities	611,420	815,594
Cash flows from investing activities:		
Additions to property, plant and equipment	(180,552)	(218,836)
Capitalized software development costs	(57,250)	(64,261)
Purchases of short and long-term available for sale securities	(2,529,704)	(5,324,084)
Sales of short and long-term available for sale securities	2,245,272	4,345,908
Maturities of short and long-term available for sale securities	111,289	121,646
Other	(7,626)	-
Net cash used in investing activities	(418,571)	(1,139,627)
Cash flows from financing activities:		
Issuance of common stock	41,760	43,030
Purchase of treasury stock	(730)	(200,009)
Payment of long-term and short-term obligations	(24,412)	(8,895)
Proceeds from long-term and short-term obligations	4,609	-
Net cash provided by (used in) financing activities	21,227	(165,874)
Effect of exchange rate changes on cash	3,884	(6,758)
Net increase (decrease) in cash and cash equivalents	217,960	(496,665)
Cash and cash equivalents at beginning of period	1,686,598	2,129,019
Cash and cash equivalents at end of period	\$ 1,904,558	\$ 1,632,354

**EMC Corporation  
Supplemental Financial Data  
Revenue Analysis  
(in thousands)  
Unaudited**

**Revenue Components**

	<b>Q2 2002</b>	<b>Q3 2002</b>	<b>Q4 2002</b>	<b>YTD 2002</b>	<b>Q1 2003</b>	<b>Q2 2003</b>	<b>YTD 2003</b>
<b>Storage Revenue</b>							
Information Storage Systems	\$ 779,109	\$ 662,417	\$ 802,196	\$ 2,985,300	\$ 752,387	\$ 803,814	\$ 1,556,201
Information Storage Software	320,568	283,591	346,611	1,233,093	298,591	321,249	619,840
Information Storage Services	251,148	279,217	309,472	1,078,367	306,025	328,370	634,395
<b>Total Information Storage Revenues</b>	<b>1,350,825</b>	<b>1,225,225</b>	<b>1,458,279</b>	<b>5,296,760</b>	<b>1,357,003</b>	<b>1,453,433</b>	<b>2,810,436</b>
Other Businesses	36,713	34,213	31,119	141,592	27,148	25,867	53,015
<b>Total Consolidated Revenues</b>	<b>\$ 1,387,538</b>	<b>\$ 1,259,438</b>	<b>\$ 1,489,398</b>	<b>\$ 5,438,352</b>	<b>\$ 1,384,151</b>	<b>\$ 1,479,300</b>	<b>\$ 2,863,451</b>

Percentage impact to revenue from changes in exchange rates from the prior year

2.5%

3.1%

**Supplemental Revenue Data**

Symmetrix Hardware and Software Revenue ( a )	\$ 574,944	\$ 618,297	\$ 1,193,241
CLARiiON Hardware and Software Revenue ( a )	217,896	228,324	446,220
Connectivity Revenue ( b )	130,290	136,578	266,868
EMC-only Platform Software Revenue ( c )	199,791	211,461	411,252
Multi-Platform Software Revenue ( d )	98,800	109,788	208,588

( a ) Includes hardware, hardware upgrades and platform software.

( b ) Includes Connectrix fibre channel switch/director revenues and Celerra file server revenue, exclusive of disk revenue.

( c ) Includes software products that only work with EMC arrays.

( d ) Includes software products that are designed to manage heterogenous environments including EMC and non-EMC arrays.

EMC CORPORATION  
Supplemental Schedule of Earnings Adjusted to Expense Stock Options  
(in thousands, except per share amounts)  
Unaudited

	Three Months Ended		Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Net income (loss)	\$ 81,739	\$ 808	\$ 116,922	\$ (76,051)
Stock option expense	(93,608)	(92,051)	(187,241)	(191,541)
Adjusted net loss	<u>\$ (11,869)</u>	<u>\$ (91,243)</u>	<u>\$ (70,319)</u>	<u>\$ (267,592)</u>
Net income (loss) per weighted average share, basic - as reported	<u>\$ 0.04</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Net income (loss) per weighted average share, diluted - as reported	<u>\$ 0.04</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Adjusted net loss per weighted average share, basic	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>
Adjusted net loss per weighted average share, diluted	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>