

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

	Three Months Ended		Nine Months Ended	
	September 30, 2003	September 30, 2002	September 30, 2003	September 30, 2002
Revenues:				
Net sales	\$ 1,145,659	\$ 946,055	\$ 3,321,700	\$ 3,070,349
Services	365,188	313,383	1,052,598	878,605
	<u>1,510,847</u>	<u>1,259,438</u>	<u>4,374,298</u>	<u>3,948,954</u>
Cost and expenses:				
Cost of sales	658,581	605,021	1,932,660	1,892,883
Cost of services	177,149	180,788	524,618	524,996
Research and development	172,858	191,683	530,060	594,661
Selling, general and administrative	390,164	412,313	1,167,977	1,287,760
Restructuring and other special charges	1,696	-	25,785	-
	<u>110,399</u>	<u>(130,367)</u>	<u>193,198</u>	<u>(351,346)</u>
Investment income	45,473	73,071	149,796	186,419
Interest expense	(672)	(2,763)	(2,711)	(8,344)
Other expense, net	<u>(3,842)</u>	<u>(17,418)</u>	<u>(9,826)</u>	<u>(30,958)</u>
Income (loss) before taxes	151,358	(77,477)	330,457	(204,229)
Income tax provision (benefit)	<u>(7,731)</u>	<u>(98,738)</u>	<u>54,446</u>	<u>(149,439)</u>
Net income (loss)	<u>\$ 159,089</u>	<u>\$ 21,261</u>	<u>\$ 276,011</u>	<u>\$ (54,790)</u>
Net income (loss) per weighted average share, basic	<u>\$ 0.07</u>	<u>\$ 0.01</u>	<u>\$ 0.13</u>	<u>\$ (0.02)</u>
Net income (loss) per weighted average share, diluted	<u>\$ 0.07</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ (0.02)</u>
Weighted average shares, basic	2,186,213	2,203,063	2,186,679	2,210,956
Weighted average shares, diluted	2,213,875	2,207,989	2,208,230	2,210,956
As a % of total revenue:				
Gross margin	44.7%	37.6%	43.8%	38.8%
Selling, general and administrative	25.8%	32.7%	26.7%	32.6%
Research and development	11.4%	15.2%	12.1%	15.1%
Operating income (loss)	7.3%	-10.4%	4.4%	-8.9%
Net income (loss)	10.5%	1.7%	6.3%	-1.4%

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

	September 30, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,606,769	\$ 1,686,598
Short-term investments	1,007,053	864,743
Accounts and notes receivable, less allowance for doubtful accounts of \$39,993 and \$50,551	722,334	881,325
Inventories	525,763	437,805
Deferred income taxes	238,572	250,197
Other current assets	105,544	96,580
Total current assets	4,206,035	4,217,248
Long-term investments	3,577,585	3,134,290
Property, plant and equipment, net	1,564,999	1,624,396
Intangible and other assets, net	437,086	365,557
Goodwill, net	217,130	205,030
Deferred income taxes	52,833	43,926
Total assets	\$ 10,055,668	\$ 9,590,447
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 9,389	\$ 27,507
Accounts payable	392,251	429,732
Accrued expenses	884,117	948,357
Income taxes payable	367,690	187,695
Deferred revenue	525,532	448,359
Total current liabilities	2,178,979	2,041,650
Deferred revenue	351,851	156,412
Other liabilities	66,848	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 2,245,522 and 2,235,930 shares	22,455	22,359
Additional paid-in capital	3,663,097	3,580,025
Deferred compensation	(4,381)	(10,762)
Retained earnings	4,346,060	4,070,049
Accumulated other comprehensive loss, net	(87,613)	(53,488)
Treasury stock, at cost; 59,982 and 50,555 shares	(481,628)	(382,181)
Total stockholders' equity	7,457,990	7,226,002
Total liabilities and stockholders' equity	\$ 10,055,668	\$ 9,590,447

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

	<u>For the Nine Months Ended</u>	
	<u>September 30, 2003</u>	<u>September 30, 2002</u>
Cash flows from operating activities:		
Net income (loss)	\$ 276,011	\$ (54,790)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	389,910	496,476
Non-cash restructuring, inventory and other special charges (reversals)	5,732	(60,735)
Amortization of deferred compensation	7,193	10,663
Provision for doubtful accounts	4,444	30,441
Deferred income taxes, net	12,783	51,428
Other	11,373	50,501
Changes in assets and liabilities:		
Accounts and notes receivable	171,597	567,940
Inventories	(64,526)	156,155
Other assets	(70,004)	55,061
Accounts payable	(38,253)	88,910
Accrued expenses	(66,741)	(147,466)
Income taxes payable	190,129	(107,006)
Deferred revenue	275,700	118,707
Other liabilities	(95,403)	(5,537)
Net cash provided by operating activities	<u>1,009,945</u>	<u>1,250,748</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(266,490)	(305,351)
Capitalized software development costs	(84,419)	(95,754)
Purchases of short and long-term available for sale securities	(4,591,509)	(6,840,581)
Sales of short and long-term available for sale securities	3,779,868	5,645,476
Maturities of short and long-term available for sale securities	186,389	187,397
Other	(40,314)	(24,689)
Net cash used in investing activities	<u>(1,016,475)</u>	<u>(1,433,502)</u>
Cash flows from financing activities:		
Issuance of common stock	48,771	54,914
Purchase of treasury stock	(99,447)	(243,063)
Payment of long-term and short-term obligations	(27,831)	(13,952)
Proceeds from long-term and short-term obligations	4,609	1,512
Net cash used in financing activities	<u>(73,898)</u>	<u>(200,589)</u>
Effect of exchange rate changes on cash	599	(4,280)
Net decrease in cash and cash equivalents	(79,829)	(387,623)
Cash and cash equivalents at beginning of period	1,686,598	2,129,019
Cash and cash equivalents at end of period	<u>\$ 1,606,769</u>	<u>\$ 1,741,396</u>
Non-cash activity:		
Exchange of net assets for equity investment	\$ -	\$ 3,560

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

Revenue Components

	Q3 2002	Q4 2002	YTD 2002	Q1 2003	Q2 2003	Q3 2003	YTD 2003
Storage Revenue							
Information Storage Systems	\$ 662,417	\$ 802,196	\$ 2,985,300	\$ 752,387	\$ 803,814	\$ 801,075	\$ 2,357,276
Information Storage Software	283,591	346,611	1,233,093	298,591	321,249	344,584	964,424
Information Storage Services	279,217	309,472	1,078,367	306,025	328,370	341,113	975,508
Total Information Storage Revenues	1,225,225	1,458,279	5,296,760	1,357,003	1,453,433	1,486,772	4,297,208
Other Businesses	34,213	31,119	141,592	27,148	25,867	24,075	77,090
Total Consolidated Revenues	\$ 1,259,438	\$ 1,489,398	\$ 5,438,352	\$ 1,384,151	\$ 1,479,300	\$ 1,510,847	\$ 4,374,298

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

2.5%

3.1%

2.9%

Supplemental Revenue Data

Symmetrix Hardware and Software Revenue (a)	\$ 574,944	\$ 618,297	\$ 624,847	\$ 1,818,088
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	673,815
Connectivity Revenue (b)	130,290	136,578	136,637	403,505
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	640,246
Multi-Platform Software Revenue (d)	98,800	109,788	115,590	324,178

(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		Nine Months Ended	
	September 30, 2003	September 30, 2002	September 30, 2003	September 30, 2002
Net income (loss)	\$ 159,089	\$ 21,261	\$ 276,011	\$ (54,790)
Stock option expense	(91,505)	(74,706)	(278,746)	(266,247)
Adjusted net income (loss)	<u>\$ 67,584</u>	<u>\$ (53,445)</u>	<u>\$ (2,735)</u>	<u>\$ (321,037)</u>
Net income (loss) per weighted average share, basic - as reported	<u>\$ 0.07</u>	<u>\$ 0.01</u>	<u>\$ 0.13</u>	<u>\$ (0.02)</u>
Net income (loss) per weighted average share, diluted - as reported	<u>\$ 0.07</u>	<u>\$ 0.01</u>	<u>\$ 0.12</u>	<u>\$ (0.02)</u>
Adjusted net income (loss) per weighted average share, basic	<u>\$ 0.03</u>	<u>\$ (0.02)</u>	<u>\$ -</u>	<u>\$ (0.15)</u>
Adjusted net income (loss) per weighted average share, diluted	<u>\$ 0.03</u>	<u>\$ (0.02)</u>	<u>\$ -</u>	<u>\$ (0.15)</u>