

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Revenues:				
Net sales	\$ 1,401,854	\$ 1,148,807	\$ 4,723,554	\$ 4,219,156
Services	460,656	340,591	1,513,254	1,219,196
	<u>1,862,510</u>	<u>1,489,398</u>	<u>6,236,808</u>	<u>5,438,352</u>
Cost and expenses:				
Cost of sales	731,502	721,599	2,664,162	2,614,482
Cost of services	205,970	180,032	730,588	705,028
Research and development	188,410	186,796	718,470	781,457
Selling, general and administrative	488,187	393,054	1,656,164	1,680,814
Restructuring and other special charges	40,482	150,402	66,267	150,402
	<u>207,959</u>	<u>(142,485)</u>	<u>401,157</u>	<u>(493,831)</u>
Operating income (loss)				
Investment income	38,007	69,734	187,803	256,153
Interest expense	(319)	(3,071)	(3,030)	(11,415)
Other expense, net	(5,081)	(16,436)	(14,907)	(47,394)
	<u>240,566</u>	<u>(92,258)</u>	<u>571,023</u>	<u>(296,487)</u>
Income (loss) before taxes				
Income tax provision (benefit)	20,469	(28,342)	74,915	(177,781)
	<u>\$ 220,097</u>	<u>\$ (63,916)</u>	<u>\$ 496,108</u>	<u>\$ (118,706)</u>
Net income (loss)				
Net income (loss) per weighted average share, basic	<u>\$ 0.10</u>	<u>\$ (0.03)</u>	<u>\$ 0.22</u>	<u>\$ (0.05)</u>
Net income (loss) per weighted average share, diluted	<u>\$ 0.09</u>	<u>\$ (0.03)</u>	<u>\$ 0.22</u>	<u>\$ (0.05)</u>
Weighted average shares, basic	2,285,795	2,193,269	2,211,544	2,206,294
Weighted average shares, diluted	2,325,593	2,193,269	2,237,656	2,206,294
As a % of total revenue:				
Gross margin	49.7%	39.5%	45.6%	39.0%
Selling, general and administrative	26.2%	26.4%	26.6%	30.9%
Research and development	10.1%	12.5%	11.5%	14.4%
Operating income (loss)	11.2%	-9.6%	6.4%	-9.1%
Net income (loss)	11.8%	-4.3%	8.0%	-2.2%

EMC CORPORATION
Consolidating Statement of Income
Three Months Ended December 31, 2003
(in thousands, except per share amounts)
(Unaudited)

	<u>EMC</u>	<u>Legato (1)</u>	<u>Documentum (2)</u>	<u>Consolidated</u>
Revenues:				
Net sales	\$ 1,336,556	\$ 40,409	\$ 24,889	\$ 1,401,854
Services	417,924	36,890	5,842	460,656
	<u>1,754,480</u>	<u>77,299</u>	<u>30,731</u>	<u>1,862,510</u>
Costs and expenses:				
Cost of sales	723,526	5,770	2,206	731,502
Cost of services	192,411	11,483	2,076	205,970
Research and development	172,402	14,382	1,626	188,410
Selling, general and administrative	442,050	36,190	9,947	488,187
Restructuring and other special charges	11,342	19,640	9,500	40,482
	<u>1,754,480</u>	<u>77,299</u>	<u>30,731</u>	<u>1,862,510</u>
Operating income (loss)	<u>\$ 212,749</u>	<u>\$ (10,166)</u>	<u>\$ 5,376</u>	207,959
Investment income				38,007
Interest expense				(319)
Other expense, net				<u>(5,081)</u>
Income before taxes				240,566
Income tax provision				<u>20,469</u>
Net income				<u>\$ 220,097</u>
Net income per weighted average share, basic				<u>\$ 0.10</u>
Net income per weighted average share, diluted				<u>\$ 0.09</u>
Weighted average shares, basic				2,285,795
Weighted average shares, diluted				2,325,593
As a % of total revenue:				
Gross margin	47.8%	77.7%	86.1%	49.7%
Selling, general and administrative	25.2%	46.8%	32.4%	26.2%
Research and development	9.8%	18.6%	5.3%	10.1%
Operating income (loss)	12.1%	-13.2%	17.5%	11.2%
Net income				11.8%

(1) From date of acquisition (October 21, 2003) through December 31, 2003.

(2) From date of acquisition (December 19, 2003) through December 31, 2003.

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

	December 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,869,426	\$ 1,686,598
Short-term investments	928,248	864,743
Accounts and notes receivable, less allowance for doubtful accounts of \$39,482 and \$50,551	952,421	881,325
Inventories	514,015	437,805
Deferred income taxes	271,746	250,197
Other current assets	151,448	96,580
Total current assets	4,687,304	4,217,248
Long-term investments	4,109,911	3,134,290
Property, plant and equipment, net	1,610,182	1,624,396
Intangible and other assets, net	901,767	365,557
Goodwill, net	2,711,677	205,030
Deferred income taxes	72,019	43,926
Total assets	\$ 14,092,860	\$ 9,590,447
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 7,104	\$ 27,507
Accounts payable	414,251	429,732
Accrued expenses	1,009,696	948,357
Income taxes payable	436,434	187,695
Deferred revenue	679,044	448,359
Total current liabilities	2,546,529	2,041,650
Deferred revenue	451,296	156,412
Convertible debt	129,966	-
Other liabilities	80,348	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 2,476,821 and 2,235,930 shares	24,768	22,359
Additional paid-in capital	6,894,823	3,580,025
Deferred compensation	(94,068)	(10,762)
Retained earnings	4,566,157	4,070,049
Accumulated other comprehensive income (loss), net	2,197	(53,488)
Treasury stock, at cost; 62,082 and 50,555 shares	(509,156)	(382,181)
Total stockholders' equity	10,884,721	7,226,002
Total liabilities and stockholders' equity	\$ 14,092,860	\$ 9,590,447

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

	<u>For the Twelve Months Ended</u>	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Cash flows from operating activities:		
Net income (loss)	\$ 496,108	\$ (118,706)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	520,698	653,686
Non-cash restructuring, inventory and other special charges (reversals)	45,969	(26,027)
Amortization of deferred compensation	13,725	13,077
Provision for doubtful accounts	1,761	35,171
Deferred income taxes, net	(19,068)	74,088
Other	19,771	67,011
Changes in assets and liabilities:		
Accounts and notes receivable	42,398	435,613
Inventories	(46,342)	240,377
Other assets	(25,760)	64,918
Accounts payable	(32,170)	4,240
Accrued expenses	(44,786)	(74,886)
Income taxes payable	230,156	(158,308)
Deferred revenue	412,818	236,813
Other liabilities	(94,048)	(1,333)
Net cash provided by operating activities	<u>1,521,230</u>	<u>1,445,734</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(368,545)	(391,076)
Cash acquired from business acquisitions	323,930	-
Capitalized software development costs	(113,427)	(126,678)
Purchases of short and long-term available for sale securities	(6,430,482)	(8,437,486)
Sales of short and long-term available for sale securities	5,032,720	7,199,476
Maturities of short and long-term available for sale securities	304,408	226,408
Other	(61,801)	(47,037)
Net cash used in investing activities	<u>(1,313,197)</u>	<u>(1,576,393)</u>
Cash flows from financing activities:		
Issuance of common stock	112,592	80,924
Purchase of treasury stock	(126,975)	(363,923)
Payment of long-term and short-term obligations	(30,406)	(29,694)
Proceeds from long-term and short-term obligations	4,736	1,516
Net cash used in financing activities	<u>(40,053)</u>	<u>(311,177)</u>
Effect of exchange rate changes on cash	<u>14,848</u>	<u>(585)</u>
Net increase (decrease) in cash and cash equivalents	182,828	(442,421)
Cash and cash equivalents at beginning of period	1,686,598	2,129,019
Cash and cash equivalents at end of period	<u>\$ 1,869,426</u>	<u>\$ 1,686,598</u>
Non-cash activity:		
Exchange of net assets for equity investment	\$ -	\$ 3,560
Issuance of common stock and stock options exchanged in business combinations	3,109,899	-

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

Revenue Components

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	YTD 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	YTD 2003
Revenues										
Systems	\$ 741,578	\$ 779,109	\$ 662,417	\$ 802,196	\$ 2,985,300	\$ 752,387	\$ 803,814	\$ 801,075	\$ 957,411	\$ 3,314,687
Software	282,323	320,568	283,591	346,611	1,233,093	298,591	321,249	344,584	444,443	1,408,867
Services	238,530	251,148	279,217	309,472	1,078,367	306,025	328,370	341,113	438,235	1,413,743
	1,262,431	1,350,825	1,225,225	1,458,279	5,296,760	1,357,003	1,453,433	1,486,772	1,840,089	6,137,297
Other Businesses	39,547	36,713	34,213	31,119	141,592	27,148	25,867	24,075	22,421	99,511
Total Consolidated Revenues	\$ 1,301,978	\$ 1,387,538	\$ 1,259,438	\$ 1,489,398	\$ 5,438,352	\$ 1,384,151	\$ 1,479,300	\$ 1,510,847	\$ 1,862,510	\$ 6,236,808

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

2.5%	3.1%	2.9%	5.1%	3.7%
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**EMC Corporation
Supplemental Financial Data
Revenue Analysis
(in thousands)
Unaudited**

Supplemental Revenue Data

	<u>Q1 2003</u>	<u>Q2 2003</u>	<u>Q3 2003</u>	<u>Q4 2003</u>	<u>YTD 2003</u>
Symmetrix Hardware and Software Revenue (a)	\$ 574,944	\$ 618,297	\$ 624,847	\$ 732,371	\$ 2,550,459
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	269,572	943,387
Connectivity Revenue (b)	130,290	136,578	136,637	161,478	564,983
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	251,452	891,698
Multi-Platform Software Revenue: (d)	98,800	109,788	115,590	192,991	517,169
EMC				\$ 127,693	
Legato				40,409	
Documentum				24,889	
Total Multi-Platform Software Revenue				<u>\$ 192,991</u>	
Software Maintenance Revenue:					
EMC				\$ 100,383	
Legato				33,887	
Documentum				4,238	
Total Software Maintenance Revenue				<u>\$ 138,508</u>	
Total Software License and Maintenance Revenue				<u>\$ 582,951</u>	
Legato Software and Services Revenue				<u>\$ 77,299</u>	
Documentum Software and Services Revenue				<u>\$ 30,731</u>	

(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 whose operation requires the EMC platform operating environments.

(d) Includes software products whose operation does not require the EMC platform operating environments.

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Net income (loss)	\$ 220,097	\$ (63,916)	\$ 496,108	\$ (118,706)
Stock option expense	(94,273)	(90,168)	(373,019)	(356,415)
Adjusted net income (loss)	<u>\$ 125,824</u>	<u>\$ (154,084)</u>	<u>\$ 123,089</u>	<u>\$ (475,121)</u>
Net income (loss) per weighted average share, basic - as reported	<u>\$ 0.10</u>	<u>\$ (0.03)</u>	<u>\$ 0.22</u>	<u>\$ (0.05)</u>
Net income (loss) per weighted average share, diluted - as reported	<u>\$ 0.09</u>	<u>\$ (0.03)</u>	<u>\$ 0.22</u>	<u>\$ (0.05)</u>
Adjusted net income (loss) per weighted average share, basic	<u>\$ 0.06</u>	<u>\$ (0.07)</u>	<u>\$ 0.06</u>	<u>\$ (0.22)</u>
Adjusted net income (loss) per weighted average share, diluted	<u>\$ 0.05</u>	<u>\$ (0.07)</u>	<u>\$ 0.06</u>	<u>\$ (0.22)</u>