

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

	Three Months Ended	
	March 31, 2004	March 31, 2003
Revenues:		
Net sales	\$ 1,378,596	\$ 1,050,978
Services	493,033	333,173
	1,871,629	1,384,151
Cost and expenses:		
Cost of sales	705,946	613,344
Cost of services	228,014	172,986
Research and development	204,596	180,414
Selling, general and administrative	534,625	384,551
Restructuring and other special charges	28,228	20,523
	170,220	12,333
Operating income	170,220	12,333
Investment income	41,030	53,137
Interest expense	(1,973)	(864)
Other expense, net	(5,777)	(5,710)
	203,500	58,896
Income before taxes	203,500	58,896
Income tax provision	63,695	23,713
	139,805	35,183
Net income	\$ 139,805	\$ 35,183
Net income per weighted average share, basic	\$ 0.06	\$ 0.02
Net income per weighted average share, diluted	\$ 0.06	\$ 0.02
Weighted average shares, basic	2,415,550	2,186,771
Weighted average shares, diluted	2,467,209	2,199,955
As a % of total revenue:		
Gross margin	50.1%	43.2%
Selling, general and administrative	28.6%	27.8%
Research and development	10.9%	13.0%
Operating income	9.1%	0.9%
Net income	7.5%	2.5%

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

	March 31, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,513,441	\$ 1,869,426
Short-term investments	981,298	928,248
Accounts and notes receivable, less allowance for doubtful accounts of \$41,946 and \$39,482	994,407	952,421
Inventories	545,502	514,015
Deferred income taxes	276,819	271,746
Other current assets	127,335	151,448
Total current assets	4,438,802	4,687,304
Long-term investments	4,190,285	4,109,911
Property, plant and equipment, net	1,593,939	1,610,182
Intangible assets, net	562,908	475,295
Other assets, net	457,462	426,472
Goodwill, net	3,225,283	2,711,677
Deferred income taxes	33,582	72,019
Total assets	\$ 14,502,261	\$ 14,092,860
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 4,212	\$ 7,104
Accounts payable	439,857	414,251
Accrued expenses	964,754	1,009,696
Income taxes payable	448,307	436,434
Deferred revenue	839,685	679,044
Total current liabilities	2,696,815	2,546,529
Deferred revenue	513,171	451,296
Long-term convertible debt	129,587	129,966
Other liabilities	84,286	80,348
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 2,485,292 and 2,476,821 shares	24,853	24,768
Additional paid-in capital	7,024,136	6,894,823
Deferred compensation	(127,083)	(94,068)
Retained earnings	4,705,962	4,566,157
Accumulated other comprehensive income	4,247	2,197
Treasury stock, at cost; 65,182 and 62,082 shares	(553,713)	(509,156)
Total stockholders' equity	11,078,402	10,884,721
Total liabilities and stockholders' equity	\$ 14,502,261	\$ 14,092,860

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

	<u>For the Three Months Ended</u>	
	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Cash flows from operating activities:		
Net income	\$ 139,805	\$ 35,183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	144,039	137,246
Non-cash restructuring and other special charges	16,129	4,785
Amortization of deferred compensation	13,755	2,547
Provision for doubtful accounts	1,243	5,225
Deferred income taxes, net	5,223	2,139
Tax benefit from stock options exercised	22,194	-
Other	-	(31)
Changes in assets and liabilities:		
Accounts and notes receivable	(26,088)	98,431
Inventories	(24,419)	(127,685)
Other assets	7,110	(19,827)
Accounts payable	21,380	20,813
Accrued expenses	(52,477)	(34,187)
Income taxes payable	(3,734)	19,725
Deferred revenue	158,457	67,143
Other liabilities	(52)	(104,729)
Net cash provided by operating activities	<u>422,565</u>	<u>106,778</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(86,182)	(77,005)
Capitalized software development costs	(41,893)	(26,649)
Purchases of short and long-term available for sale securities	(1,835,997)	(1,121,483)
Sales of short and long-term available for sale securities	1,677,654	914,300
Maturities of short and long-term available for sale securities	44,521	15,952
Business acquisition, net of cash acquired	(529,664)	-
Other	(4,337)	-
Net cash used in investing activities	<u>(775,898)</u>	<u>(294,885)</u>
Cash flows from financing activities:		
Issuance of common stock	44,906	5,823
Purchase of treasury stock	(44,557)	(730)
Payment of long-term and short-term obligations	(2,951)	(13,442)
Proceeds from long-term and short-term obligations	-	4,609
Net cash used in financing activities	<u>(2,602)</u>	<u>(3,740)</u>
Effect of exchange rate changes on cash	<u>(50)</u>	<u>(466)</u>
Net decrease in cash and cash equivalents	<u>(355,985)</u>	<u>(192,313)</u>
Cash and cash equivalents at beginning of period	1,869,426	1,686,598
Cash and cash equivalents at end of period	<u>\$ 1,513,441</u>	<u>\$ 1,494,285</u>

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

Revenue Components

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	2003	Q1 2004
Revenues						
Systems	\$ 752,387	\$ 803,814	\$ 801,075	\$ 957,411	\$ 3,314,687	\$ 894,956
Software	298,591	321,249	344,584	444,443	1,408,867	483,640
Services	306,025	328,370	341,113	438,235	1,413,743	473,155
	1,357,003	1,453,433	1,486,772	1,840,089	6,137,297	1,851,751
Other Businesses	27,148	25,867	24,075	22,421	99,511	19,878
Total Consolidated Revenues	\$ 1,384,151	\$ 1,479,300	\$ 1,510,847	\$ 1,862,510	\$ 6,236,808	\$ 1,871,629

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% 5.9%

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

Supplemental Revenue Data

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	2003	Q1 2004
Symmetrix Hardware and Software Revenue (a)	\$ 574,944	\$ 618,297	\$ 624,847	\$ 732,371	\$ 2,550,459	\$ 671,838
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	269,572	943,387	284,615
Connectivity Revenue (b)	130,290	136,578	136,637	161,478	564,983	143,516
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	251,452	891,698	251,135
Multi-Platform Software Revenue: (d)	98,800	109,788	115,590	192,991	517,169	232,505
EMC				\$ 127,693		\$ 125,316
Legato				40,409		36,849
Documentum				24,889		37,188
VMware				-		33,152
Total Multi-Platform Software Revenue				<u>\$ 192,991</u>		<u>\$ 232,505</u>
Software Maintenance Revenue:						
EMC				\$ 100,383		\$ 100,797
Legato				33,887		42,096
Documentum				4,238		27,563
VMware				-		5,646
Total Software Maintenance Revenue				<u>\$ 138,508</u>		<u>\$ 176,102</u>
Total Software License and Maintenance Revenue				<u>\$ 582,951</u>		<u>\$ 659,742</u>
Legato Software and Services Revenue				<u>\$ 77,299</u>		<u>\$ 83,001</u>
Documentum Software and Services Revenue				<u>\$ 30,731</u>		<u>\$ 81,000</u>
VMware Software and Services Revenue						<u>\$ 39,294</u>

(a) Includes hardware, hardware upgrades and platform softwa

(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	
	March 31, 2004	March 31, 2003
Net income	\$ 139,805	\$ 35,183
Stock option expense	(87,790)	(93,633)
Adjusted net income (loss)	\$ 52,015	\$ (58,450)
Net income per weighted average share, basic - as reported	\$ 0.06	\$ 0.02
Net income per weighted average share, diluted - as reported	\$ 0.06	\$ 0.02
Adjusted net income (loss) per weighted average share, basic	\$ 0.02	\$ (0.03)
Adjusted net income (loss) per weighted average share, diluted	\$ 0.02	\$ (0.03)