

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

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenues:				
Product sales	\$ 1,455,779	\$ 1,125,063	\$ 2,834,375	\$ 2,176,041
Services	515,405	354,237	1,008,438	687,410
	<u>1,971,184</u>	<u>1,479,300</u>	<u>3,842,813</u>	<u>2,863,451</u>
Costs and expenses:				
Cost of product sales	738,899	660,735	1,444,845	1,274,079
Cost of services	234,360	174,483	462,374	347,469
Research and development	205,107	176,788	409,703	357,202
Selling, general and administrative	548,859	393,262	1,083,484	777,813
Restructuring and other special charges	4,460	3,566	32,688	24,089
	<u>239,499</u>	<u>70,466</u>	<u>409,719</u>	<u>82,799</u>
Operating income				
Investment income	36,007	51,186	77,037	104,323
Interest expense	(1,722)	(1,175)	(3,695)	(2,039)
Other expense, net	(2,195)	(274)	(7,972)	(5,984)
	<u>271,589</u>	<u>120,203</u>	<u>475,089</u>	<u>179,099</u>
Income before taxes				
Income tax provision	78,785	38,464	142,480	62,177
	<u>\$ 192,804</u>	<u>\$ 81,739</u>	<u>\$ 332,609</u>	<u>\$ 116,922</u>
Net income				
Net income per weighted average share, basic	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>
Net income per weighted average share, diluted	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>
Weighted average shares, basic	2,403,786	2,187,267	2,409,690	2,187,134
Weighted average shares, diluted	2,445,902	2,210,614	2,452,049	2,205,629
As a % of total revenue:				
Gross margin	50.6%	43.5%	50.4%	43.4%
Selling, general and administrative	27.8%	26.6%	28.2%	27.2%
Research and development	10.4%	12.0%	10.7%	12.5%
Operating income	12.2%	4.8%	10.7%	2.9%
Net income	9.8%	5.5%	8.7%	4.1%

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

	June 30, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,562,577	\$ 1,869,426
Short-term investments	726,488	928,248
Accounts and notes receivable, less allowance for doubtful accounts of \$41,587 and \$39,482	962,155	952,421
Inventories	544,023	514,015
Deferred income taxes	299,578	271,746
Other current assets	135,646	151,448
Total current assets	4,230,467	4,687,304
Long-term investments	4,421,072	4,109,911
Property, plant and equipment, net	1,583,240	1,610,182
Intangible assets, net	537,444	475,295
Other assets, net	481,038	426,472
Goodwill, net	3,212,258	2,711,677
Deferred income taxes	23,913	72,019
Total assets	\$ 14,489,432	\$ 14,092,860
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 4,103	\$ 7,104
Accounts payable	433,805	414,251
Accrued expenses	952,823	1,009,696
Income taxes payable	471,374	436,434
Deferred revenue	848,046	679,044
Total current liabilities	2,710,151	2,546,529
Deferred revenue	529,655	451,296
Long-term convertible debt	129,209	129,966
Other liabilities	88,415	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 2,493,371 and 2,476,821 shares	24,934	24,768
Additional paid-in capital	7,094,609	6,894,823
Deferred compensation	(121,352)	(94,068)
Retained earnings	4,898,766	4,566,157
Accumulated other comprehensive income (loss), net	(46,156)	2,197
Treasury stock, at cost; 88,699 and 62,082 shares	(818,799)	(509,156)
Total stockholders' equity	11,032,002	10,884,721
Total liabilities and stockholders' equity	\$ 14,489,432	\$ 14,092,860

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

	For the Six Months Ended	
	June 30, 2004	June 30, 2003
Cash flows from operating activities:		
Net income	\$ 332,609	\$ 116,922
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	297,111	265,670
Non-cash restructuring and other special charges	17,051	5,732
Amortization of deferred compensation	26,465	4,939
Provision for doubtful accounts	3,106	10,416
Deferred income taxes, net	40,129	41,943
Tax benefit from stock options exercised	24,122	-
Other	(987)	(2,240)
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	1,153	153,492
Inventories	(21,371)	(65,916)
Other assets	3,655	(63,392)
Accounts payable	15,570	(56,049)
Accrued expenses	(64,858)	(72,093)
Income taxes payable	24,097	198,397
Deferred revenue	183,083	173,488
Other liabilities	3,727	(99,889)
Net cash provided by operating activities	884,662	611,420
Cash flows from investing activities:		
Additions to property, plant and equipment	(174,465)	(180,552)
Capitalized software development costs	(86,374)	(57,250)
Purchases of short and long-term available for sale securities	(3,296,873)	(2,529,704)
Sales of short and long-term available for sale securities	3,072,175	2,245,272
Maturities of short and long-term available for sale securities	60,333	111,289
Business acquisition, net of cash acquired	(537,701)	-
Other	(22,506)	(7,626)
Net cash used in investing activities	(985,411)	(418,571)
Cash flows from financing activities:		
Issuance of common stock	106,188	41,760
Purchase of treasury stock	(309,643)	(730)
Payment of long-term and short-term obligations	(3,088)	(24,412)
Proceeds from long-term and short-term obligations	-	4,609
Net cash (used in) provided by financing activities	(206,543)	21,227
Effect of exchange rate changes on cash	443	3,884
Net (decrease) increase in cash and cash equivalents	(306,849)	217,960
Cash and cash equivalents at beginning of period	1,869,426	1,686,598
Cash and cash equivalents at end of period	\$ 1,562,577	\$ 1,904,558

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

Revenue Components

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	YTD 2003	Q1 2004	Q2 2004	YTD 2004
Revenues								
Systems	\$ 752,387	\$ 803,814	\$ 801,075	\$ 957,411	\$ 3,314,687	\$ 894,956	\$ 930,230	\$ 1,825,186
Software	298,591	321,249	344,584	444,443	1,408,867	483,640	525,549	1,009,189
Services	306,025	328,370	341,113	438,235	1,413,743	473,155	498,449	971,604
	1,357,003	1,453,433	1,486,772	1,840,089	6,137,297	1,851,751	1,954,228	3,805,979
Other Businesses	27,148	25,867	24,075	22,421	99,511	19,878	16,956	36,834
Total Consolidated Revenues	\$ 1,384,151	\$ 1,479,300	\$ 1,510,847	\$ 1,862,510	\$ 6,236,808	\$ 1,871,629	\$ 1,971,184	\$ 3,842,813
Percentage impact to EMC revenue growth rate due to changes in exchange rates from the prior year	2.5%	3.1%	2.9%	5.1%	3.7%	5.9%	3.9%	4.8%

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

Supplemental Revenue Data

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	YTD 2003	Q1 2004	Q2 2004	YTD 2004
Symmetrix Hardware and Software Revenue (a)	\$ 574,944	\$ 618,297	\$ 624,847	\$ 732,371	\$ 2,550,459	\$ 671,838	\$ 650,181	\$ 1,322,019
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	269,572	943,387	284,615	326,086	610,701
Connectivity Revenue (b)	130,290	136,578	136,637	161,478	564,983	143,516	164,326	307,842
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	251,452	891,698	251,135	263,168	514,303
Multi-Platform Software Revenue: (d)	98,800	109,788	115,590	192,991	517,169	232,505	262,381	494,886
EMC				\$ 127,693		\$ 125,316	\$ 147,941	\$ 273,257
Legato				40,409		36,849	41,719	78,568
Documentum				24,889		37,188	33,890	71,078
VMware				-		33,152	38,831	71,983
Total Multi-Platform Software Revenue				<u>\$ 192,991</u>		<u>\$ 232,505</u>	<u>\$ 262,381</u>	<u>\$ 494,886</u>
Software Maintenance Revenue				<u>\$ 138,508</u>		<u>\$ 176,102</u>	<u>\$ 189,947</u>	<u>\$ 366,049</u>
Total Software License and Maintenance Revenue				<u>\$ 582,951</u>		<u>\$ 659,742</u>	<u>\$ 715,496</u>	<u>\$ 1,375,238</u>
Legato Software and Services Revenue				<u>\$ 77,299</u>		<u>\$ 83,001</u>	<u>\$ 86,305</u>	<u>\$ 169,306</u>
Documentum Software and Services Revenue				<u>\$ 30,731</u>		<u>\$ 81,000</u>	<u>\$ 77,961</u>	<u>\$ 158,961</u>
VMware Software and Services Revenue						<u>\$ 39,294</u>	<u>\$ 47,198</u>	<u>\$ 86,492</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		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net income	\$ 192,804	\$ 81,739	\$ 332,609	\$ 116,922
Stock option expense	(96,266)	(93,608)	(184,056)	(187,241)
Adjusted net income (loss)	<u>\$ 96,538</u>	<u>\$ (11,869)</u>	<u>\$ 148,553</u>	<u>\$ (70,319)</u>
Net income per weighted average share, basic - as reported	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>
Net income per weighted average share, diluted - as reported	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>
Adjusted net income (loss) per weighted average share, basic	<u>\$ 0.04</u>	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	<u>\$ (0.03)</u>
Adjusted net income (loss) per weighted average share, diluted	<u>\$ 0.04</u>	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	<u>\$ (0.03)</u>