

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

	Three Months Ended		Nine Months Ended	
	September 30, 2004	September 30, 2003	September 30, 2004	September 30, 2003
Revenues:				
Product sales	\$ 1,486,918	\$ 1,145,659	\$ 4,321,293	\$ 3,321,700
Services	541,961	365,188	1,550,399	1,052,598
	<u>2,028,879</u>	<u>1,510,847</u>	<u>5,871,692</u>	<u>4,374,298</u>
Cost and expenses:				
Cost of product sales	746,131	658,581	2,190,976	1,932,660
Cost of services	239,547	177,149	701,921	524,618
Research and development	215,708	172,858	625,411	530,060
Selling, general and administrative	557,450	390,164	1,640,934	1,167,977
Restructuring and other special charges	-	1,696	32,688	25,785
	<u>270,043</u>	<u>110,399</u>	<u>679,762</u>	<u>193,198</u>
Operating income				
Investment income	38,373	45,473	115,410	149,796
Interest expense	(1,880)	(672)	(5,575)	(2,711)
Other income (expense), net	452	(3,842)	(7,520)	(9,826)
	<u>306,988</u>	<u>151,358</u>	<u>782,077</u>	<u>330,457</u>
Income before taxes				
Income tax provision (benefit)	88,953	(7,731)	231,433	54,446
	<u>\$ 218,035</u>	<u>\$ 159,089</u>	<u>\$ 550,644</u>	<u>\$ 276,011</u>
Net income				
Net income per weighted average share, basic	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.13</u>
Net income per weighted average share, diluted	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.12</u>
Weighted average shares, basic	2,396,399	2,186,213	2,405,216	2,186,679
Weighted average shares, diluted	2,433,671	2,213,875	2,451,916	2,208,230
As a % of total revenue:				
Gross margin	51.4%	44.7%	50.7%	43.8%
Selling, general and administrative	27.5%	25.8%	27.9%	26.7%
Research and development	10.6%	11.4%	10.7%	12.1%
Operating income	13.3%	7.3%	11.6%	4.4%
Net income	10.7%	10.5%	9.4%	6.3%

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

	September 30, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,573,670	\$ 1,869,426
Short-term investments	877,044	928,248
Accounts and notes receivable, less allowance for doubtful accounts of \$40,399 and \$39,482	950,216	952,421
Inventories	547,028	514,015
Deferred income taxes	278,417	271,746
Other current assets	133,498	151,448
Total current assets	4,359,873	4,687,304
Long-term investments	4,584,007	4,109,911
Property, plant and equipment, net	1,564,306	1,610,182
Intangible assets, net	517,598	475,295
Other assets, net	506,600	426,472
Goodwill, net	3,261,366	2,711,677
Deferred income taxes	-	72,019
Total assets	\$ 14,793,750	\$ 14,092,860
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 62	\$ 7,104
Accounts payable	448,427	414,251
Accrued expenses	1,012,365	1,009,696
Income taxes payable	433,869	436,434
Deferred revenue	856,631	679,044
Total current liabilities	2,751,354	2,546,529
Deferred revenue	550,396	451,296
Deferred income taxes	71,517	-
Long-term convertible debt	128,832	129,966
Other liabilities	99,688	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 2,396,279 and 2,476,821 shares	23,963	24,768
Additional paid-in capital	6,178,893	6,894,823
Deferred compensation	(101,647)	(94,068)
Retained earnings	5,116,801	4,566,157
Accumulated other comprehensive income (loss)	(26,047)	2,197
Treasury stock, at cost; 0 and 62,082 shares	-	(509,156)
Total stockholders' equity	11,191,963	10,884,721
Total liabilities and stockholders' equity	\$ 14,793,750	\$ 14,092,860

As of July 1, 2004, Massachusetts corporations are required to report treasury stock as unissued shares. As such, 99,105 re-acquired shares with a cost of \$926,710 have been reclassified to common stock and additional paid-in capital.

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

	For the Nine Months Ended	
	September 30, 2004	September 30, 2003
Cash flows from operating activities:		
Net income	\$ 550,644	\$ 276,011
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	450,923	389,910
Non-cash restructuring and other special charges	17,051	5,732
Amortization of deferred compensation	40,312	7,193
Provision for doubtful accounts	4,854	4,444
Deferred income taxes, net	154,017	12,783
Tax benefit from stock options exercised	27,330	3,093
Other	(1,746)	8,280
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	12,991	171,597
Inventories	(15,372)	(64,526)
Other assets	(8,640)	(70,004)
Accounts payable	27,197	(38,253)
Accrued expenses	(5,567)	(66,741)
Income taxes payable	(16,234)	190,129
Deferred revenue	200,818	275,700
Other liabilities	14,631	(95,403)
Net cash provided by operating activities	1,453,209	1,009,945
Cash flows from investing activities:		
Additions to property, plant and equipment	(259,867)	(266,490)
Capitalized software development costs	(126,559)	(84,419)
Purchases of short and long-term available for sale securities	(5,295,866)	(4,591,509)
Sales of short and long-term available for sale securities	4,770,994	3,779,868
Maturities of short and long-term available for sale securities	73,544	186,389
Business acquisitions, net of cash acquired	(544,016)	(11,573)
Other	(58,146)	(28,741)
Net cash used in investing activities	(1,439,916)	(1,016,475)
Cash flows from financing activities:		
Issuance of common stock	115,324	48,771
Repurchase of common stock	(417,554)	(99,447)
Payment of long-term and short-term obligations	(7,136)	(27,831)
Proceeds from long-term and short-term obligations	-	4,609
Net cash used in financing activities	(309,366)	(73,898)
Effect of exchange rate changes on cash	317	599
Net decrease in cash and cash equivalents	(295,756)	(79,829)
Cash and cash equivalents at beginning of period	1,869,426	1,686,598
Cash and cash equivalents at end of period	\$ 1,573,670	\$ 1,606,769

**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	Q3 2004	YTD 2004
Revenues									
Systems	\$ 752,387	\$ 803,814	\$ 801,075	\$ 957,411	\$ 3,314,687	\$ 894,956	\$ 930,230	\$ 948,938	\$ 2,774,124
Software	298,591	321,249	344,584	444,443	1,408,867	483,640	525,549	537,980	1,547,169
Services	306,025	328,370	341,113	438,235	1,413,743	473,155	498,449	527,658	1,499,262
	1,357,003	1,453,433	1,486,772	1,840,089	6,137,297	1,851,751	1,954,228	2,014,576	5,820,555
Other Businesses	27,148	25,867	24,075	22,421	99,511	19,878	16,956	14,303	51,137
Total Consolidated Revenues	\$ 1,384,151	\$ 1,479,300	\$ 1,510,847	\$ 1,862,510	\$ 6,236,808	\$ 1,871,629	\$ 1,971,184	\$ 2,028,879	\$ 5,871,692
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%	3.1%	4.2%

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	Q3 2004	YTD 2004
Symmetrix Hardware and Software Revenue (a)	\$ 574,944	\$ 618,297	\$ 624,847	\$ 732,371	\$ 2,550,459	\$ 671,838	\$ 650,181	\$ 646,292	\$ 1,968,311
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	269,572	943,387	284,615	326,086	354,563	965,264
Connectivity Revenue (b)	130,290	136,578	136,637	161,478	564,983	143,516	164,326	169,105	476,947
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	251,452	891,698	251,135	263,168	275,851	790,154
Multi-Platform Software Revenue: (d)	98,800	109,788	115,590	192,991	517,169	232,505	262,381	262,129	757,015
EMC			\$ 127,693		\$ 125,316	\$ 147,941	\$ 132,117	\$ 405,374	
Legato			40,409		36,849	41,719	41,999	120,567	
Documentum			24,889		37,188	33,890	38,267	109,345	
VMware			-		33,152	38,831	49,746	121,729	
Total Multi-Platform Software Revenue			<u>\$ 192,991</u>		<u>\$ 232,505</u>	<u>\$ 262,381</u>	<u>\$ 262,129</u>	<u>\$ 757,015</u>	
Software Maintenance Revenue			<u>\$ 138,508</u>		<u>\$ 176,102</u>	<u>\$ 189,947</u>	<u>\$ 207,257</u>	<u>\$ 573,306</u>	
EMC Software Group Revenue (e)							<u>\$ 350,883</u>		
Total Software License and Maintenance Revenue			<u>\$ 582,951</u>		<u>\$ 659,742</u>	<u>\$ 715,496</u>	<u>\$ 745,237</u>	<u>\$ 2,120,475</u>	
Legato Software and Services Revenue			<u>\$ 77,299</u>		<u>\$ 83,001</u>	<u>\$ 86,305</u>	<u>\$ 90,889</u>	<u>\$ 260,195</u>	
Documentum Software and Services Revenue			<u>\$ 30,731</u>		<u>\$ 81,000</u>	<u>\$ 77,961</u>	<u>\$ 85,857</u>	<u>\$ 244,818</u>	
VMware Software and Services Revenue					<u>\$ 39,294</u>	<u>\$ 47,198</u>	<u>\$ 60,620</u>	<u>\$ 147,112</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.

(e) Includes multi-platform software license and maintenance revenue, Legato software and services revenue and Documentum software and services revenue.

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2004</u>	<u>September 30,</u> <u>2003</u>	<u>September 30,</u> <u>2004</u>	<u>September 30,</u> <u>2003</u>
Net income	\$ 218,035	\$ 159,089	\$ 550,644	\$ 276,011
Stock option expense	(87,069)	(91,505)	(271,125)	(278,746)
Adjusted net income (loss)	<u>\$ 130,966</u>	<u>\$ 67,584</u>	<u>\$ 279,519</u>	<u>\$ (2,735)</u>
Net income per weighted average share, basic - as reported	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.13</u>
Net income per weighted average share, diluted - as reported	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.12</u>
Adjusted net income per weighted average share, basic	<u>\$ 0.05</u>	<u>\$ 0.03</u>	<u>\$ 0.12</u>	<u>\$ -</u>
Adjusted net income per weighted average share, diluted	<u>\$ 0.05</u>	<u>\$ 0.03</u>	<u>\$ 0.11</u>	<u>\$ -</u>