

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Revenues:				
Product sales	\$ 1,733,828	\$ 1,401,854	\$ 6,055,121	\$ 4,723,554
Services	623,968	460,656	2,174,367	1,513,254
	<u>2,357,796</u>	<u>1,862,510</u>	<u>8,229,488</u>	<u>6,236,808</u>
Cost and expenses:				
Cost of product sales	849,584	731,502	3,040,560	2,664,162
Cost of services	272,400	205,970	974,321	730,588
Research and development	222,488	188,410	847,899	718,470
Selling, general and administrative	625,731	488,187	2,266,665	1,656,164
Restructuring and other special charges	23,362	40,482	56,050	66,267
	<u>364,231</u>	<u>207,959</u>	<u>1,043,993</u>	<u>401,157</u>
Operating income				
Investment income	41,316	38,007	156,726	187,803
Interest expense	(1,941)	(319)	(7,516)	(3,030)
Other expense, net	(653)	(5,081)	(8,173)	(14,907)
	<u>402,953</u>	<u>240,566</u>	<u>1,185,030</u>	<u>571,023</u>
Income before taxes				
Income tax provision	82,408	20,469	313,841	74,915
	<u>320,545</u>	<u>220,097</u>	<u>871,189</u>	<u>496,108</u>
Net income				
Net income per weighted average share, basic	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.36</u>	<u>\$ 0.22</u>
Net income per weighted average share, diluted	<u>\$ 0.13</u>	<u>\$ 0.09</u>	<u>\$ 0.36</u>	<u>\$ 0.22</u>
Weighted average shares, basic	2,393,045	2,285,795	2,402,198	2,211,544
Weighted average shares, diluted	2,446,431	2,325,593	2,450,570	2,237,656
As a % of total revenue:				
Gross margin	52.4%	49.7%	51.2%	45.6%
Selling, general and administrative	26.5%	26.2%	27.5%	26.6%
Research and development	9.4%	10.1%	10.3%	11.5%
Operating income	15.4%	11.2%	12.7%	6.4%
Net income	13.6%	11.8%	10.6%	8.0%

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

	December 31, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,750,478	\$ 1,869,426
Short-term investments	963,051	928,248
Accounts and notes receivable, less allowance for doubtful accounts of \$39,901 and \$39,482	1,162,387	952,421
Inventories	514,065	514,015
Deferred income taxes	289,810	271,746
Other current assets	151,135	151,448
Total current assets	4,830,926	4,687,304
Long-term investments	4,727,237	4,109,911
Property, plant and equipment, net	1,571,810	1,610,182
Intangible assets, net	499,478	475,295
Other assets, net	509,041	426,472
Goodwill, net	3,284,414	2,711,677
Deferred income taxes	-	72,019
Total assets	\$ 15,422,906	\$ 14,092,860
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 183	\$ 7,104
Accounts payable	522,587	414,251
Accrued expenses	1,090,666	1,009,696
Income taxes payable	404,772	436,434
Deferred revenue	930,492	679,044
Total current liabilities	2,948,700	2,546,529
Deferred revenue	570,995	451,296
Deferred income taxes	141,600	-
Long-term convertible debt	128,456	129,966
Other liabilities	109,868	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 2,404,969 and 2,476,821 shares	24,050	24,768
Additional paid-in capital	6,221,099	6,894,823
Deferred compensation	(124,286)	(94,068)
Retained earnings	5,437,346	4,566,157
Accumulated other comprehensive income (loss)	(34,922)	2,197
Treasury stock, at cost; 0 and 62,082 shares	-	(509,156)
Total stockholders' equity	11,523,287	10,884,721
Total liabilities and stockholders' equity	\$ 15,422,906	\$ 14,092,860

As of July 1, 2004, Massachusetts corporations are required to report treasury stock as unissued shares. As such, 108,639 re-acquired shares with a cost of \$1,054,874 have been reclassified to common stock and additional paid-in capital.

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

	<u>For the Twelve Months Ended</u>	
	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Cash flows from operating activities:		
Net income	\$ 871,189	\$ 496,108
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	616,357	520,698
Non-cash restructuring and other special charges	19,291	45,969
Amortization of deferred compensation	59,715	13,725
Provision for doubtful accounts	10,067	1,761
Deferred income taxes, net	241,591	(19,068)
Tax benefit from stock options exercised	46,302	10,515
Other	(2,143)	9,256
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	(208,595)	42,398
Inventories	21,084	(46,342)
Other assets	(20,554)	(25,760)
Accounts payable	108,827	(32,170)
Accrued expenses	75,346	(44,786)
Income taxes payable	(58,612)	230,156
Deferred revenue	298,407	412,818
Other liabilities	24,023	(94,048)
Net cash provided by operating activities	<u>2,102,295</u>	<u>1,521,230</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(371,449)	(368,545)
Capitalized software development costs	(166,347)	(113,427)
Purchases of short and long-term available for sale securities	(6,783,584)	(6,430,482)
Sales of short and long-term available for sale securities	5,999,053	5,032,720
Maturities of short and long-term available for sale securities	83,660	304,408
Business acquisitions, net of cash acquired (used)	(590,410)	323,930
Other	(78,398)	(61,801)
Net cash used in investing activities	<u>(1,907,475)</u>	<u>(1,313,197)</u>
Cash flows from financing activities:		
Issuance of common stock	229,951	112,592
Repurchase of common stock	(545,718)	(126,975)
Payment of long-term and short-term obligations	(8,196)	(30,406)
Proceeds from long-term and short-term obligations	140	4,736
Net cash used in financing activities	<u>(323,823)</u>	<u>(40,053)</u>
Effect of exchange rate changes on cash	10,055	14,848
Net (decrease) increase in cash and cash equivalents	(118,948)	182,828
Cash and cash equivalents at beginning of period	1,869,426	1,686,598
Cash and cash equivalents at end of period	<u>\$ 1,750,478</u>	<u>\$ 1,869,426</u>

**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	Q4 2004	YTD 2004
Revenues										
Systems	\$ 752,387	\$ 803,814	\$ 801,075	\$ 957,411	\$ 3,314,687	\$ 894,956	\$ 930,230	\$ 948,938	\$ 1,096,882	\$ 3,871,006
Software	298,591	321,249	344,584	444,443	1,408,867	483,640	525,549	537,980	636,946	2,184,115
Services	306,025	328,370	341,113	438,235	1,413,743	473,155	498,449	527,658	611,479	2,110,741
	1,357,003	1,453,433	1,486,772	1,840,089	6,137,297	1,851,751	1,954,228	2,014,576	2,345,307	8,165,862
Other Businesses	27,148	25,867	24,075	22,421	99,511	19,878	16,956	14,303	12,489	63,626
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	\$ 2,357,796	\$ 8,229,488
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%	2.5%	3.7%

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	Q4 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	\$ 755,342	\$ 2,723,653
CLARiiON Hardware and Software Revenue (a)	217,896	228,324	227,595	269,572	943,387	284,615	326,086	354,563	392,841	1,358,105
Connectivity Revenue (b)	130,290	136,578	136,637	161,478	564,983	143,516	164,326	169,105	191,917	668,864
EMC-only Platform Software Revenue (c)	199,791	211,461	228,994	251,452	891,698	251,135	263,168	275,851	318,719	1,108,873
Multi-Platform Software Revenue: (d)	98,800	109,788	115,590	192,991	517,169	232,505	262,381	262,129	318,227	1,075,242
EMC			\$ 127,693		\$ 125,316	\$ 147,941	\$ 132,117	\$ 159,826	\$ 565,200	
Legato			40,409		36,849	41,719	41,999	50,291	170,858	
Documentum			24,889		37,188	33,890	38,267	48,562	157,907	
VMware			-		33,152	38,831	49,746	56,580	178,309	
Other			-		-	-	-	2,968	2,968	
Total Multi-Platform Software Revenue			<u>\$ 192,991</u>		<u>\$ 232,505</u>	<u>\$ 262,381</u>	<u>\$ 262,129</u>	<u>\$ 318,227</u>	<u>\$ 1,075,242</u>	
Software Maintenance Revenue			<u>\$ 138,508</u>		<u>\$ 176,102</u>	<u>\$ 189,947</u>	<u>\$ 207,257</u>	<u>\$ 225,409</u>	<u>\$ 798,715</u>	
EMC Software Group Revenue (e)							<u>\$ 350,883</u>	<u>\$ 410,171</u>		
Total Software License and Maintenance Revenue			<u>\$ 582,951</u>		<u>\$ 659,742</u>	<u>\$ 715,496</u>	<u>\$ 745,237</u>	<u>\$ 862,355</u>	<u>\$ 2,982,830</u>	
Legato Software and Services Revenue			<u>\$ 77,299</u>		<u>\$ 83,001</u>	<u>\$ 86,305</u>	<u>\$ 90,889</u>	<u>\$ 103,160</u>	<u>\$ 363,355</u>	
Documentum Software and Services Revenue			<u>\$ 30,731</u>		<u>\$ 81,000</u>	<u>\$ 77,961</u>	<u>\$ 85,857</u>	<u>\$ 100,394</u>	<u>\$ 345,212</u>	
VMware Software and Services Revenue					<u>\$ 39,294</u>	<u>\$ 47,198</u>	<u>\$ 60,620</u>	<u>\$ 71,065</u>	<u>\$ 218,177</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, Documentum software and services revenue and Dantz software and services revenue.

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, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Net income	\$ 320,545	\$ 220,097	\$ 871,189	\$ 496,108
Stock option expense	(92,195)	(94,273)	(363,320)	(373,019)
Adjusted net income	\$ 228,350	\$ 125,824	\$ 507,869	\$ 123,089
Net income per weighted average share, basic - as reported	\$ 0.13	\$ 0.10	\$ 0.36	\$ 0.22
Net income per weighted average share, diluted - as reported	\$ 0.13	\$ 0.09	\$ 0.36	\$ 0.22
Adjusted net income per weighted average share, basic	\$ 0.10	\$ 0.06	\$ 0.21	\$ 0.06
Adjusted net income per weighted average share, diluted	\$ 0.09	\$ 0.05	\$ 0.21	\$ 0.06