

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

	Three Months Ended	
	March 31, 2005	March 31, 2004
Revenues:		
Product sales	\$ 1,620,503	\$ 1,378,596
Services	622,628	493,033
	2,243,131	1,871,629
Cost and expenses:		
Cost of product sales	798,539	705,946
Cost of services	270,371	228,014
Research and development	234,297	204,596
Selling, general and administrative	615,746	534,625
Restructuring and other special charges	968	28,228
	323,210	170,220
Operating income	323,210	170,220
Investment income	42,995	41,030
Interest expense	(2,033)	(1,973)
Other expense	(2,304)	(5,777)
	361,868	203,500
Income before taxes	361,868	203,500
Income tax provision	92,034	63,695
	269,834	139,805
Net income	\$ 269,834	\$ 139,805
Net income per weighted average share, basic	\$ 0.11	\$ 0.06
Net income per weighted average share, diluted	\$ 0.11	\$ 0.06
Weighted average shares, basic	2,395,509	2,415,550
Weighted average shares, diluted	2,443,455	2,467,209
As a % of total revenue:		
Gross margin	52.3%	50.1%
Selling, general and administrative	27.5%	28.6%
Research and development	10.4%	10.9%
Operating income	14.4%	9.1%
Net income	12.0%	7.5%

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

	March 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,684,959	\$ 1,476,803
Short-term investments	1,377,973	1,236,726
Accounts and notes receivable, less allowance for doubtful accounts of \$38,587 and \$39,901	1,085,260	1,162,387
Inventories	594,260	514,065
Deferred income taxes	307,280	289,810
Other current assets	161,207	151,135
Total current assets	5,210,939	4,830,926
Long-term investments	4,433,790	4,727,237
Property, plant and equipment, net	1,583,976	1,571,810
Intangible assets, net	516,749	499,478
Other assets, net	533,328	509,041
Goodwill, net	3,526,083	3,284,414
Total assets	\$ 15,804,865	\$ 15,422,906
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 351	\$ 183
Accounts payable	525,344	522,587
Accrued expenses	1,123,440	1,090,666
Income taxes payable	409,521	404,772
Deferred revenue	1,001,309	930,492
Total current liabilities	3,059,965	2,948,700
Deferred revenue	584,917	570,995
Deferred income taxes	198,696	141,600
Long-term convertible debt	128,081	128,456
Other liabilities	109,520	109,868
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 and outstanding 2,402,770 and 2,404,969 shares	24,028	24,050
Additional paid-in capital	6,193,424	6,221,099
Deferred compensation	(131,100)	(124,286)
Retained earnings	5,707,180	5,437,346
Accumulated other comprehensive loss, net	(69,846)	(34,922)
Total stockholders' equity	11,723,686	11,523,287
Total liabilities and stockholders' equity	\$ 15,804,865	\$ 15,422,906

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

	For the Three Months Ended	
	March 31, 2005	March 31, 2004
Cash flows from operating activities:		
Cash received from customers	\$ 2,411,574	\$ 2,005,241
Cash paid to suppliers and employees	(1,839,614)	(1,580,610)
Dividends and interest received	53,343	38,849
Interest paid	(3,179)	(1,188)
Income taxes paid	(21,694)	(39,727)
Net cash provided by operating activities	600,430	422,565
Cash flows from investing activities:		
Additions to property, plant and equipment	(98,290)	(86,182)
Capitalized software development costs	(42,127)	(41,893)
Purchases of short and long-term available for sale securities	(1,946,021)	(2,270,847)
Sales and maturities of short and long-term available for sale securities	2,050,682	1,900,525
Business acquisitions, net of cash acquired	(252,904)	(529,664)
Other	(1,000)	(4,337)
Net cash used in investing activities	(289,660)	(1,032,398)
Cash flows from financing activities:		
Issuance of common stock	34,459	44,906
Purchase of treasury stock	(127,097)	(44,557)
Payment of long-term and short-term obligations	(44)	(2,951)
Issuance of long-term and short-term obligations	163	-
Net cash used in financing activities	(92,519)	(2,602)
Effect of exchange rate changes on cash	(10,095)	(50)
Net increase (decrease) in cash and cash equivalents	208,156	(612,485)
Cash and cash equivalents at beginning of period	1,476,803	1,752,976
Cash and cash equivalents at end of period	\$ 1,684,959	\$ 1,140,491
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 269,834	\$ 139,805
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	152,595	144,039
Non-cash restructuring and other special charges	3,100	16,129
Amortization of deferred compensation	13,875	13,755
Provision for doubtful accounts	709	1,243
Deferred income taxes, net	43,494	5,223
Tax benefit from stock options exercised	14,111	22,194
Other	10,479	-
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	100,600	(26,088)
Inventories	(82,188)	(24,419)
Other assets	(21,973)	7,110
Accounts payable	(4,092)	21,380
Accrued expenses	23,868	(52,477)
Income taxes payable	12,788	(3,734)
Deferred revenue	67,134	158,457
Other liabilities	(3,904)	(52)
Net cash provided by operating activities	\$ 600,430	\$ 422,565
Non-cash activity:		
- Issuance of stock options exchanged in business combinations	\$ 37,360	\$ 72,026

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

Revenue Components

	<u>Q1 2004</u>	<u>Q2 2004</u>	<u>Q3 2004</u>	<u>Q4 2004</u>	<u>YTD 2004</u>	<u>Q1 2005</u>
Revenues						
Systems	\$ 894,956	\$ 930,230	\$ 948,938	\$ 1,096,882	\$ 3,871,006	\$ 1,025,971
Software:						
Software License	483,640	525,549	537,980	636,946	2,184,115	594,532
Software Maintenance	176,102	189,947	207,257	225,409	798,715	237,894
Total Software License & Maintenance	<u>659,742</u>	<u>715,496</u>	<u>745,237</u>	<u>862,355</u>	<u>2,982,830</u>	<u>832,426</u>
Professional, Systems Maintenance and Other Services	297,053	308,502	320,401	386,070	1,312,026	374,609
	1,851,751	1,954,228	2,014,576	2,345,307	8,165,862	2,233,006
Other Businesses	19,878	16,956	14,303	12,489	63,626	10,125
Total Consolidated Revenues	<u>\$ 1,871,629</u>	<u>\$ 1,971,184</u>	<u>\$ 2,028,879</u>	<u>\$ 2,357,796</u>	<u>\$ 8,229,488</u>	<u>\$ 2,243,131</u>
Percentage impact to EMC revenue growth rate due to changes in exchange rates from the prior year	5.9%	3.9%	3.1%	2.5%	3.7%	1.7%

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

Supplemental Revenue Data

	<u>Q1 2004</u>		<u>Q2 2004</u>		<u>Q3 2004</u>		<u>Q4 2004</u>		<u>YTD 2004</u>		<u>Q1 2005</u>
Symmetrix Hardware and Software Revenue (a)	\$ 671,838	\$	650,181	\$	646,292	\$	755,342	\$	2,723,653	\$	652,328
CLARiiON Hardware and Software Revenue (a)	284,615		326,086		354,563		392,841		1,358,105		418,641
Connectivity Revenue (b)	143,516		164,326		169,105		191,917		668,864		176,053
Platform Software License Revenue	\$ 251,135	\$	263,168	\$	275,851	\$	318,719	\$	1,108,873	\$	284,485
Platform Software Maintenance Revenue	66,525		73,210		83,617		93,260		316,612		100,064
Total Platform Software License and Maintenance Revenue	<u>\$ 317,660</u>	<u>\$</u>	<u>336,378</u>	<u>\$</u>	<u>359,468</u>	<u>\$</u>	<u>411,979</u>	<u>\$</u>	<u>1,425,485</u>	<u>\$</u>	<u>384,549</u>
EMC Software Group Software License Revenue:											
Storage and Management Software License Revenue	\$ 121,340	\$	145,917	\$	133,784	\$	157,121	\$	558,162	\$	146,708
Backup and Archive Software License Revenue	37,962		38,977		36,404		53,011		166,354		51,742
Content Management Software License Revenue	40,051		38,656		42,195		51,515		172,417		49,302
Total EMC Software Group Software License Revenue	<u>\$ 199,353</u>	<u>\$</u>	<u>223,550</u>	<u>\$</u>	<u>212,383</u>	<u>\$</u>	<u>261,647</u>	<u>\$</u>	<u>896,933</u>	<u>\$</u>	<u>247,752</u>
EMC Software Group Software Maintenance Revenue	<u>\$ 103,931</u>	<u>\$</u>	<u>109,455</u>	<u>\$</u>	<u>116,110</u>	<u>\$</u>	<u>122,396</u>	<u>\$</u>	<u>451,892</u>	<u>\$</u>	<u>125,371</u>
EMC Software Group Revenue (c)	<u>\$ 323,588</u>	<u>\$</u>	<u>352,734</u>	<u>\$</u>	<u>350,883</u>	<u>\$</u>	<u>410,171</u>	<u>\$</u>	<u>1,437,376</u>	<u>\$</u>	<u>401,325</u>
VMware Software License Revenue	\$ 33,152	\$	38,831	\$	49,746	\$	56,580	\$	178,309	\$	62,295
VMware Maintenance and Services Revenue	6,142		8,367		10,874		14,485		39,868		17,795
Total VMware Revenue	<u>\$ 39,294</u>	<u>\$</u>	<u>47,198</u>	<u>\$</u>	<u>60,620</u>	<u>\$</u>	<u>71,065</u>	<u>\$</u>	<u>218,177</u>	<u>\$</u>	<u>80,090</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 license, maintenance and services revenues for all categories except for traditional multi-platform software which only includes license and maintenance revenues.

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

	Three Months Ended	
	March 31, 2005	March 31, 2004
Net income	\$ 269,834	\$ 139,805
Stock option expense, net of taxes	(84,827)	(87,790)
Adjusted net income	\$ 185,007	\$ 52,015
Net income per weighted average share, basic - as reported	\$ 0.11	\$ 0.06
Net income per weighted average share, diluted - as reported	\$ 0.11	\$ 0.06
Adjusted net income per weighted average share, basic	\$ 0.08	\$ 0.02
Adjusted net income per weighted average share, diluted	\$ 0.08	\$ 0.02

Included in the above are stock options with exercise prices of \$36.66 and greater. For the quarter ended March 31, 2005, these options accounted for \$52.6 million of stock option expense or \$ 0.02 per weighted average share - basic and \$0.02 per weighted average share - diluted earnings per share.