

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

	Three Months Ended		Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenues:				
Product sales	\$ 1,688,330	\$ 1,455,779	\$ 3,308,833	\$ 2,834,375
Services	656,485	515,405	1,279,113	1,008,438
	<u>2,344,815</u>	<u>1,971,184</u>	<u>4,587,946</u>	<u>3,842,813</u>
Cost and expenses:				
Cost of product sales	813,080	738,899	1,611,619	1,444,845
Cost of services	275,093	234,360	545,464	462,374
Research and development	253,342	205,107	487,639	409,703
Selling, general and administrative	642,654	548,859	1,258,400	1,083,484
Restructuring and other special charges	-	4,460	968	32,688
	<u>360,646</u>	<u>239,499</u>	<u>683,856</u>	<u>409,719</u>
Operating income	360,646	239,499	683,856	409,719
Investment income	43,494	36,007	86,489	77,037
Interest expense	(1,983)	(1,722)	(4,016)	(3,695)
Other expense, net	(1,069)	(2,195)	(3,373)	(7,972)
	<u>401,088</u>	<u>271,589</u>	<u>762,956</u>	<u>475,089</u>
Income before taxes	401,088	271,589	762,956	475,089
Income tax provision	107,724	78,785	199,758	142,480
	<u>293,364</u>	<u>192,804</u>	<u>563,198</u>	<u>332,609</u>
Net income	\$ 293,364	\$ 192,804	\$ 563,198	\$ 332,609
Net income per weighted average share, basic	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.24</u>	<u>\$ 0.14</u>
Net income per weighted average share, diluted	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>
Weighted average shares, basic	2,391,826	2,403,786	2,393,658	2,409,690
Weighted average shares, diluted	2,442,359	2,445,902	2,442,897	2,452,049
As a % of total revenue:				
Gross margin	53.6%	50.6%	53.0%	50.4%
Selling, general and administrative	27.4%	27.8%	27.4%	28.2%
Research and development	10.8%	10.4%	10.6%	10.7%
Operating income	15.4%	12.2%	14.9%	10.7%
Net income	12.5%	9.8%	12.3%	8.7%

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

	June 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,852,443	\$ 1,476,803
Short-term investments	1,720,592	1,236,726
Accounts and notes receivable, less allowance for doubtful accounts of \$37,935 and \$39,901	1,163,935	1,162,387
Inventories	696,738	514,065
Deferred income taxes	302,153	289,810
Other current assets	172,883	151,135
Total current assets	5,908,744	4,830,926
Long-term investments	4,101,231	4,727,237
Property, plant and equipment, net	1,619,452	1,571,810
Intangible assets, net	491,196	499,478
Other assets, net	520,416	509,041
Goodwill, net	3,532,663	3,284,414
Total assets	\$ 16,173,702	\$ 15,422,906
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 249	\$ 183
Accounts payable	479,751	522,587
Accrued expenses	1,139,825	1,090,666
Income taxes payable	494,990	404,772
Deferred revenue	1,021,235	930,492
Total current liabilities	3,136,050	2,948,700
Deferred revenue	604,614	570,995
Deferred income taxes	172,873	141,600
Long-term convertible debt	127,707	128,456
Other liabilities	104,454	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 2,410,635 and 2,404,969 shares	24,106	24,050
Additional paid-in capital	6,260,420	6,221,099
Deferred compensation	(205,876)	(124,286)
Retained earnings	6,000,544	5,437,346
Accumulated other comprehensive loss, net	(51,190)	(34,922)
Total stockholders' equity	12,028,004	11,523,287
Total liabilities and stockholders' equity	\$ 16,173,702	\$ 15,422,906

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

	For the Six Months Ended	
	June 30, 2005	June 30, 2004
Cash flows from operating activities:		
Cash received from customers	\$ 4,722,463	\$ 4,030,155
Cash paid to suppliers and employees	(3,761,901)	(3,147,095)
Dividends and interest received	111,090	78,325
Interest paid	(5,107)	(2,857)
Income taxes paid	(37,721)	(73,866)
Net cash provided by operating activities	1,028,824	884,662
Cash flows from investing activities:		
Additions to property, plant and equipment	(253,652)	(174,465)
Capitalized software development costs	(82,536)	(86,374)
Purchases of short and long-term available for sale securities	(4,822,195)	(4,112,923)
Sales and maturities of short and long-term available for sale securities	4,937,156	3,849,958
Business acquisitions, net of cash acquired	(262,125)	(537,701)
Other	(2,100)	(22,506)
Net cash used in investing activities	(485,452)	(1,084,011)
Cash flows from financing activities:		
Issuance of common stock	136,845	106,188
Purchase of treasury stock	(270,906)	(309,643)
Payment of long-term and short-term obligations	(88)	(3,088)
Issuance of long-term and short-term obligations	192	-
Net cash used in financing activities	(133,957)	(206,543)
Effect of exchange rate changes on cash	(33,775)	443
Net increase (decrease) in cash and cash equivalents	375,640	(405,449)
Cash and cash equivalents at beginning of period	1,476,803	1,752,976
Cash and cash equivalents at end of period	\$ 1,852,443	\$ 1,347,527
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 563,198	\$ 332,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	316,516	297,111
Non-cash restructuring and other special charges	3,100	17,051
Amortization of deferred compensation	34,393	26,465
Provision for doubtful accounts	3,748	3,106
Deferred income taxes, net	24,312	40,129
Tax benefit from stock options exercised	30,659	24,122
Other	24,618	(987)
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	22,750	1,153
Inventories	(167,209)	(21,371)
Other assets	(10,630)	3,655
Accounts payable	(62,700)	15,570
Accrued expenses	37,416	(64,858)
Income taxes payable	107,756	24,097
Deferred revenue	108,019	183,083
Other liabilities	(7,122)	3,727
Net cash provided by operating activities	\$ 1,028,824	\$ 884,662
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>	<u>Q2 2005</u>	<u>YTD 2005</u>
Revenues								
Systems	\$ 894,956	\$ 930,230	\$ 948,938	\$ 1,096,882	\$ 3,871,006	\$ 1,025,971	\$ 1,068,725	\$ 2,094,696
Software:								
Software License	483,640	525,549	537,980	636,946	2,184,115	594,532	619,605	1,214,137
Software Maintenance	176,102	189,947	207,257	225,409	798,715	237,894	258,622	496,516
Total Software License & Maintenance	659,742	715,496	745,237	862,355	2,982,830	832,426	878,227	1,710,653
Professional, Systems Maintenance and Other Services	297,053	308,502	320,401	386,070	1,312,026	374,609	389,359	763,968
	1,851,751	1,954,228	2,014,576	2,345,307	8,165,862	2,233,006	2,336,311	4,569,317
Other Businesses	19,878	16,956	14,303	12,489	63,626	10,125	8,504	18,629
Total Consolidated Revenues	\$ 1,871,629	\$ 1,971,184	\$ 2,028,879	\$ 2,357,796	\$ 8,229,488	\$ 2,243,131	\$ 2,344,815	\$ 4,587,946
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%	1.7%	1.7%

EMC Corporation
Supplemental Financial Data
Revenue Analysis
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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>	<u>Q2 2005</u>	<u>YTD 2005</u>
Symmetrix Hardware and Software Revenue (a)	\$ 671,838	\$ 650,181	\$ 646,292	\$ 755,342	\$ 2,723,653	\$ 652,328	\$ 677,655	\$ 1,329,983
CLARiiON Hardware and Software Revenue (a)	284,615	326,086	354,563	392,841	1,358,105	418,641	430,960	849,601
Connectivity Revenue (b)	143,516	164,326	169,105	191,917	668,864	176,053	188,189	364,242
Platform Software License Revenue	\$ 251,135	\$ 263,168	\$ 275,851	\$ 318,719	\$ 1,108,873	\$ 284,485	\$ 312,827	\$ 597,312
Platform Software Maintenance Revenue	66,525	73,210	83,617	93,260	316,612	100,064	104,601	204,665
Total Platform Software License and Maintenance Revenue	<u>\$ 317,660</u>	<u>\$ 336,378</u>	<u>\$ 359,468</u>	<u>\$ 411,979</u>	<u>\$ 1,425,485</u>	<u>\$ 384,549</u>	<u>\$ 417,428</u>	<u>\$ 801,977</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	\$ 151,833	\$ 298,541
Backup and Archive Software License Revenue	37,962	38,977	36,404	53,011	166,354	51,742	49,877	101,619
Content Management Software License Revenue	40,051	38,656	42,195	51,515	172,417	49,302	39,160	88,462
Total EMC Software Group Software License Revenue	<u>\$ 199,353</u>	<u>\$ 223,550</u>	<u>\$ 212,383</u>	<u>\$ 261,647</u>	<u>\$ 896,933</u>	<u>\$ 247,752</u>	<u>\$ 240,870</u>	<u>\$ 488,622</u>
EMC Software Group Software Maintenance Revenue	<u>\$ 103,931</u>	<u>\$ 109,455</u>	<u>\$ 116,110</u>	<u>\$ 122,396</u>	<u>\$ 451,892</u>	<u>\$ 125,371</u>	<u>\$ 134,476</u>	<u>\$ 259,847</u>
EMC Software Group Revenue (c)	<u>\$ 323,588</u>	<u>\$ 352,734</u>	<u>\$ 350,883</u>	<u>\$ 410,171</u>	<u>\$ 1,437,376</u>	<u>\$ 401,325</u>	<u>\$ 408,266</u>	<u>\$ 809,591</u>
VMware Software License Revenue	\$ 33,152	\$ 38,831	\$ 49,746	\$ 56,580	\$ 178,309	\$ 62,295	\$ 65,908	\$ 128,203
VMware Maintenance and Services Revenue	6,142	8,367	10,874	14,485	39,868	17,795	25,019	42,814
Total VMware Revenue	<u>\$ 39,294</u>	<u>\$ 47,198</u>	<u>\$ 60,620</u>	<u>\$ 71,065</u>	<u>\$ 218,177</u>	<u>\$ 80,090</u>	<u>\$ 90,927</u>	<u>\$ 171,017</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		Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Net income	\$ 293,364	\$ 192,804	\$ 563,198	\$ 332,609
Stock option expense, net of taxes	(84,787)	(96,266)	(169,614)	(184,056)
Adjusted net income	<u>\$ 208,577</u>	<u>\$ 96,538</u>	<u>\$ 393,584</u>	<u>\$ 148,553</u>
Net income per weighted average share, basic - as reported	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.24</u>	<u>\$ 0.14</u>
Net income per weighted average share, diluted - as reported	<u>\$ 0.12</u>	<u>\$ 0.08</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>
Adjusted net income per weighted average share, basic	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ 0.16</u>	<u>\$ 0.06</u>
Adjusted net income per weighted average share, diluted	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ 0.16</u>	<u>\$ 0.06</u>