

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

	Three Months Ended		Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Revenues:				
Product sales	\$ 1,687,277	\$ 1,486,918	\$ 4,996,110	\$ 4,321,293
Services	678,465	541,961	1,957,578	1,550,399
	<u>2,365,742</u>	<u>2,028,879</u>	<u>6,953,688</u>	<u>5,871,692</u>
Cost and expenses:				
Cost of product sales	813,760	746,131	2,425,379	2,190,976
Cost of services	274,365	239,547	819,829	701,921
Research and development	254,720	215,708	742,359	625,411
Selling, general and administrative	641,219	557,450	1,899,619	1,640,934
Restructuring and other special charges	5,849	-	6,817	32,688
	<u>375,829</u>	<u>270,043</u>	<u>1,059,685</u>	<u>679,762</u>
Operating income				
Investment income	47,986	38,373	134,475	115,410
Interest expense	(1,907)	(1,880)	(5,923)	(5,575)
Other income (expense), net	2,439	452	(934)	(7,520)
	<u>424,347</u>	<u>306,988</u>	<u>1,187,303</u>	<u>782,077</u>
Income before taxes				
Income tax provision	2,675	88,953	202,433	231,433
	<u>421,672</u>	<u>218,035</u>	<u>984,870</u>	<u>550,644</u>
Net income				
Net income per weighted average share, basic	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.41</u>	<u>\$ 0.23</u>
Net income per weighted average share, diluted	<u>\$ 0.17</u>	<u>\$ 0.09</u>	<u>\$ 0.40</u>	<u>\$ 0.23</u>
Weighted average shares, basic	2,383,770	2,396,399	2,390,314	2,405,216
Weighted average shares, diluted	2,433,079	2,433,671	2,439,576	2,451,916
As a % of total revenue:				
Gross margin	54.0%	51.4%	53.3%	50.7%
Selling, general and administrative	27.1%	27.5%	27.3%	27.9%
Research and development	10.8%	10.6%	10.7%	10.7%
Operating income	15.9%	13.3%	15.2%	11.6%
Net income	17.8%	10.7%	14.2%	9.4%

EMC CORPORATION
Reconciliation of GAAP to Adjusted Net Income
Three Months Ended September 30, 2005
(in thousands, except per share amounts)
Unaudited

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted (1)</u>
Revenues:			
Product sales	\$ 1,687,277		\$ 1,687,277
Services	678,465		678,465
	<u>2,365,742</u>		<u>2,365,742</u>
Cost and expenses:			
Cost of product sales	813,760		813,760
Cost of services	274,365		274,365
Research and development	254,720		254,720
Selling, general and administrative	641,219		641,219
Restructuring and other special charges	5,849		5,849
	<u>375,829</u>		<u>375,829</u>
Operating income	375,829		375,829
Investment income	47,986		47,986
Interest expense	(1,907)		(1,907)
Other income, net	2,439		2,439
	<u>424,347</u>		<u>424,347</u>
Income before taxes	424,347		424,347
Income tax provision	2,675	\$ 105,682 (2)	108,357
	<u>424,347</u>		<u>424,347</u>
Net income	<u>\$ 421,672</u>	<u>\$ (105,682)</u>	<u>\$ 315,990</u>
Net income per weighted average share, basic	<u>\$ 0.18</u>		<u>\$ 0.13</u>
Net income per weighted average share, diluted	<u>\$ 0.17</u>		<u>\$ 0.13</u>
Weighted average shares, basic	2,383,770		2,383,770
Weighted average shares, diluted	2,433,079		2,433,079
As a % of total revenue:			
Gross margin	54.0%		54.0%
Selling, general and administrative	27.1%		27.1%
Research and development	10.8%		10.8%
Operating income	15.9%		15.9%
Net income	17.8%		13.4%

(1) The adjusted column excludes certain tax benefits. The information presented is not prepared in accordance with generally accepted accounting principles ("GAAP"). Management uses these non-GAAP financial measures to gain an understanding of its comparative operating performance. Management believes that these measures provide useful information because they exclude activities that are not necessarily relevant to understand our business.

(2) Represents tax benefits resulting from the favorable resolution of certain income tax audits and expiration of statutes of limitations.

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

	September 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,468,261	\$ 1,476,803
Short-term investments	2,996,492	1,236,726
Accounts and notes receivable, less allowance for doubtful accounts of \$37,011 and \$39,901	1,166,175	1,162,387
Inventories	756,245	514,065
Deferred income taxes	295,986	289,810
Other current assets	174,701	151,135
Total current assets	6,857,860	4,830,926
Long-term investments	3,155,644	4,727,237
Property, plant and equipment, net	1,679,572	1,571,810
Intangible assets, net	484,993	499,478
Other assets, net	560,327	509,041
Goodwill, net	3,607,111	3,284,414
Total assets	\$ 16,345,507	\$ 15,422,906
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 198	\$ 183
Accounts payable	517,523	522,587
Accrued expenses	1,113,316	1,090,666
Income taxes payable	438,394	404,772
Deferred revenue	1,020,966	930,492
Total current liabilities	3,090,397	2,948,700
Deferred revenue	683,162	570,995
Deferred income taxes	192,129	141,600
Long-term convertible debt	127,335	128,456
Other liabilities	104,429	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 2,390,692 and 2,404,969 shares	23,907	24,050
Additional paid-in capital	5,976,723	6,221,099
Deferred compensation	(209,242)	(124,286)
Retained earnings	6,422,216	5,437,346
Accumulated other comprehensive loss, net	(65,549)	(34,922)
Total stockholders' equity	12,148,055	11,523,287
Total liabilities and stockholders' equity	\$ 16,345,507	\$ 15,422,906

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

	Nine Months Ended	
	September 30, 2005	September 30, 2004
Cash flows from operating activities:		
Cash received from customers	\$ 7,149,428	\$ 6,090,355
Cash paid to suppliers and employees	(5,646,136)	(4,680,467)
Dividends and interest received	184,133	113,692
Interest paid	(7,014)	(4,730)
Income taxes paid	(61,162)	(65,641)
Net cash provided by operating activities	1,619,249	1,453,209
Cash flows from investing activities:		
Additions to property, plant and equipment	(418,962)	(259,867)
Capitalized software development costs	(121,208)	(126,559)
Purchases of short and long-term available for sale securities	(8,277,684)	(6,431,165)
Sales and maturities of short and long-term available for sale securities	8,037,653	5,909,212
Business acquisitions, net of cash acquired	(349,957)	(544,016)
Other	(8,155)	(58,146)
Net cash used in investing activities	(1,138,313)	(1,510,541)
Cash flows from financing activities:		
Issuance of common stock	152,724	115,324
Purchase of treasury stock	(603,419)	(417,554)
Payment of long-term and short-term obligations	(3,011)	(7,144)
Issuance of long-term and short-term obligations	201	8
Net cash used in financing activities	(453,505)	(309,366)
Effect of exchange rate changes on cash	(35,973)	317
Net decrease in cash and cash equivalents	(8,542)	(366,381)
Cash and cash equivalents at beginning of period	1,476,803	1,752,976
Cash and cash equivalents at end of period	\$ 1,468,261	\$ 1,386,595
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 984,870	\$ 550,644
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	474,889	450,923
Non-cash restructuring and other special charges	3,100	17,051
Amortization of deferred compensation	56,704	40,312
Provision for doubtful accounts	6,026	4,854
Deferred income taxes, net	55,430	154,017
Tax benefit from stock options exercised	36,263	27,330
Other	40,872	(1,746)
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	10,871	12,991
Inventories	(220,333)	(15,372)
Other assets	(46,414)	(8,640)
Accounts payable	(16,054)	27,197
Accrued expenses	11,507	(5,567)
Income taxes payable	50,194	(16,234)
Deferred revenue	178,843	200,818
Other liabilities	(7,519)	14,631
Net cash provided by operating activities	\$ 1,619,249	\$ 1,453,209
Non-cash activity:		
- Issuance of stock options exchanged in business combinations	\$ 41,381	\$ 72,026

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

Revenue Components

	Q1 2004	Q2 2004	Q3 2004	Q4 2004	YTD 2004	Q1 2005	Q2 2005	Q3 2005	YTD 2005
Revenues									
Systems	\$ 894,956	\$ 930,230	\$ 948,938	\$ 1,096,882	\$ 3,871,006	\$ 1,025,971	\$ 1,068,725	\$ 1,091,881	\$ 3,186,577
Software:									
Software License	483,640	525,549	537,980	636,946	2,184,115	594,532	619,605	595,396	1,809,533
Software Maintenance	176,102	189,947	207,257	225,409	798,715	237,894	258,622	269,145	765,661
Total Software License & Maintenance	659,742	715,496	745,237	862,355	2,982,830	832,426	878,227	864,541	2,575,194
Professional, Systems Maintenance and Other Services	297,053	308,502	320,401	386,070	1,312,026	374,609	389,359	402,087	1,166,055
	1,851,751	1,954,228	2,014,576	2,345,307	8,165,862	2,233,006	2,336,311	2,358,509	6,927,826
Other Businesses	19,878	16,956	14,303	12,489	63,626	10,125	8,504	7,233	25,862
Total Consolidated Revenues	\$ 1,871,629	\$ 1,971,184	\$ 2,028,879	\$ 2,357,796	\$ 8,229,488	\$ 2,243,131	\$ 2,344,815	\$ 2,365,742	\$ 6,953,688
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%	0.6%	1.3%

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

Supplemental Revenue Data

	Q1 2004	Q2 2004	Q3 2004	Q4 2004	YTD 2004	Q1 2005	Q2 2005	Q3 2005	YTD 2005
Symmetrix Hardware and Software Revenue (a)	\$ 671,838	\$ 650,181	\$ 646,292	\$ 755,342	\$ 2,723,653	\$ 652,328	\$ 677,655	\$ 633,308	\$ 1,963,291
CLARiiON Hardware and Software Revenue (a)	284,615	326,086	354,563	392,841	1,358,105	418,641	430,960	425,375	1,274,976
Connectivity Revenue (b)	143,516	164,326	169,105	191,917	668,864	176,053	188,189	226,829	591,071
Platform Software License Revenue	\$ 251,135	\$ 263,168	\$ 275,851	\$ 318,719	\$ 1,108,873	\$ 284,485	\$ 312,827	\$ 284,446	\$ 881,758
Platform Software Maintenance Revenue	66,525	73,210	83,617	93,260	316,612	100,064	104,601	109,727	314,392
Total Platform Software License and Maintenance Revenue	\$ 317,660	\$ 336,378	\$ 359,468	\$ 411,979	\$ 1,425,485	\$ 384,549	\$ 417,428	\$ 394,173	\$ 1,196,150
Multi-platform Software License Revenue:									
Resource Management Software License Revenue	\$ 121,340	\$ 145,917	\$ 133,784	\$ 157,121	\$ 558,162	\$ 146,708	\$ 151,833	\$ 141,002	\$ 439,543
Backup and Archive Software License Revenue	37,962	38,977	36,404	53,011	166,354	51,742	49,877	50,467	152,086
Content Management Software License Revenue	40,051	38,656	42,195	51,515	172,417	49,302	39,160	47,637	136,099
Total Multi-platform Software License Revenue	\$ 199,353	\$ 223,550	\$ 212,383	\$ 261,647	\$ 896,933	\$ 247,752	\$ 240,870	\$ 239,106	\$ 727,728
Multi-platform Software Maintenance Revenue	\$ 103,931	\$ 109,455	\$ 116,110	\$ 122,396	\$ 451,892	\$ 125,371	\$ 134,476	\$ 137,196	\$ 397,043
VMware Software License Revenue	\$ 33,152	\$ 38,831	\$ 49,746	\$ 56,580	\$ 178,309	\$ 62,295	\$ 65,908	\$ 71,844	\$ 200,047
VMware Maintenance and Services Revenue	6,142	8,367	10,874	14,485	39,868	17,795	25,019	29,416	72,230
VMware Total Revenue	\$ 39,294	\$ 47,198	\$ 60,620	\$ 71,065	\$ 218,177	\$ 80,090	\$ 90,927	\$ 101,260	\$ 272,277

(a) Includes hardware, hardware upgrades and platform software.

(b) Includes Connectrix fibre channel switch/director revenues, Celerra file server revenue, exclusive of disk revenue and Rainstorage product revenues.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Net income	\$ 421,672	\$ 218,035	\$ 984,870	\$ 550,644
Incremental stock option expense, net of taxes	(76,901)	(87,069)	(246,515)	(271,125)
Adjusted net income	<u>\$ 344,771</u>	<u>\$ 130,966</u>	<u>\$ 738,355</u>	<u>\$ 279,519</u>
Net income per weighted average share, basic - as reported	<u>\$ 0.18</u>	<u>\$ 0.09</u>	<u>\$ 0.41</u>	<u>\$ 0.23</u>
Net income per weighted average share, diluted - as reported	<u>\$ 0.17</u>	<u>\$ 0.09</u>	<u>\$ 0.40</u>	<u>\$ 0.23</u>
Adjusted net income per weighted average share, basic	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ 0.31</u>	<u>\$ 0.12</u>
Adjusted net income per weighted average share, diluted	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ 0.30</u>	<u>\$ 0.11</u>

Note: The above presentation has been computed in accordance with Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation".