

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
<b>Revenues:</b>				
Product sales	\$ 2,012,916	\$ 1,733,828	\$ 7,009,026	\$ 6,055,121
Services	697,351	623,968	2,654,929	2,174,367
	<u>2,710,267</u>	<u>2,357,796</u>	<u>9,663,955</u>	<u>8,229,488</u>
<b>Cost and expenses:</b>				
Cost of product sales	937,638	849,584	3,363,017	3,040,560
Cost of services	288,290	272,400	1,108,119	974,321
Research and development	262,470	222,488	1,004,829	847,899
Selling, general and administrative	706,358	625,731	2,605,977	2,266,665
Restructuring and other special charges	94,774	23,362	101,591	56,050
	<u>420,737</u>	<u>364,231</u>	<u>1,480,422</u>	<u>1,043,993</u>
Operating income	420,737	364,231	1,480,422	1,043,993
Investment income	55,959	41,316	190,434	156,726
Interest expense	(2,065)	(1,941)	(7,988)	(7,516)
Other expense, net	(9,691)	(653)	(10,625)	(8,173)
	<u>464,940</u>	<u>402,953</u>	<u>1,652,243</u>	<u>1,185,030</u>
Income before taxes	464,940	402,953	1,652,243	1,185,030
Income tax provision	316,645	82,408	519,078	313,841
	<u>148,295</u>	<u>320,545</u>	<u>1,133,165</u>	<u>871,189</u>
Net income	\$ 148,295	\$ 320,545	\$ 1,133,165	\$ 871,189
<b>Net income per weighted average share, basic</b>				
	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.48</u>	<u>\$ 0.36</u>
<b>Net income per weighted average share, diluted</b>				
	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.47</u>	<u>\$ 0.36</u>
Weighted average shares, basic	2,361,223	2,393,045	2,382,977	2,402,198
Weighted average shares, diluted	2,411,855	2,446,431	2,432,582	2,450,570
<b>As a % of total revenue:</b>				
Gross margin	54.8%	52.4%	53.7%	51.2%
Selling, general and administrative	26.1%	26.5%	27.0%	27.5%
Research and development	9.7%	9.4%	10.4%	10.3%
Operating income	15.5%	15.4%	15.3%	12.7%
Net income	5.5%	13.6%	11.7%	10.6%

EMC CORPORATION  
Reconciliation of GAAP to Adjusted Net Income  
Three Months Ended December 31, 2005  
(in thousands, except per share amounts)  
Unaudited

	<u>GAAP</u>	<u>Adjustments</u>	<u>Adjusted (1)</u>
Revenues:			
Product sales	\$ 2,012,916		\$ 2,012,916
Services	<u>697,351</u>		<u>697,351</u>
	2,710,267		2,710,267
Cost and expenses:			
Cost of product sales	937,638		937,638
Cost of services	288,290		288,290
Research and development	262,470		262,470
Selling, general and administrative	706,358		706,358
Restructuring and other special charges	<u>94,774</u>	\$ (94,774) (2)	<u>-</u>
Operating income	420,737	\$ 94,774	515,511
Investment income	55,959		55,959
Interest expense	(2,065)		(2,065)
Other expense, net	<u>(9,691)</u>		<u>(9,691)</u>
Income before taxes	464,940	94,774	559,714
Income tax provision	<u>316,645</u>	\$ (165,486) (3)	<u>151,159</u>
Net income	<u>\$ 148,295</u>	<u>\$ 260,260</u>	<u>\$ 408,555</u>
Net income per weighted average share, basic	<u>\$ 0.06</u>		<u>\$ 0.17</u>
Net income per weighted average share, diluted	<u>\$ 0.06</u>		<u>\$ 0.17</u>
Weighted average shares, basic	2,361,223		2,361,223
Weighted average shares, diluted	2,411,855		2,411,855
As a % of total revenue:			
Gross margin	54.8%		54.8%
Selling, general and administrative	26.1%		26.1%
Research and development	9.7%		9.7%
Operating income	15.5%		19.0%
Net income	5.5%		15.1%

- (1) The adjusted column excludes restructuring and other special charges and certain income tax adjustments. The information presented is not prepared in accordance with generally accepted accounting principles ("GAAP").
- (2) Represents in process research and development related to the Captiva acquisition (\$14.3 million) and restructure charges (\$80.5 million).
- (3) Represents the tax benefit of the restructure charges (\$14.7 million) and tax expense associated with the repatriation of cash under the 2004 American Jobs Creation Act (\$180.2 million).

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

	December 31, 2005	December 31, 2004
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,322,370	\$ 1,476,803
Short-term investments	1,615,495	1,236,726
Accounts and notes receivable, less allowance for doubtful accounts of \$38,126 and \$39,901	1,405,564	1,162,387
Inventories	724,751	514,065
Deferred income taxes	326,318	289,810
Other current assets	179,478	151,135
Total current assets	6,573,976	4,830,926
Long-term investments	3,417,589	4,727,237
Property, plant and equipment, net	1,754,035	1,571,810
Intangible assets, net	563,024	499,478
Other assets, net	598,252	509,041
Goodwill, net	3,883,507	3,284,414
Total assets	\$ 16,790,383	\$ 15,422,906
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 583,756	\$ 522,770
Accrued expenses	1,279,857	1,090,666
Income taxes payable	645,694	404,772
Deferred revenue	1,164,551	930,492
Total current liabilities	3,673,858	2,948,700
Deferred revenue	640,598	570,995
Deferred income taxes	175,192	141,600
Long-term convertible debt	126,963	128,456
Other liabilities	108,342	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 2,384,147 and 2,404,969 shares	23,841	24,050
Additional paid-in capital	5,867,076	6,221,099
Deferred compensation	(332,311)	(124,286)
Retained earnings	6,570,511	5,437,346
Accumulated other comprehensive loss, net	(63,687)	(34,922)
Total stockholders' equity	12,065,430	11,523,287
Total liabilities and stockholders' equity	\$ 16,790,383	\$ 15,422,906

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

	<u>Twelve Months Ended</u>	
	<u>December 31, 2005</u>	<u>December 31, 2004</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 9,732,761	\$ 8,329,367
Cash paid to suppliers and employees	(7,539,855)	(6,290,996)
Dividends and interest received	249,208	154,366
Interest paid	(9,132)	(6,423)
Income taxes paid	<u>(216,686)</u>	<u>(84,019)</u>
Net cash provided by operating activities	<u>2,216,296</u>	<u>2,102,295</u>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(601,145)	(371,449)
Capitalized software development costs	(167,109)	(166,347)
Purchases of short and long-term available for sale securities	(12,115,524)	(8,391,782)
Sales and maturities of short and long-term available for sale securities	12,983,911	7,533,686
Business acquisitions, net of cash acquired	(683,663)	(590,410)
Other	<u>(28,155)</u>	<u>(78,398)</u>
Net cash used in investing activities	<u>(611,685)</u>	<u>(2,064,700)</u>
<b>Cash flows from financing activities:</b>		
Issuance of common stock	263,296	229,951
Purchase of treasury stock	(1,003,419)	(545,718)
Payment of long-term and short-term obligations	(3,721)	(8,196)
Issuance of long-term and short-term obligations	<u>220</u>	<u>140</u>
Net cash used in financing activities	<u>(743,624)</u>	<u>(323,823)</u>
Effect of exchange rate changes on cash	<u>(15,420)</u>	<u>10,055</u>
Net increase (decrease) in cash and cash equivalents	845,567	(276,173)
Cash and cash equivalents at beginning of period	1,476,803	1,752,976
Cash and cash equivalents at end of period	<u>\$ 2,322,370</u>	<u>\$ 1,476,803</u>
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Net income	\$ 1,133,165	\$ 871,189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	639,974	616,357
Non-cash restructuring and other special charges	17,370	19,291
Amortization of deferred compensation	81,578	59,715
Provision for doubtful accounts	9,750	10,067
Deferred income taxes, net	(3,173)	241,591
Tax benefit from stock options exercised	42,593	46,302
Other	56,594	(2,143)
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	(221,507)	(208,595)
Inventories	(180,442)	21,084
Other assets	(65,150)	(20,554)
Accounts payable	12,186	108,827
Accrued expenses	153,622	75,346
Income taxes payable	263,255	(58,612)
Deferred revenue	280,563	298,407
Other liabilities	<u>(4,082)</u>	<u>24,023</u>
Net cash provided by operating activities	<u>\$ 2,216,296</u>	<u>\$ 2,102,295</u>
<b>Non-cash activity:</b>		
- Issuance of stock options exchanged in business combinations	<u>\$ 77,645</u>	<u>\$ 73,351</u>

**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>Q3 2005</u>	<u>Q4 2005</u>	<u>YTD 2005</u>
<b>Revenues</b>										
Systems	\$ 894,956	\$ 930,230	\$ 948,938	\$ 1,096,882	\$ 3,871,006	\$ 1,025,971	\$ 1,068,725	\$ 1,091,881	\$ 1,300,290	\$ 4,486,867
Software:										
Software License	483,640	525,549	537,980	636,946	2,184,115	594,532	619,605	595,396	712,626	2,522,159
Software Maintenance	176,102	189,947	207,257	225,409	798,715	237,894	258,622	269,145	287,587	1,053,248
Total Software License & Maintenance	659,742	715,496	745,237	862,355	2,982,830	832,426	878,227	864,541	1,000,213	3,575,407
Professional, Systems Maintenance and Other Services	297,053	308,502	320,401	386,070	1,312,026	374,609	389,359	402,087	402,830	1,568,885
	<b>1,851,751</b>	<b>1,954,228</b>	<b>2,014,576</b>	<b>2,345,307</b>	<b>8,165,862</b>	<b>2,233,006</b>	<b>2,336,311</b>	<b>2,358,509</b>	<b>2,703,333</b>	<b>9,631,159</b>
Other Businesses	19,878	16,956	14,303	12,489	63,626	10,125	8,504	7,233	6,934	32,796
<b>Total Consolidated Revenues</b>	<b>\$ 1,871,629</b>	<b>\$ 1,971,184</b>	<b>\$ 2,028,879</b>	<b>\$ 2,357,796</b>	<b>\$ 8,229,488</b>	<b>\$ 2,243,131</b>	<b>\$ 2,344,815</b>	<b>\$ 2,365,742</b>	<b>\$ 2,710,267</b>	<b>\$ 9,663,955</b>
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%	-0.5%	0.8%

**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>	<u>Q2 2005</u>	<u>Q3 2005</u>	<u>Q4 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	\$ 633,308	\$ 754,345	\$ 2,717,636
CLARiiON Hardware and Software Revenue ( a )	284,615	326,086	354,563	392,841	1,358,105	418,641	430,960	425,375	518,729	1,793,705
Connectivity Revenue ( b )	143,516	164,326	169,105	191,917	668,864	176,053	188,189	226,829	242,992	834,063
Platform Software License Revenue	\$ 251,135	\$ 263,168	\$ 275,851	\$ 318,719	\$ 1,108,873	\$ 284,485	\$ 312,827	\$ 284,446	\$ 333,442	\$ 1,215,200
Platform Software Maintenance Revenue	66,525	73,210	83,617	93,260	316,612	100,064	104,601	109,727	116,182	430,574
Total Platform 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>\$ 394,173</u>	<u>\$ 449,624</u>	<u>\$ 1,645,774</u>
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	\$ 167,404	\$ 606,947
Backup and Archive Software License Revenue	37,962	38,977	36,404	53,011	166,354	51,742	49,877	50,467	59,881	211,967
Content Management Software License Revenue	40,051	38,656	42,195	51,515	172,417	49,302	39,160	47,637	64,400	200,499
Total Multi-platform Software License Revenue	199,353	223,550	212,383	261,647	896,933	247,752	240,870	239,106	291,685	1,019,413
Multi-platform Software Maintenance Revenue	103,931	109,455	116,110	122,396	451,892	125,371	134,476	137,196	149,258	546,301
Total Multi-platform Revenue	<u>\$ 303,284</u>	<u>\$ 333,005</u>	<u>\$ 328,493</u>	<u>\$ 384,043</u>	<u>\$ 1,348,825</u>	<u>\$ 373,123</u>	<u>\$ 375,346</u>	<u>\$ 376,302</u>	<u>\$ 440,943</u>	<u>\$ 1,565,714</u>
VMware Software License Revenue	\$ 33,152	\$ 38,831	\$ 49,746	\$ 56,580	\$ 178,309	\$ 62,295	\$ 65,908	\$ 71,844	\$ 87,499	\$ 287,546
VMware Maintenance and Services Revenue	6,142	8,367	10,874	14,485	39,868	17,795	25,019	29,416	27,710	99,940
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>\$ 101,260</u>	<u>\$ 115,209</u>	<u>\$ 387,486</u>

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

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

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, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Net income	\$ 148,295	\$ 320,545	\$ 1,133,165	\$ 871,189
Incremental stock option expense, net of taxes	(68,512)	(96,246)	(319,550)	(371,584)
Adjusted net income	<u>\$ 79,783</u>	<u>\$ 224,299</u>	<u>\$ 813,615</u>	<u>\$ 499,605</u>
Net income per weighted average share, basic - as reported	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.48</u>	<u>\$ 0.36</u>
Net income per weighted average share, diluted - as reported	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.47</u>	<u>\$ 0.36</u>
Adjusted net income per weighted average share, basic	<u>\$ 0.03</u>	<u>\$ 0.09</u>	<u>\$ 0.34</u>	<u>\$ 0.21</u>
Adjusted net income per weighted average share, diluted	<u>\$ 0.03</u>	<u>\$ 0.09</u>	<u>\$ 0.34</u>	<u>\$ 0.20</u>

Note: The above presentation has been computed in accordance with Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation". Prior period amounts have been adjusted to conform to the current period presentation.