

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

	Three Months Ended	
	March 31, 2006	March 31, 2005
Revenues:		
Product sales	\$ 1,848,530	\$ 1,620,503
Services	702,157	622,628
	2,550,687	2,243,131
Cost and expenses:		
Cost of product sales	917,897	798,539
Cost of services	299,447	270,371
Research and development	283,489	234,297
Selling, general and administrative	748,224	615,746
Restructuring and other special charges (credits)	(1,194)	968
Operating income	302,824	323,210
Investment income	61,803	42,995
Interest expense	(2,010)	(2,033)
Other income (expense), net	2,716	(2,304)
Income before taxes	365,333	361,868
Income tax provision	89,505	92,034
Income before cumulative effect of change in accounting principle	275,828	269,834
Cumulative effect of change in accounting principle, net of tax benefit of \$808	(3,372)	-
Net income	\$ 272,456	\$ 269,834
Net income per weighted average share, basic:		
Income before cumulative effect of a change in accounting principle	\$ 0.12	\$ 0.11
Cumulative effect of a change in accounting principle	\$ -	\$ -
Net Income	\$ 0.12	\$ 0.11
Net income per weighted average share, diluted:		
Income before cumulative effect of a change in accounting principle	\$ 0.12	\$ 0.11
Cumulative effect of a change in accounting principle	\$ -	\$ -
Net Income	\$ 0.11	\$ 0.11
Weighted average shares, basic	2,350,606	2,395,509
Weighted average shares, diluted	2,400,312	2,443,455
As a % of total revenue:		
Gross margin	52.3%	52.3%
Selling, general and administrative	29.3%	27.5%
Research and development	11.1%	10.4%
Operating income	11.9%	14.4%
Net income	10.7%	12.0%

EMC CORPORATION  
**Income Statement Adjusted to exclude Stock Option Expense**  
Three months ended March 31, 2006  
(table in thousands, except per share amounts)  
Unaudited

	GAAP	Adjustments to exclude stock option expense (1)	Non-GAAP (2)
Revenues:			
Product sales	\$ 1,848,530		\$ 1,848,530
Services	702,157		702,157
	2,550,687		2,550,687
Costs and expenses:			
Cost of product sales	917,897	\$ (11,004)	906,893
Cost of services	299,447	(6,391)	293,056
Research and development	283,489	(16,885)	266,604
Selling, general and administrative	748,224	(40,964)	707,260
Restructuring and other special credits	(1,194)		(1,194)
	302,824	75,244	378,068
Operating income			
Investment income	61,803		61,803
Interest expense	(2,010)		(2,010)
Other income, net	2,716		2,716
	365,333	75,244	440,577
Income before taxes			
Income tax provision	89,505	14,230	103,735
	275,828	61,014	336,842
Income before cumulative effect of change in accounting principle			
Cumulative effect of change in accounting principle, net of tax benefit of \$808	(3,372)	3,372	-
	272,456	64,386	336,842
Net income	\$ 272,456	\$ 64,386	\$ 336,842
Net income per weighted average share, basic:			
Income before cumulative effect of a change in accounting principle	\$ 0.12		\$ 0.14
Cumulative effect of a change in accounting principle	-		-
Net Income	\$ 0.12		\$ 0.14
Net income per weighted average share, diluted:			
Income before cumulative effect of a change in accounting principle	\$ 0.12		\$ 0.14
Cumulative effect of a change in accounting principle	-		-
Net Income	\$ 0.11		\$ 0.14
Weighted average shares, basic	2,350,606		2,350,606
Weighted average shares, diluted	2,400,312		2,400,312
As a % of total revenue:			
Gross margin	52.3%		53.0%
Selling, general and administrative	29.3%		27.7%
Research and development	11.1%		10.5%
Operating income	11.9%		14.8%
Net income	10.7%		13.2%

(1) Represents the Stock Option Expense associated with the adoption of FAS 123R and the associated tax effect.

(2) The adjusted column excludes Stock Option Expense associated with the adoption of FAS 123R.

EMC CORPORATION  
Quarterly Non-GAAP Income Statement Trend (1)  
(in thousands, except per share amounts)  
Unaudited

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	2005	Q1 2006
Revenues:						
Product sales	\$ 1,620,503	\$ 1,688,330	\$ 1,687,277	\$ 2,012,916	\$ 7,009,026	\$ 1,848,530
Services	622,628	656,485	678,465	697,351	2,654,929	702,157
	<u>2,243,131</u>	<u>2,344,815</u>	<u>2,365,742</u>	<u>2,710,267</u>	<u>9,663,955</u>	<u>2,550,687</u>
Cost and expenses:						
Cost of product sales	779,707	794,568	795,132	919,023	3,288,430	884,226
Cost of services	269,641	274,311	273,608	287,475	1,105,035	292,216
Research and development	226,109	242,681	242,683	249,651	961,124	254,814
Selling, general and administrative	601,619	624,048	622,041	685,300	2,533,008	678,843
Restructuring and other special charges (credits)	968	-	-	-	968	(1,194)
	<u>365,087</u>	<u>409,207</u>	<u>432,278</u>	<u>568,818</u>	<u>1,775,390</u>	<u>441,782</u>
Operating income						
Investment income	42,995	43,494	47,986	55,959	190,434	61,803
Interest expense	(2,033)	(1,983)	(1,907)	(2,065)	(7,988)	(2,010)
Other income (expense), net	(2,304)	(1,069)	2,439	(9,691)	(10,625)	2,716
	<u>403,745</u>	<u>449,649</u>	<u>480,796</u>	<u>613,021</u>	<u>1,947,211</u>	<u>504,291</u>
Income before taxes						
Income tax provision	107,194	125,338	128,217	170,478	531,227	123,948
	<u>\$ 296,551</u>	<u>\$ 324,311</u>	<u>\$ 352,579</u>	<u>\$ 442,543</u>	<u>\$ 1,415,984</u>	<u>\$ 380,343</u>
Net income						
Net income per weighted average share, basic	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ 0.59</u>	<u>\$ 0.16</u>
Net income per weighted average share, diluted	<u>\$ 0.12</u>	<u>\$ 0.13</u>	<u>\$ 0.15</u>	<u>\$ 0.18</u>	<u>\$ 0.58</u>	<u>\$ 0.16</u>
As a % of total revenue:						
Gross margin	53.2%	54.4%	54.8%	55.5%	54.5%	53.9%
Selling, general and administrative	26.8%	26.6%	26.3%	25.3%	26.2%	26.6%
Research and development	10.1%	10.3%	10.3%	9.2%	9.9%	10.0%
Operating income	16.3%	17.5%	18.3%	21.0%	18.4%	17.3%
Net income	13.2%	13.8%	14.9%	16.3%	14.7%	14.9%

(1) Income Statements adjusted to exclude certain non-cash items, including stock option expense, restricted stock expense, intangible amortization, restructuring and other special charges and special tax items.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Three Months Ended March 31, 2006  
(in thousands, except per share amounts)

	GAAP	Adjustments			Non-GAAP
		Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)	
Revenues:					
Product sales	\$ 1,848,530				\$ 1,848,530
Services	<u>702,157</u>				<u>702,157</u>
	2,550,687				2,550,687
Cost and expenses:					
Cost of product sales	917,897	\$ (11,004)	\$ (1,164)	\$ (21,503)	884,226
Cost of services	299,447	(6,391)	(744)	(96)	292,216
Research and development	283,489	(16,885)	(8,377)	(3,413)	254,814
Selling, general and administrative	748,224	(40,964)	(18,087)	(10,330)	678,843
Restructuring and other special credits	<u>(1,194)</u>				<u>(1,194)</u>
Operating income	302,824	75,244	28,372	35,342	441,782
Investment income	61,803				61,803
Interest expense	(2,010)				(2,010)
Other income, net	<u>2,716</u>				<u>2,716</u>
Income before taxes	365,333	75,244	28,372	35,342	504,291
Income tax provision	<u>89,505</u>	<u>14,230</u>	<u>7,864</u>	<u>12,349</u>	<u>123,948</u>
Net income before cumulative effect of change in accounting principle	275,828	61,014	20,508	22,993	380,343
Cumulative effect of change in accounting principle, net of tax benefit	<u>(3,372)</u>	<u>3,372</u>			<u>-</u>
Net income	<u>\$ 272,456</u>	<u>\$ 64,386</u>	<u>\$ 20,508</u>	<u>\$ 22,993</u>	<u>\$ 380,343</u>
Net income per weighted average share, basic	<u>\$ 0.12</u>				<u>\$ 0.16</u>
Net income per weighted average share, diluted	<u>\$ 0.11</u>				<u>\$ 0.16</u>
As a % of total revenue:					
Gross margin	52.3%				53.9%
Selling, general and administrative	29.3%				26.6%
Research and development	11.1%				10.0%
Operating income	11.9%				17.3%
Net income	10.7%				14.9%

(1) Represents equity compensation recognized pursuant to Financial Accounting Board Standard No. 123R "Share-Based Payment".

(2) Represents amortization associated with intangible assets acquired in connection with business combinations.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Year Ended December 31, 2005  
(in thousands, except per share amounts)  
Unaudited

	GAAP	Adjustments			Restructuring and other special items(3)	Non-GAAP
		Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)		
Revenues:						
Product sales	\$ 7,009,026					\$ 7,009,026
Services	2,654,929					2,654,929
	<u>9,663,955</u>					<u>9,663,955</u>
Cost and expenses:						
Cost of product sales	3,363,017	\$ (1,423)	\$ (1,039)	\$ (72,125)		3,288,430
Cost of services	1,108,119	(1,748)	(920)	(416)		1,105,035
Research and development	1,004,829	(11,672)	(19,125)	(12,908)		961,124
Selling, general and administrative	2,605,977	(14,305)	(31,349)	(27,315)		2,533,008
Restructuring and other special charges	101,591				\$ (100,623)	968
Operating income	1,480,422	29,148	52,433	112,764	100,623	1,775,390
Investment income	190,434					190,434
Interest expense	(7,988)					(7,988)
Other expense, net	(10,625)					(10,625)
Income before taxes	1,652,243	29,148	52,433	112,764	100,623	1,947,211
Income tax provision (benefit)	519,078	10,472	18,978	40,888	(58,189)	531,227
Net income	<u>\$ 1,133,165</u>	<u>\$ 18,676</u>	<u>\$ 33,455</u>	<u>\$ 71,876</u>	<u>\$ 158,812</u>	<u>\$ 1,415,984</u>
Net income per weighted average share, basic	<u>\$ 0.48</u>					<u>\$ 0.59</u>
Net income per weighted average share, diluted	<u>\$ 0.47</u>					<u>\$ 0.58</u>
As a % of total revenue:						
Gross margin	53.7%					54.5%
Selling, general and administrative	27.0%					26.2%
Research and development	10.4%					9.9%
Operating income	15.3%					18.4%
Net income	11.7%					14.7%

- (1) Represents equity compensation recognized pursuant to Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".  
(2) Represents amortization associated with intangible assets acquired in connection with business combinations.  
(3) Represents in process research and development charges, restructuring charges and special tax items.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Three Months Ended December 31, 2005  
(in thousands, except per share amounts)  
Unaudited

	Adjustments					Non-GAAP
	GAAP	Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)	Restructuring and other special items(3)	
Revenues:						
Product sales	\$ 2,012,916					\$ 2,012,916
Services	697,351					697,351
	<u>2,710,267</u>					<u>2,710,267</u>
Cost and expenses:						
Cost of product sales	937,638	\$ (314)	\$ (330)	\$ (17,971)		919,023
Cost of services	288,290	(384)	(327)	(104)		287,475
Research and development	262,470	(2,525)	(6,881)	(3,413)		249,651
Selling, general and administrative	706,358	(3,133)	(10,980)	(6,945)		685,300
Restructuring and other special charges	94,774				\$ (94,774)	-
Operating income	420,737	6,356	18,518	28,433	94,774	568,818
Investment income	55,959					55,959
Interest expense	(2,065)					(2,065)
Other expense, net	(9,691)					(9,691)
Income before taxes	464,940	6,356	18,518	28,433	94,774	613,021
Income tax provision (benefit)	316,645	2,333	6,796	10,190	(165,486)	170,478
Net income	<u>\$ 148,295</u>	<u>\$ 4,023</u>	<u>\$ 11,722</u>	<u>\$ 18,243</u>	<u>\$ 260,260</u>	<u>\$ 442,543</u>
Net income per weighted average share, basic	<u>\$ 0.06</u>					<u>\$ 0.19</u>
Net income per weighted average share, diluted	<u>\$ 0.06</u>					<u>\$ 0.18</u>
As a % of total revenue:						
Gross margin	54.8%					55.5%
Selling, general and administrative	26.1%					25.3%
Research and development	9.7%					9.2%
Operating income	15.5%					21.0%
Net income	5.5%					16.3%

- (1) Represents equity compensation recognized pursuant to Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".  
(2) Represents amortization associated with intangible assets acquired in connection with business combinations.  
(3) Represents in process research and development charges, restructuring charges and special tax items.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Three Months Ended September 30, 2005  
(in thousands, except per share amounts)  
Unaudited

	Adjustments					Non-GAAP
	GAAP	Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)	Restructuring and other special items(3)	
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	\$ (319)	\$ (274)	\$ (18,035)		795,132
Cost of services	274,365	(406)	(247)	(104)		273,608
Research and development	254,720	(2,807)	(6,018)	(3,212)		242,683
Selling, general and administrative	641,219	(3,572)	(8,668)	(6,938)		622,041
Restructuring and other special charges	5,849				\$ (5,849)	-
Operating income	375,829	7,104	15,207	28,289	5,849	432,278
Investment income	47,986					47,986
Interest expense	(1,907)					(1,907)
Other income, net	2,439					2,439
Income before taxes	424,347	7,104	15,207	28,289	5,849	480,796
Income tax provision	2,675	2,565	5,490	10,190	107,297	128,217
Net income (loss)	<u>\$ 421,672</u>	<u>\$ 4,539</u>	<u>\$ 9,717</u>	<u>\$ 18,099</u>	<u>\$ (101,448)</u>	<u>\$ 352,579</u>
Net income per weighted average share, basic	<u>\$ 0.18</u>					<u>\$ 0.15</u>
Net income per weighted average share, diluted	<u>\$ 0.17</u>					<u>\$ 0.15</u>
As a % of total revenue:						
Gross margin	54.0%					54.8%
Selling, general and administrative	27.1%					26.3%
Research and development	10.8%					10.3%
Operating income	15.9%					18.3%
Net income	17.8%					14.9%

- (1) Represents equity compensation recognized pursuant to Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".  
(2) Represents amortization associated with intangible assets acquired in connection with business combinations.  
(3) Represents restructuring charges and special tax items.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Three Months Ended June 30, 2005  
(in thousands, except per share amounts)  
Unaudited

	GAAP	Adjustments			Non-GAAP
		Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)	
Revenues:					
Product sales	\$ 1,688,330				\$ 1,688,330
Services	656,485				656,485
	<u>2,344,815</u>				<u>2,344,815</u>
Cost and expenses:					
Cost of product sales	813,080	\$ (342)	\$ (287)	\$ (17,883)	794,568
Cost of services	275,093	(455)	(223)	(104)	274,311
Research and development	253,342	(3,059)	(4,427)	(3,175)	242,681
Selling, general and administrative	642,654	(3,663)	(8,062)	(6,881)	624,048
	<u>360,646</u>	<u>7,519</u>	<u>12,999</u>	<u>28,043</u>	<u>409,207</u>
Operating income					
Investment income	43,494				43,494
Interest expense	(1,983)				(1,983)
Other expense, net	(1,069)				(1,069)
	<u>401,088</u>	<u>7,519</u>	<u>12,999</u>	<u>28,043</u>	<u>449,649</u>
Income before taxes					
Income tax provision	107,724	2,714	4,693	10,207	125,338
	<u>293,364</u>	<u>4,805</u>	<u>8,306</u>	<u>17,836</u>	<u>324,311</u>
Net income					
Net income per weighted average share, basic	<u>\$ 0.12</u>				<u>\$ 0.14</u>
Net income per weighted average share, diluted	<u>\$ 0.12</u>				<u>\$ 0.13</u>
As a % of total revenue:					
Gross margin	53.6%				54.4%
Selling, general and administrative	27.4%				26.6%
Research and development	10.8%				10.3%
Operating income	15.4%				17.5%
Net income	12.5%				13.8%

(1) Represents equity compensation recognized pursuant to Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".

(2) Represents amortization associated with intangible assets acquired in connection with business combinations.

EMC CORPORATION  
Reconciliation of GAAP Income Statement to a Non-GAAP Income Statement  
For the Three Months Ended March 31, 2005  
(in thousands, except per share amounts)  
Unaudited

	GAAP	Adjustments			Non-GAAP
		Stock Option Expense (1)	Restricted Stock Expense (1)	Intangible Amortization (2)	
Revenues:					
Product sales	\$ 1,620,503				\$ 1,620,503
Services	<u>622,628</u>				<u>622,628</u>
	2,243,131				2,243,131
Cost and expenses:					
Cost of product sales	798,539	\$ (448)	\$ (148)	\$ (18,236)	779,707
Cost of services	270,371	(503)	(123)	(104)	269,641
Research and development	234,297	(3,281)	(1,799)	(3,108)	226,109
Selling, general and administrative	615,746	(3,937)	(3,639)	(6,551)	601,619
Restructuring and other special charges	<u>968</u>				<u>968</u>
Operating income	323,210	8,169	5,709	27,999	365,087
Investment income	42,995				42,995
Interest expense	(2,033)				(2,033)
Other expense, net	<u>(2,304)</u>				<u>(2,304)</u>
Income before taxes	361,868	8,169	5,709	27,999	403,745
Income tax provision	<u>92,034</u>	<u>2,860</u>	<u>1,999</u>	<u>10,301</u>	<u>107,194</u>
Net income	<u>\$ 269,834</u>	<u>\$ 5,309</u>	<u>\$ 3,710</u>	<u>\$ 17,698</u>	<u>\$ 296,551</u>
Net income per weighted average share, basic	<u>\$ 0.11</u>				<u>\$ 0.12</u>
Net income per weighted average share, diluted	<u>\$ 0.11</u>				<u>\$ 0.12</u>
As a % of total revenue:					
Gross margin	52.3%				53.2%
Selling, general and administrative	27.5%				26.8%
Research and development	10.4%				10.1%
Operating income	14.4%				16.3%
Net income	12.0%				13.2%

(1) Represents equity compensation recognized pursuant to Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees".

(2) Represents amortization associated with intangible assets acquired in connection with business combinations.

EMC CORPORATION

**Reconciliation of Net Income and Diluted Net Income per Weighted Average Share had the Provisions of FAS No. 123 been Adopted in 2005**  
(In thousands, except per share amounts)

	Three Months Ended				2005 Total
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	
GAAP Net income - as reported for prior periods	\$ 269,834	\$ 293,364	\$ 421,672	\$ 148,295	\$ 1,133,165
Stock-based compensation expense related to employee stock options and employee stock purchase plan, net of tax	(87,637)	(86,366)	(77,035)	(68,512)	\$ (319,550)
Net income, including the effect of stock-based compensation expense	<u>\$ 182,197</u>	<u>\$ 206,998</u>	<u>\$ 344,637</u>	<u>\$ 79,783</u>	<u>\$ 813,615</u>
GAAP Diluted net income per share - as reported for prior periods *	\$ 0.11	\$ 0.12	\$ 0.17	\$ 0.06	\$ 0.47
Stock-based compensation expense related to employee stock options and employee stock purchase plan, net of tax, per share	(0.04)	(0.04)	(0.03)	(0.03)	(0.13)
Diluted net income per share, including the effect of stock-based compensation expense	<u>\$ 0.07</u>	<u>\$ 0.08</u>	<u>\$ 0.14</u>	<u>\$ 0.03</u>	<u>\$ 0.34</u>

Note: In 2005, we elected to apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" in accounting for our stock-based compensation plans. The above table provides a reconciliation of net income and diluted net income per weighted average share had we adopted the fair value recognition provisions of FAS No. 123, "Accounting for Stock-Based Compensation" for the periods presented. Certain amounts may not add due to rounding. The 2005 amounts have been adjusted to be calculated following the same method that will be utilized under FAS No. 123R consistent with the presentation in our 2005 Annual Report on Form 10K.

\* Excluding restructuring and other special charges and special tax items, diluted EPS was \$0.53 for 2005.

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

	<u>March 31,</u> 2006	<u>December 31,</u> 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,562,785	\$ 2,322,370
Short-term investments	2,042,374	1,615,495
Accounts and notes receivable, less allowance for doubtful accounts of \$34,186 and \$38,126	1,201,812	1,405,564
Inventories	693,466	724,751
Deferred income taxes	330,610	326,318
Other current assets	170,501	179,478
Total current assets	<u>6,001,548</u>	<u>6,573,976</u>
Long-term investments	3,826,252	3,417,589
Property, plant and equipment, net	1,800,920	1,754,035
Intangible assets, net	538,148	563,024
Other assets, net	613,012	598,252
Goodwill, net	3,882,176	3,883,507
Total assets	<u>\$ 16,662,056</u>	<u>\$ 16,790,383</u>
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Convertible debt	\$ 126,593	\$ -
Accounts payable	639,964	583,756
Accrued expenses	1,152,952	1,279,857
Income taxes payable	442,003	645,694
Deferred revenue	1,274,959	1,164,551
Total current liabilities	<u>3,636,471</u>	<u>3,673,858</u>
Deferred revenue	656,292	640,598
Deferred income taxes	140,293	175,192
Long-term convertible debt	-	126,963
Other liabilities	113,409	108,342
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 2,364,584 and 2,384,147 shares	23,646	23,841
Additional paid-in capital	5,325,876	5,867,076
Deferred compensation	-	(332,311)
Retained earnings	6,842,967	6,570,511
Accumulated other comprehensive loss	(76,898)	(63,687)
Total stockholders' equity	<u>12,115,591</u>	<u>12,065,430</u>
Total liabilities and stockholders' equity	<u>\$ 16,662,056</u>	<u>\$ 16,790,383</u>

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

	<u>Three Months Ended</u>	
	<u>March 31, 2006</u>	<u>March 31, 2005</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,878,265	\$ 2,411,574
Cash paid to suppliers and employees	(2,013,463)	(1,839,614)
Dividends and interest received	60,297	53,343
Interest paid	(2,020)	(3,179)
Income taxes paid	(285,901)	(21,694)
Net cash provided by operating activities	<u>637,178</u>	<u>600,430</u>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(160,520)	(98,290)
Capitalized software development costs	(48,883)	(42,127)
Purchases of short and long-term available for sale securities	(2,185,463)	(1,946,021)
Sales and maturities of short and long-term available for sale securities	1,328,151	2,050,682
Business acquisitions, net of cash acquired	(18,759)	(252,904)
Other	(7,700)	(1,000)
Net cash used in investing activities	<u>(1,093,174)</u>	<u>(289,660)</u>
<b>Cash flows from financing activities:</b>		
Issuance of common stock	62,608	34,459
Purchase of treasury stock	(376,056)	(127,097)
Excess tax benefits from stock based compensation	6,309	-
Payment of long-term and short-term obligations	(314)	(44)
Proceeds from long-term and short-term obligations	70	163
Net cash used in financing activities	<u>(307,383)</u>	<u>(92,519)</u>
Effect of exchange rate changes on cash	<u>3,794</u>	<u>(10,095)</u>
Net (decrease) increase in cash and cash equivalents	<u>(759,585)</u>	<u>208,156</u>
Cash and cash equivalents at beginning of period	2,322,370	1,476,803
Cash and cash equivalents at end of period	<u>\$ 1,562,785</u>	<u>\$ 1,684,959</u>
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Net income	\$ 272,456	\$ 269,834
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Cumulative effect of a change in accounting principle	3,372	-
Depreciation and amortization	181,394	152,595
Non-cash restructuring and other special charges	-	3,100
Stock based compensation expense	103,616	13,875
Provision for doubtful accounts	(2,167)	709
Deferred income taxes, net	(31,121)	43,494
Tax benefit from stock options exercised	-	14,111
Excess tax benefits from stock based compensation	(6,309)	-
Other	6,655	10,479
<b>Changes in assets and liabilities, net of acquisitions:</b>		
Accounts and notes receivable	205,380	100,600
Inventories	41,498	(82,188)
Other assets	19,393	(21,973)
Accounts payable	54,746	(4,092)
Accrued expenses	(160,245)	23,868
Income taxes payable	(180,562)	12,788
Deferred revenue	124,365	67,134
Other liabilities	4,707	(3,904)
Net cash provided by operating activities	<u>\$ 637,178</u>	<u>\$ 600,430</u>
<b>Non-cash activity:</b>		
- Issuance of stock options exchanged in business combinations	<u>\$ -</u>	<u>\$ 37,360</u>

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

**Revenue Components**

	<u>Q1 2005</u>	<u>Q2 2005</u>	<u>Q3 2005</u>	<u>Q4 2005</u>	<u>YTD 2005</u>	<u>Q1 2006</u>
<b>Revenues</b>						
Systems	\$ 1,025,971	\$ 1,068,725	\$ 1,091,881	\$ 1,300,290	\$ 4,486,867	\$ 1,226,928
Software:						
Software License	594,532	619,605	595,396	712,626	2,522,159	621,602
Software Maintenance	237,894	258,622	269,145	287,587	1,053,248	303,202
Total Software License & Maintenance	<u>832,426</u>	<u>878,227</u>	<u>864,541</u>	<u>1,000,213</u>	<u>3,575,407</u>	<u>924,804</u>
Professional, Systems Maintenance and Other Services	374,609	389,359	402,087	402,830	1,568,885	396,081
	<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>	<b>2,547,813</b>
Other Businesses	10,125	8,504	7,233	6,934	32,796	2,874
<b>Total Consolidated Revenues</b>	<b><u>\$ 2,243,131</u></b>	<b><u>\$ 2,344,815</u></b>	<b><u>\$ 2,365,742</u></b>	<b><u>\$ 2,710,267</u></b>	<b><u>\$ 9,663,955</u></b>	<b><u>\$ 2,550,687</u></b>
Percentage impact to EMC revenue growth rate due to changes in exchange rates from the prior year	1.7%	1.7%	0.6%	-0.5%	0.8%	-2.1%

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

**Supplemental Revenue Data**

	<u>Q1 2005</u>	<u>Q2 2005</u>	<u>Q3 2005</u>	<u>Q4 2005</u>	<u>YTD 2005</u>	<u>Q1 2006</u>
Symmetrix Hardware and Software Revenue ( a )	\$ 652,328	\$ 677,655	\$ 633,308	\$ 754,345	\$ 2,717,636	\$ 718,356
CLARiiON Hardware and Software Revenue ( a )	418,641	430,960	425,375	518,729	1,793,705	472,003
Connectivity Revenue ( b )	176,053	188,189	226,829	242,992	834,063	204,113
Platform Software License Revenue	\$ 284,485	\$ 312,827	\$ 284,446	\$ 333,442	\$ 1,215,200	\$ 272,819
Platform Software Maintenance Revenue	100,064	104,601	109,727	116,182	430,574	124,057
Total Platform Revenue	<u>\$ 384,549</u>	<u>\$ 417,428</u>	<u>\$ 394,173</u>	<u>\$ 449,624</u>	<u>\$ 1,645,774</u>	<u>\$ 396,876</u>
Multi-platform Software License Revenue:						
Resource Management Software License Revenue	\$ 146,708	\$ 151,833	\$ 141,002	\$ 167,404	\$ 606,947	\$ 136,467
Backup and Archive Software License Revenue	51,742	49,877	50,467	59,881	211,967	40,797
Content Management Software License Revenue	49,302	39,160	47,637	64,400	200,499	79,675
Total Multi-platform Software License Revenue	<u>247,752</u>	<u>240,870</u>	<u>239,106</u>	<u>291,685</u>	<u>1,019,413</u>	<u>256,939</u>
Multi-platform Software Maintenance Revenue	125,371	134,476	137,196	149,258	546,301	149,534
Total Multi-platform Software License and Maintenance Revenue	<u>\$ 373,123</u>	<u>\$ 375,346</u>	<u>\$ 376,302</u>	<u>\$ 440,943</u>	<u>\$ 1,565,714</u>	<u>\$ 406,473</u>
VMware Software License Revenue	\$ 62,295	\$ 65,908	\$ 71,844	\$ 87,499	\$ 287,546	\$ 91,844
VMware Maintenance and Services Revenue	17,795	25,019	29,416	27,710	99,940	39,169
Total VMware Revenue	<u>\$ 80,090</u>	<u>\$ 90,927</u>	<u>\$ 101,260</u>	<u>\$ 115,209</u>	<u>\$ 387,486</u>	<u>\$ 131,013</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.