

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

	Three Months Ended		Six Months Ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Revenues:				
Product sales	\$ 1,833,598	\$ 1,688,330	\$ 3,682,128	\$ 3,308,833
Services	740,925	656,485	1,443,082	1,279,113
	<u>2,574,523</u>	<u>2,344,815</u>	<u>5,125,210</u>	<u>4,587,946</u>
Cost and expenses:				
Cost of product sales	884,741	813,080	1,802,638	1,611,619
Cost of services	331,790	275,093	631,237	545,464
Research and development	299,429	253,342	582,918	487,639
Selling, general and administrative	782,016	642,654	1,530,240	1,258,400
Restructuring and other special charges	12,024	-	10,830	968
	<u>264,523</u>	<u>360,646</u>	<u>567,347</u>	<u>683,856</u>
Operating income				
Investment income	61,713	43,494	123,516	86,489
Interest expense	(621)	(1,983)	(2,631)	(4,016)
Other income (expense), net	479	(1,069)	3,195	(3,373)
	<u>326,094</u>	<u>401,088</u>	<u>691,427</u>	<u>762,956</u>
Income before taxes				
Income tax provision	47,001	107,724	136,506	199,758
	<u>279,093</u>	<u>293,364</u>	<u>554,921</u>	<u>563,198</u>
Income before cumulative effect of change in accounting principle				
	279,093	293,364	554,921	563,198
Cumulative effect of change in accounting principle, net of tax benefit of \$808	-	-	(3,372)	-
Net income	<u>\$ 279,093</u>	<u>\$ 293,364</u>	<u>\$ 551,549</u>	<u>\$ 563,198</u>
Net income per weighted average share, basic:				
Income before cumulative effect of a change in accounting principle	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.24
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ 0.24</u>	<u>\$ 0.24</u>
Net income per weighted average share, diluted:				
Income before cumulative effect of a change in accounting principle	\$ 0.12	\$ 0.12	\$ 0.23	\$ 0.23
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ 0.23</u>	<u>\$ 0.23</u>
Weighted average shares, basic	2,306,457	2,391,826	2,328,360	2,393,658
Weighted average shares, diluted	2,341,785	2,442,359	2,371,301	2,442,897
As a % of total revenue:				
Gross margin	52.7%	53.6%	52.5%	53.0%
Selling, general and administrative	30.4%	27.4%	29.9%	27.4%
Research and development	11.6%	10.8%	11.4%	10.6%
Operating income	10.3%	15.4%	11.1%	14.9%
Net income	10.8%	12.5%	10.8%	12.3%

EMC CORPORATION
Selected Non-GAAP Data
For the Three Months Ended June 30, 2006
(in thousands, except per share amounts)
Unaudited

	Costs and Expenses				Operating Income
	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring and Other Special Charges	
GAAP	\$ 1,216,531	\$ 299,429	\$ 782,016	\$ 12,024	\$ 264,523
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	(14,225)	(13,839)	(37,114)	-	65,178
Restricted Stock Expense ⁽¹⁾	(2,214)	(11,996)	(18,935)	-	33,145
Intangible Amortization ⁽²⁾	(21,853)	(3,277)	(10,594)	-	35,724
In-Process Research and Development ⁽³⁾	-	-	-	(12,024)	12,024
Tax benefits ⁽⁴⁾	-	-	-	-	-
Non-GAAP	<u>\$ 1,178,239</u>	<u>\$ 270,317</u>	<u>\$ 715,373</u>	<u>\$ -</u>	<u>\$ 410,594</u>
	Income Before Tax	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
GAAP	\$ 326,094	\$ 47,001	\$ 279,093	\$ 0.12	\$ 0.12
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	65,178	10,133	55,045	\$ 0.02	\$ 0.02
Restricted Stock Expense ⁽¹⁾	33,145	9,355	23,790	\$ 0.01	\$ 0.01
Intangible Amortization ⁽²⁾	35,724	12,551	23,173	\$ 0.01	\$ 0.01
In-Process Research and Development ⁽³⁾	12,024	-	12,024	\$ 0.01	\$ 0.01
Tax benefits ⁽⁴⁾	-	33,266	(33,266)	\$ (0.01)	\$ (0.01)
Non-GAAP	<u>\$ 472,165</u>	<u>\$ 112,306</u>	<u>\$ 359,859</u>	<u>\$ 0.16</u>	<u>\$ 0.15 #</u>

- (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.
(3) Represents in-process research and development associated with business combinations.
(4) Represent settlement of tax contingencies.

May not foot due to rounding.

EMC CORPORATION
Selected Non-GAAP Data
For the Three Months Ended June 30, 2005
(in thousands, except per share amounts)
Unaudited

	Costs and Expenses				
	Cost of Revenue	Research and Development	Selling, General and Administrative	Operating Income	Income Before Tax
GAAP	\$ 1,088,173	\$ 253,342	\$ 642,654	\$ 360,646	\$ 401,088
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	(797)	(3,059)	(3,663)	7,519	7,519
Restricted Stock Expense ⁽¹⁾	(510)	(4,427)	(8,062)	12,999	12,999
Intangible Amortization ⁽²⁾	(17,987)	(3,175)	(6,881)	28,043	28,043
Non-GAAP	<u>\$ 1,068,879</u>	<u>\$ 242,681</u>	<u>\$ 624,048</u>	<u>\$ 409,207</u>	<u>\$ 449,649</u>

	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
	GAAP	\$ 107,724	\$ 293,364	\$ 0.12
Adjustments to reconcile to Non-GAAP:				
Stock Option Expense ⁽¹⁾	2,714	4,805	\$ -	\$ -
Restricted Stock Expense ⁽¹⁾	4,693	8,306	\$ -	\$ -
Intangible Amortization ⁽²⁾	10,207	17,836	\$ 0.01	\$ 0.01
Non-GAAP	<u>\$ 125,338</u>	<u>\$ 324,311</u>	<u>\$ 0.14 #</u>	<u>\$ 0.13</u>

(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.

May not foot due to rounding.

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

	June 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,560,384	\$ 2,322,370
Short-term investments	1,237,614	1,615,495
Accounts and notes receivable, less allowance for doubtful accounts of \$36,109 and \$38,126	1,264,519	1,405,564
Inventories	763,771	724,751
Deferred income taxes	348,122	326,318
Other current assets	239,963	179,478
Total current assets	5,414,373	6,573,976
Long-term investments	3,487,049	3,417,589
Property, plant and equipment, net	1,836,399	1,754,035
Intangible assets, net	555,726	563,024
Other assets, net	649,389	598,252
Goodwill, net	4,114,928	3,883,507
Total assets	\$ 16,057,864	\$ 16,790,383
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 616,686	\$ 583,756
Accrued expenses	1,245,708	1,279,857
Income taxes payable	420,334	645,694
Deferred revenue	1,269,613	1,164,551
Total current liabilities	3,552,341	3,673,858
Deferred revenue	690,773	640,598
Deferred income taxes	122,335	175,192
Long-term convertible debt	-	126,963
Other liabilities	116,740	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 2,298,488 and 2,384,147 shares	22,985	23,841
Additional paid-in capital	4,506,133	5,867,076
Deferred compensation	-	(332,311)
Retained earnings	7,122,060	6,570,511
Accumulated other comprehensive loss	(75,503)	(63,687)
Total stockholders' equity	11,575,675	12,065,430
Total liabilities and stockholders' equity	\$ 16,057,864	\$ 16,790,383

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

	<u>Six Months Ended</u>	
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Cash flows from operating activities:		
Cash received from customers	\$ 5,423,035	\$ 4,722,463
Cash paid to suppliers and employees	(4,124,686)	(3,761,901)
Dividends and interest received	134,906	111,090
Interest paid	(2,696)	(5,107)
Income taxes paid	(401,357)	(37,721)
Net cash provided by operating activities	<u>1,029,202</u>	<u>1,028,824</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(316,120)	(253,652)
Capitalized software development costs	(96,074)	(82,536)
Purchases of short and long-term available for sale securities	(3,486,712)	(4,822,195)
Sales and maturities of short and long-term available for sale securities	3,752,790	4,937,156
Business acquisitions, net of cash acquired	(296,730)	(262,125)
Other	(13,910)	(2,100)
Net cash used in investing activities	<u>(456,756)</u>	<u>(485,452)</u>
Cash flows from financing activities:		
Issuance of common stock	129,897	136,845
Purchase of treasury stock	(1,375,608)	(270,906)
Excess tax benefits from stock based compensation	9,727	-
Payment of long-term and short-term obligations	(127,396)	(88)
Proceeds from long-term and short-term obligations	85	192
Net cash used in financing activities	<u>(1,363,295)</u>	<u>(133,957)</u>
Effect of exchange rate changes on cash	28,863	(33,775)
Net (decrease) increase in cash and cash equivalents	(761,986)	375,640
Cash and cash equivalents at beginning of period	2,322,370	1,476,803
Cash and cash equivalents at end of period	<u>\$ 1,560,384</u>	<u>\$ 1,852,443</u>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 551,549	\$ 563,198
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of a change in accounting principle	3,372	-
Depreciation and amortization	364,641	316,516
Non-cash restructuring and other special charges	12,410	3,100
Stock-based compensation expense	201,938	34,393
Provision for doubtful accounts	866	3,748
Deferred income taxes, net	(67,065)	24,312
Tax benefit from stock options exercised	-	30,659
Excess tax benefits from stock based compensation	(9,727)	-
Other	14,977	24,618
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	147,483	22,750
Inventories	(19,999)	(167,209)
Other assets	(72,514)	(10,630)
Accounts payable	22,884	(62,700)
Accrued expenses	(76,886)	37,416
Income taxes payable	(198,018)	107,756
Deferred revenue	149,476	108,019
Other liabilities	3,815	(7,122)
Net cash provided by operating activities	<u>\$ 1,029,202</u>	<u>\$ 1,028,824</u>
Non-cash activity:		
- Issuance of stock options exchanged in business combinations	<u>\$ 7,500</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>	<u>Q2 2006</u>	<u>YTD 2006</u>
Revenues								
Systems	\$ 1,025,971	\$ 1,068,725	\$ 1,091,881	\$ 1,300,290	\$ 4,486,867	\$ 1,226,928	\$ 1,151,600	\$ 2,378,528
Software:								
Software License	594,532	619,605	595,396	712,626	2,522,159	621,602	681,998	1,303,600
Software Maintenance	237,894	258,622	269,145	287,587	1,053,248	303,202	315,189	618,391
Total Software License & Maintenance	832,426	878,227	864,541	1,000,213	3,575,407	924,804	997,187	1,921,991
Professional, Systems Maintenance and Other Services	374,609	389,359	402,087	402,830	1,568,885	396,081	423,525	819,606
	2,233,006	2,336,311	2,358,509	2,703,333	9,631,159	2,547,813	2,572,312	5,120,125
Other Businesses	10,125	8,504	7,233	6,934	32,796	2,874	2,211	5,085
Total Consolidated Revenues	\$ 2,243,131	\$ 2,344,815	\$ 2,365,742	\$ 2,710,267	\$ 9,663,955	\$ 2,550,687	\$ 2,574,523	\$ 5,125,210
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)%	(1.1)%	(1.6)%

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

Supplemental Revenue Data

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	YTD 2005	Q1 2006	Q2 2006	YTD 2006
Symmetrix Hardware and Software Revenue (a)	\$ 652,328	\$ 677,655	\$ 633,308	\$ 754,345	\$ 2,717,636	\$ 718,356	\$ 676,649	\$ 1,395,005
CLARiiON Hardware and Software Revenue (a)	418,641	430,960	425,375	518,729	1,793,705	472,003	446,511	918,514
Connectivity Revenue (b)	176,053	188,189	226,829	242,992	834,063	204,113	211,713	415,826
Platform Software License Revenue	\$ 284,485	\$ 312,827	\$ 284,446	\$ 333,442	\$ 1,215,200	\$ 272,819	\$ 291,059	\$ 563,878
Platform Software Maintenance Revenue	100,064	104,601	109,727	116,182	430,574	124,057	118,883	242,940
Total Platform Revenue	\$ 384,549	\$ 417,428	\$ 394,173	\$ 449,624	\$ 1,645,774	\$ 396,876	\$ 409,942	\$ 806,818
Multi-platform Software License Revenue:								
Resource Management Software License Revenue	\$ 146,708	\$ 151,833	\$ 141,002	\$ 167,404	\$ 606,947	\$ 136,467	\$ 150,652	\$ 287,119
Backup and Archive Software License Revenue	51,742	49,877	50,467	59,881	211,967	40,797	56,218	97,015
Content Management Software License Revenue	49,302	39,160	47,637	64,400	200,499	79,675	70,234	149,909
Total Multi-platform Software License Revenue	\$ 247,752	\$ 240,870	\$ 239,106	\$ 291,685	\$ 1,019,413	\$ 256,939	\$ 277,104	\$ 534,043
Multi-platform Software Maintenance Revenue	125,371	134,476	137,196	149,258	546,301	149,534	162,711	312,245
Total Multi-platform Software License and Maintenance Revenue	\$ 373,123	\$ 375,346	\$ 376,302	\$ 440,943	\$ 1,565,714	\$ 406,473	\$ 439,815	\$ 846,288
VMware Software License Revenue	\$ 62,295	\$ 65,908	\$ 71,844	\$ 87,499	\$ 287,546	\$ 91,844	\$ 113,835	\$ 205,679
VMware Maintenance and Services Revenue	17,795	25,019	29,416	27,710	99,940	39,169	43,657	82,826
Total VMware Revenue	\$ 80,090	\$ 90,927	\$ 101,260	\$ 115,209	\$ 387,486	\$ 131,013	\$ 157,492	\$ 288,505

(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.