

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

	Three Months Ended	
	March 31, 2007	March 31, 2006
Revenues:		
Product sales	\$ 2,112,426	\$ 1,848,530
Services	862,579	702,157
	2,975,005	2,550,687
Cost and expenses:		
Cost of product sales	1,038,478	917,897
Cost of services	366,587	299,447
Research and development	355,392	283,489
Selling, general and administrative	875,690	748,224
Restructuring credits	(2,670)	(1,194)
Operating income	341,528	302,824
Investment income	52,139	61,803
Interest expense	(18,293)	(2,010)
Other income, net	4,840	2,716
Income before taxes	380,214	365,333
Income tax provision	67,607	89,505
Income before cumulative effect of change in accounting principle	312,607	275,828
Cumulative effect of change in accounting principle, net of tax benefit of \$808	-	(3,372)
Net income	\$ 312,607	\$ 272,456
Net income per weighted average share, basic:		
Income before cumulative effect of a change in accounting principle	\$ 0.15	\$ 0.12
Cumulative effect of a change in accounting principle	-	-
Net income	\$ 0.15	\$ 0.12
Net income per weighted average share, diluted:		
Income before cumulative effect of a change in accounting principle	\$ 0.15	\$ 0.12
Cumulative effect of a change in accounting principle	-	-
Net income	\$ 0.15	\$ 0.11
Weighted average shares, basic	2,080,039	2,350,606
Weighted average shares, diluted	2,121,826	2,400,312
As a % of total revenue:		
Gross margin	52.8%	52.3%
Selling, general and administrative	29.4%	29.3%
Research and development	11.9%	11.1%
Operating income	11.5%	11.9%
Net income	10.5%	10.7%

EMC CORPORATION
Selected Non-GAAP Data
For the Three Months Ended March 31, 2007
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Unaudited

	Costs and Expenses				
	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring Credits	Operating Income
GAAP	\$ 1,405,065	\$ 355,392	\$ 875,690	\$ (2,670)	\$ 341,528
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	(11,039)	(12,830)	(27,090)	-	50,959
Restricted Stock Expense ⁽¹⁾	(2,519)	(10,612)	(19,257)	-	32,388
Intangible Amortization ⁽²⁾	(29,007)	(2,113)	(17,123)	-	48,243
Non-GAAP	<u>\$ 1,362,500</u>	<u>\$ 329,837</u>	<u>\$ 812,220</u>	<u>\$ (2,670)</u>	<u>\$ 473,118</u>
	Income Before Tax	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
GAAP	\$ 380,214	\$ 67,607	\$ 312,607	\$ 0.15	\$ 0.15
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	50,959	12,895	38,064	0.02	0.02
Restricted Stock Expense ⁽¹⁾	32,388	9,830	22,558	0.01	0.01
Intangible Amortization ⁽²⁾	48,243	17,040	31,203	0.02	0.01
Tax Benefits ⁽³⁾	-	19,912	(19,912)	(0.01)	(0.01)
Non-GAAP	<u>\$ 511,804</u>	<u>\$ 127,284</u>	<u>\$ 384,520</u>	<u>\$ 0.18 #</u>	<u>\$ 0.18</u>

- (1) Represents equity compensation recognized pursuant to FAS No. 123R "Share-Based Payment".
(2) Represents amortization associated with intangible assets acquired in connection with business combinations.
(3) Represents income tax benefits consisting of statute of limitation expirations, resolution of income tax audits and other matters.

May not foot due to rounding.

EMC CORPORATION
Selected Non-GAAP Data
For the Three Months Ended March 31, 2006
(in thousands, except per share amounts)
Unaudited

	Costs and Expenses				
	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring Credits	Operating Income
GAAP	\$ 1,217,344	\$ 283,489	\$ 748,224	\$ (1,194)	\$ 302,824
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	(17,395)	(16,885)	(40,964)	-	75,244
Restricted Stock Expense ⁽¹⁾	(1,908)	(8,377)	(18,087)	-	28,372
Intangible Amortization ⁽²⁾	(21,599)	(3,413)	(10,330)	-	35,342
Non-GAAP	<u>\$ 1,176,442</u>	<u>\$ 254,814</u>	<u>\$ 678,843</u>	<u>\$ (1,194)</u>	<u>\$ 441,782</u>
	Income Before Tax	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
GAAP	\$ 365,333	\$ 89,505	\$ 272,456	\$ 0.12	\$ 0.11
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense ⁽¹⁾	75,244	14,230	64,386	0.03	0.03
Restricted Stock Expense ⁽¹⁾	28,372	7,864	20,508	0.01	0.01
Intangible Amortization ⁽²⁾	35,342	12,349	22,993	0.01	0.01
Non-GAAP	<u>\$ 504,291</u>	<u>\$ 123,948</u>	<u>\$ 380,343</u>	<u>\$ 0.16</u> #	<u>\$ 0.16</u>

(1) Represents equity compensation recognized pursuant to FAS No. 123R "Share-Based Payment".

(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

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,347,374	\$ 1,828,106
Short-term investments	1,936,816	1,521,925
Accounts and notes receivable, less allowance for doubtful accounts of \$33,546 and \$39,509	1,542,351	1,692,214
Inventories	824,841	834,800
Deferred income taxes	419,624	418,146
Other current assets	248,657	225,396
Total current assets	7,319,663	6,520,587
Long-term investments	1,535,779	2,246,290
Property, plant and equipment, net	2,075,989	2,035,559
Deferred income taxes	109,350	104,446
Intangible assets, net	956,157	1,003,549
Other assets, net	629,478	638,655
Goodwill, net	5,995,892	6,017,161
Total assets	\$ 18,622,308	\$ 18,566,247
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 726,755	\$ 680,263
Accrued expenses	1,458,330	1,592,022
Income taxes payable	27,941	63,806
Deferred revenue	1,552,615	1,325,671
Total current liabilities	3,765,641	3,661,762
Income taxes payable	213,077	219,342
Deferred revenue	732,252	780,124
Long-term convertible debt	3,450,000	3,450,000
Other liabilities	121,560	129,312
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 2,098,455 and 2,122,339 shares	20,985	21,223
Additional paid-in capital	2,250,009	2,564,554
Retained earnings	8,113,609	7,794,493
Accumulated other comprehensive loss	(44,825)	(54,563)
Total stockholders' equity	10,339,778	10,325,707
Total liabilities and stockholders' equity	\$ 18,622,308	\$ 18,566,247

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

	<u>Three Months Ended</u>	
	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,298,580	\$ 2,878,265
Cash paid to suppliers and employees	(2,471,509)	(2,013,463)
Dividends and interest received	57,824	60,297
Interest paid	(3,201)	(2,020)
Income taxes paid	(73,011)	(285,901)
Net cash provided by operating activities	<u>808,683</u>	<u>637,178</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(170,526)	(160,520)
Capitalized software development costs	(51,920)	(48,883)
Purchases of short and long-term available for sale securities	(1,891,806)	(2,185,463)
Sales and maturities of short and long-term available for sale securities	2,192,202	1,328,151
Business acquisitions, net of cash acquired	(3,261)	(18,759)
Other	(860)	(7,700)
Net cash provided by (used in) investing activities	<u>73,829</u>	<u>(1,093,174)</u>
Cash flows from financing activities:		
Issuance of common stock	103,312	62,608
Repurchase of EMC common stock	(488,662)	(376,056)
Excess tax benefits from stock based compensation	12,812	6,309
Payment of long-term and short-term obligations	(620)	(314)
Proceeds from long-term and short-term obligations	2,229	70
Net cash used in financing activities	<u>(370,929)</u>	<u>(307,383)</u>
Effect of exchange rate changes on cash	7,685	3,794
Net increase (decrease) in cash and cash equivalents	519,268	(759,585)
Cash and cash equivalents at beginning of period	1,828,106	2,322,370
Cash and cash equivalents at end of period	<u>\$ 2,347,374</u>	<u>\$ 1,562,785</u>
Reconciliation of net income to net cash provided		
by operating activities:		
Net income	\$ 312,607	\$ 272,456
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	212,848	181,394
Stock-based compensation expense	83,347	103,616
Reduction in provision for doubtful accounts	(787)	(2,167)
Deferred income taxes, net	(457)	(31,121)
Excess tax benefits from stock based compensation	(12,812)	(6,309)
Other	1,980	6,655
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	142,873	205,380
Inventories	18,302	41,498
Other assets	(11,068)	19,393
Accounts payable	45,685	54,746
Accrued expenses	(150,962)	(160,245)
Income taxes payable	(4,952)	(180,562)
Deferred revenue	181,489	124,365
Other liabilities	(9,410)	4,707
Net cash provided by operating activities	<u>\$ 808,683</u>	<u>\$ 637,178</u>

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

Revenue Components

	<u>Q1 2006</u>	<u>Q2 2006</u>	<u>Q3 2006</u>	<u>Q4 2006</u>	<u>YTD 2006</u>	<u>Q1 2007</u>
Revenues						
Systems	\$ 1,226,928	\$ 1,151,600	\$ 1,299,321	\$ 1,462,777	\$ 5,140,626	\$ 1,305,766
Software:						
Software License	621,602	681,998	736,331	897,485	2,937,416	806,660
Software Maintenance	303,202	315,189	345,650	371,163	1,335,204	382,080
Total Software License & Maintenance	<u>924,804</u>	<u>997,187</u>	<u>1,081,981</u>	<u>1,268,648</u>	<u>4,272,620</u>	<u>1,188,740</u>
Professional, Systems Maintenance and Other Services	396,081	423,525	431,989	481,471	1,733,066	478,972
	2,547,813	2,572,312	2,813,291	3,212,896	11,146,312	2,973,478
Other Businesses	2,874	2,211	2,015	1,678	8,778	1,527
Total Consolidated Revenues	<u>\$ 2,550,687</u>	<u>\$ 2,574,523</u>	<u>\$ 2,815,306</u>	<u>\$ 3,214,574</u>	<u>\$ 11,155,090</u>	<u>\$ 2,975,005</u>
Percentage impact to EMC revenue growth rate due to changes in exchange rates from the prior year	(2.1)%	(1.1)%	0.7%	1.4%	(0.2)%	2.1%

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Revenue Analysis
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Unaudited

Supplemental Revenue Data

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	YTD 2006	Q1 2007
Storage Systems Revenue	\$ 1,222,624	\$ 1,147,892	\$ 1,295,524	\$ 1,458,740	\$ 5,124,780	\$ 1,302,741
Storage Software License Revenue	446,720	493,002	524,679	550,856	2,015,257	486,558
Storage Maintenance and Services Revenue	583,010	610,015	619,496	656,020	2,468,541	637,629
Total Storage Revenue	\$ 2,252,354	\$ 2,250,909	\$ 2,439,699	\$ 2,665,616	\$ 9,608,578	\$ 2,426,928
Content Management and Archiving Systems Revenue	\$ 4,304	\$ 3,708	\$ 87	\$ 522	\$ 8,621	\$ 68
Content Management and Archiving Software License Revenue	83,038	75,161	59,092	106,302	323,593	68,472
Content Management and Archiving Maintenance and Services Revenue	79,978	87,253	90,173	96,172	353,576	103,658
Total Content Management and Archiving Revenue	\$ 167,320	\$ 166,122	\$ 149,352	\$ 202,996	\$ 685,790	\$ 172,198
Security Systems Revenue	\$ -	\$ -	\$ 3,710	\$ 3,515	\$ 7,225	\$ 2,958
Security Software License Revenue	-	-	27,084	76,835	103,919	81,934
Security Maintenance and Services Revenue	-	-	6,961	33,581	40,542	34,969
Total Security Revenue	\$ -	\$ -	\$ 37,755	\$ 113,931	\$ 151,686	\$ 119,861
VMware Software License Revenue	\$ 91,844	\$ 113,835	\$ 125,476	\$ 163,492	\$ 494,647	\$ 169,696
VMware Maintenance and Services Revenue	39,169	43,657	63,024	68,539	214,389	86,322
Total VMware Revenue	\$ 131,013	\$ 157,492	\$ 188,500	\$ 232,031	\$ 709,036	\$ 256,018