

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

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Revenues:				
Product sales	\$ 2,222,355	\$ 1,833,598	\$ 4,334,781	\$ 3,682,128
Services	902,317	740,925	1,764,896	1,443,082
	<u>3,124,672</u>	<u>2,574,523</u>	<u>6,099,677</u>	<u>5,125,210</u>
Cost and expenses:				
Cost of product sales	1,036,242	884,741	2,074,720	1,802,638
Cost of services	387,617	331,790	754,204	631,237
Research and development	384,966	299,429	740,358	582,918
Selling, general and administrative	924,349	782,016	1,800,039	1,530,240
In-process research and development	-	12,410	-	12,410
Restructuring credits	-	(386)	(2,670)	(1,580)
	<u>391,498</u>	<u>264,523</u>	<u>733,026</u>	<u>567,347</u>
Operating income	391,498	264,523	733,026	567,347
Investment income	50,850	61,713	102,989	123,516
Interest expense	(18,136)	(621)	(36,429)	(2,631)
Other income, net	2,968	479	7,808	3,195
	<u>427,180</u>	<u>326,094</u>	<u>807,394</u>	<u>691,427</u>
Income before taxes	427,180	326,094	807,394	691,427
Income tax provision	92,773	47,001	160,380	136,506
	<u>334,407</u>	<u>279,093</u>	<u>647,014</u>	<u>554,921</u>
Income before cumulative effect of a change in accounting principle	334,407	279,093	647,014	554,921
Cumulative effect of a change in accounting principle, net of taxes of \$107	-	-	-	247
	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>
Net income	<u>\$ 334,407</u>	<u>\$ 279,093</u>	<u>\$ 647,014</u>	<u>\$ 555,168</u>
Net income per weighted average share, basic:				
Income before cumulative effect of a change in accounting principle	\$ 0.16	\$ 0.12	\$ 0.31	\$ 0.24
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	<u>\$ 0.16</u>	<u>\$ 0.12</u>	<u>\$ 0.31</u>	<u>\$ 0.24</u>
Net income per weighted average share, diluted:				
Income before cumulative effect of a change in accounting principle	\$ 0.16	\$ 0.12	\$ 0.30	\$ 0.23
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	<u>\$ 0.16</u>	<u>\$ 0.12</u>	<u>\$ 0.30</u>	<u>\$ 0.23</u>
Weighted average shares, basic	2,070,636	2,306,457	2,075,683	2,328,360
Weighted average shares, diluted	2,121,645	2,341,785	2,122,080	2,371,301
As a % of total revenue:				
Gross margin	54.4%	52.7%	53.6%	52.5%
Selling, general and administrative	29.6%	30.4%	29.5%	29.9%
Research and development	12.3%	11.6%	12.1%	11.4%
Operating income	12.5%	10.3%	12.0%	11.1%
Net income	10.7%	10.8%	10.6%	10.8%

*Note: The presentation of the results of operations for the six months ended June 30, 2006 has been revised to adjust the cumulative effect of the accounting change for the initial adoption of FAS No. 123R. The effect of this change was to increase net income by \$3.6 million and decrease additional paid-in-capital at January 1, 2006 by the same amount.*

EMC CORPORATION  
Selected Non-GAAP Data  
For the Three Months Ended June 30, 2007  
(in thousands, except per share amounts)  
Unaudited

	Costs and Expenses			
	Cost of Revenue	Research and Development	Selling, General and Administrative	Operating Income
GAAP	\$ 1,423,859	\$ 384,966	\$ 924,349	\$ 391,498
Adjustments to reconcile to Non-GAAP:				
Stock Option Expense <sup>(1)</sup>	(9,968)	(14,937)	(28,284)	53,189
Restricted Stock Expense <sup>(1)</sup>	(3,481)	(9,796)	(20,740)	34,017
Intangible Amortization <sup>(2)</sup>	(29,185)	(2,167)	(17,244)	48,596
Non-GAAP	\$ 1,381,225	\$ 358,066	\$ 858,081	\$ 527,300

	Income Before Taxes	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
GAAP	\$ 427,180	\$ 92,773	\$ 334,407	\$ 0.16	\$ 0.16
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	53,189	12,382	40,807	0.02	0.02
Restricted Stock Expense <sup>(1)</sup>	34,017	9,481	24,536	0.01	0.01
Intangible Amortization <sup>(2)</sup>	48,596	17,108	31,488	0.02	0.01
Non-GAAP	\$ 562,982	\$ 131,744	\$ 431,238	\$ 0.21	\$ 0.20

- (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.

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	In-process Research and Development	Restructuring Credits	
GAAP	\$ 1,216,531	\$ 299,429	\$ 782,016	\$ 12,410	\$ (386)	\$ 264,523
Adjustments to reconcile to Non-GAAP:						
Stock Option Expense <sup>(1)</sup>	(14,225)	(13,839)	(37,114)	-	-	65,178
Restricted Stock Expense <sup>(1)</sup>	(2,214)	(11,996)	(18,935)	-	-	33,145
Intangible Amortization <sup>(2)</sup>	(21,853)	(3,277)	(10,594)	-	-	35,724
In-Process Research and Development <sup>(3)</sup>	-	-	-	(12,410)	-	12,410
Restructuring Credits <sup>(4)</sup>	-	-	-	-	386	(386)
Non-GAAP	<u>\$ 1,178,239</u>	<u>\$ 270,317</u>	<u>\$ 715,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,594</u>

	Income Before Taxes	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
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	65,178	10,133	55,045	0.02	0.02
Restricted Stock Expense <sup>(1)</sup>	33,145	9,355	23,790	0.01	0.01
Intangible Amortization <sup>(2)</sup>	35,724	12,551	23,173	0.01	0.01
In-Process Research and Development <sup>(3)</sup>	12,410	-	12,410	0.01	0.01
Restructuring Credits <sup>(4)</sup>	(386)	33,266	(33,652)	(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 adjustment to prior years' restructuring and the associated tax benefit.

# May not foot due to rounding.

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

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,154,095	\$ 1,828,106
Short-term investments	1,436,863	1,521,925
Accounts and notes receivable, less allowance for doubtful accounts of \$32,415 and \$39,509	1,669,203	1,692,214
Inventories	823,281	834,800
Deferred income taxes	426,739	418,146
Other current assets	273,181	225,396
Total current assets	7,783,362	6,520,587
Long-term investments	1,343,998	2,246,290
Property, plant and equipment, net	2,081,447	2,035,559
Deferred income taxes	119,865	104,446
Intangible assets, net	949,421	1,003,549
Other assets, net	668,892	638,655
Goodwill, net	6,137,848	6,017,161
Total assets	\$ 19,084,833	\$ 18,566,247
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 690,016	\$ 680,263
Accrued expenses	1,511,337	1,592,022
Income taxes payable	69,872	63,806
Deferred revenue	1,458,542	1,325,671
Total current liabilities	3,729,767	3,661,762
Income taxes payable	231,000	219,342
Deferred revenue	912,990	780,124
Long-term convertible debt	3,450,000	3,450,000
Other liabilities	122,772	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 2,097,290 and 2,122,339 shares	20,973	21,223
Additional paid-in capital	2,226,944	2,560,935
Retained earnings	8,451,635	7,798,112
Accumulated other comprehensive loss	(61,248)	(54,563)
Total stockholders' equity	10,638,304	10,325,707
Total liabilities and stockholders' equity	\$ 19,084,833	\$ 18,566,247

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

	<u>Six Months Ended</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 6,391,546	\$ 5,423,035
Cash paid to suppliers and employees	(4,930,350)	(4,124,686)
Dividends and interest received	116,747	134,906
Interest paid	(38,854)	(2,696)
Income taxes paid	(108,841)	(401,357)
Net cash provided by operating activities	<u>1,430,248</u>	<u>1,029,202</u>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(324,210)	(316,120)
Capitalized software development costs	(98,046)	(96,074)
Purchases of short and long-term available for sale securities	(3,165,846)	(3,486,712)
Sales and maturities of short and long-term available for sale securities	4,148,396	3,752,790
Business acquisitions, net of cash acquired	(161,002)	(296,730)
Other	(6,860)	(13,910)
Net cash provided by (used in) investing activities	<u>392,432</u>	<u>(456,756)</u>
<b>Cash flows from financing activities:</b>		
Issuance of common stock	355,324	129,897
Repurchase of EMC common stock	(878,226)	(1,375,608)
Excess tax benefits from stock based compensation	32,684	9,727
Payment of long-term and short-term obligations	(4,263)	(127,396)
Proceeds from long-term and short-term obligations	2,506	85
Net cash used in financing activities	<u>(491,975)</u>	<u>(1,363,295)</u>
Effect of exchange rate changes on cash	<u>(4,716)</u>	<u>28,863</u>
Net increase (decrease) in cash and cash equivalents	1,325,989	(761,986)
Cash and cash equivalents at beginning of period	1,828,106	2,322,370
Cash and cash equivalents at end of period	<u>\$ 3,154,095</u>	<u>\$ 1,560,384</u>
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Net income	\$ 647,014	\$ 555,168
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Cumulative effect of a change in accounting principle	-	(247)
Depreciation and amortization	438,260	364,641
In-process research and development	-	12,410
Stock-based compensation expense	170,553	201,938
(Decrease) increase in provision for doubtful accounts	(82)	866
Deferred income taxes, net	(28,163)	(67,065)
Excess tax benefits from stock based compensation	(32,684)	(9,727)
Other	6,524	14,977
<b>Changes in assets and liabilities, net of acquisitions:</b>		
Accounts and notes receivable	29,166	147,483
Inventories	39,897	(19,999)
Other assets	(79,042)	(72,514)
Accounts payable	9,373	22,884
Accrued expenses	(105,797)	(76,886)
Income taxes payable	79,731	(198,018)
Deferred revenue	262,784	149,476
Other liabilities	(7,286)	3,815
Net cash provided by operating activities	<u>\$ 1,430,248</u>	<u>\$ 1,029,202</u>
<b>Non-cash activity:</b>		
- Issuance of stock options exchanged in business combinations	<u>\$ 659</u>	<u>\$ 7,500</u>

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

**Revenue Components**

	<b>Q1 2006</b>	<b>Q2 2006</b>	<b>Q3 2006</b>	<b>Q4 2006</b>	<b>YTD 2006</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>YTD 2007</b>
<b>Revenues</b>								
Systems	\$ 1,226,928	\$ 1,151,600	\$ 1,299,321	\$ 1,462,777	\$ 5,140,626	\$ 1,305,766	\$ 1,354,438	\$ 2,660,204
Software:								
Software License	621,602	681,998	736,331	897,485	2,937,416	806,660	867,917	1,674,577
Software Maintenance	303,202	315,189	345,650	371,163	1,335,204	382,080	400,233	782,313
Total Software License & Maintenance	924,804	997,187	1,081,981	1,268,648	4,272,620	1,188,740	1,268,150	2,456,890
Professional, Systems Maintenance and Other Services	396,081	423,525	431,989	481,471	1,733,066	478,972	500,798	979,770
	<b>2,547,813</b>	<b>2,572,312</b>	<b>2,813,291</b>	<b>3,212,896</b>	<b>11,146,312</b>	<b>2,973,478</b>	<b>3,123,386</b>	<b>6,096,864</b>
Other Businesses	2,874	2,211	2,015	1,678	8,778	1,527	1,286	2,813
<b>Total Consolidated Revenues</b>	<b>\$ 2,550,687</b>	<b>\$ 2,574,523</b>	<b>\$ 2,815,306</b>	<b>\$ 3,214,574</b>	<b>\$ 11,155,090</b>	<b>\$ 2,975,005</b>	<b>\$ 3,124,672</b>	<b>\$ 6,099,677</b>
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%	2.1%	2.1%

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

**Supplemental Revenue Data**

	<u>Q1 2006</u>	<u>Q2 2006</u>	<u>Q3 2006</u>	<u>Q4 2006</u>	<u>YTD 2006</u>	<u>Q1 2007</u>	<u>Q2 2007</u>	<u>YTD 2007</u>
Storage Systems Revenue	\$ 1,222,624	\$ 1,147,892	\$ 1,295,524	\$ 1,458,740	\$ 5,124,780	\$ 1,302,741	\$ 1,347,357	\$ 2,650,098
Storage Software License Revenue	446,720	493,002	524,679	550,856	2,015,257	486,558	512,521	999,079
Storage Maintenance and Services Revenue	583,010	610,015	619,496	656,020	2,468,541	637,629	668,140	1,305,769
Total Storage Revenue	<u>\$ 2,252,354</u>	<u>\$ 2,250,909</u>	<u>\$ 2,439,699</u>	<u>\$ 2,665,616</u>	<u>\$ 9,608,578</u>	<u>\$ 2,426,928</u>	<u>\$ 2,528,018</u>	<u>\$ 4,954,946</u>
Content Management and Archiving Systems Revenue	\$ 4,304	\$ 3,708	\$ 87	\$ 522	\$ 8,621	\$ 68	\$ 1,708	\$ 1,776
Content Management and Archiving Software License Revenue	83,038	75,161	59,092	106,302	323,593	68,472	69,046	137,518
Content Management and Archiving Maintenance and Services Revenue	79,978	87,253	90,173	96,172	353,576	103,658	102,848	206,506
Total Content Management and Archiving Revenue	<u>\$ 167,320</u>	<u>\$ 166,122</u>	<u>\$ 149,352</u>	<u>\$ 202,996</u>	<u>\$ 685,790</u>	<u>\$ 172,198</u>	<u>\$ 173,602</u>	<u>\$ 345,800</u>
VMware Software License Revenue	\$ 91,844	\$ 113,835	\$ 125,476	\$ 163,492	\$ 494,647	\$ 169,696	\$ 205,050	\$ 374,746
VMware Maintenance and Services Revenue	39,169	43,657	63,024	68,539	214,389	86,322	93,047	179,369
Total VMware Revenue	<u>\$ 131,013</u>	<u>\$ 157,492</u>	<u>\$ 188,500</u>	<u>\$ 232,031</u>	<u>\$ 709,036</u>	<u>\$ 256,018</u>	<u>\$ 298,097</u>	<u>\$ 554,115</u>
Security Systems Revenue	\$ -	\$ -	\$ 3,710	\$ 3,515	\$ 7,225	\$ 2,958	\$ 5,373	\$ 8,331
Security Software License Revenue	-	-	27,084	76,835	103,919	81,934	81,300	163,234
Security Maintenance and Services Revenue	-	-	6,961	33,581	40,542	34,969	38,282	73,251
Total Security Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,755</u>	<u>\$ 113,931</u>	<u>\$ 151,686</u>	<u>\$ 119,861</u>	<u>\$ 124,955</u>	<u>\$ 244,816</u>