

EMC CORPORATION
Consolidated Statements of Operations
Three Months Ended June 30, 2002
(in thousands, except per share amounts)
(unaudited)

	As Reported	Restructuring Reversal	Adjusted
Revenues:			
Net sales	\$ 1,099,671		\$ 1,099,671
Services	287,867		287,867
	1,387,538		1,387,538
Costs and expenses:			
Cost of sales	653,263	24,769 (1)	678,032
Cost of services	177,874		177,874
Research and development	202,027		202,027
Selling, general and administrative	420,779		420,779
	(66,405)	(24,769)	(91,174)
Operating loss			
Investment income	57,823		57,823
Interest expense	(2,720)		(2,720)
Other expense, net	(5,650)		(5,650)
	(16,952)	(24,769)	(41,721)
Loss before taxes			
Income tax benefit	(17,760)	(12,715) (1)	(30,475)
	808	(12,054)	(11,246)
Net income (loss)	\$ 808	\$ (12,054)	\$ (11,246)
Net income (loss) per weighted average share, basic			
	\$ 0.00	\$ 0.01	\$ (0.01)
Net income (loss) per weighted average share, diluted			
	\$ 0.00	\$ 0.01	\$ (0.01)
Weighted average shares, basic	2,208,383		2,208,383
Weighted average shares, diluted	2,215,903		2,208,383
As a % of total revenue:			
Gross margin	40.1%		38.3%
Selling, general and administrative	30.3%		30.3%
Research and development	14.6%		14.6%
Operating loss	-4.8%		-6.6%
Net income (loss)	0.1%		-0.8%

(1) Reversal of restructuring inventory provision taken in the third quarter of 2001 and related tax impact.

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	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001 (1)	June 30, 2002	June 30, 2001 (2)
Revenues:				
Net sales	\$ 1,099,671	\$ 1,736,485	\$ 2,124,294	\$ 3,793,411
Services	287,867	284,370	565,222	572,239
	<u>1,387,538</u>	<u>2,020,855</u>	<u>2,689,516</u>	<u>4,365,650</u>
Cost and expenses:				
Cost of sales	653,263	892,221	1,287,862	1,768,832
Cost of services	177,874	179,322	344,208	354,995
Research and development	202,027	245,627	402,978	469,667
Selling, general and administrative	420,779	617,336	875,447	1,210,372
	<u>1,453,843</u>	<u>1,934,506</u>	<u>2,810,495</u>	<u>3,814,866</u>
Operating income (loss)	(66,405)	86,349	(220,979)	561,784
Investment income	57,823	64,239	113,348	135,848
Interest expense	(2,720)	(3,597)	(5,581)	(6,855)
Other income (expense), net	(5,650)	2,136	(13,540)	4,642
	<u>1,002,823</u>	<u>1,108,117</u>	<u>1,080,227</u>	<u>1,208,482</u>
Income (loss) before taxes	(16,952)	149,127	(126,752)	695,419
Provision (benefit) for income taxes	(17,760)	40,265	(50,701)	187,762
	<u>34,188</u>	<u>109,362</u>	<u>124,049</u>	<u>507,657</u>
Net income (loss)	<u>\$ 808</u>	<u>\$ 108,862</u>	<u>\$ (76,051)</u>	<u>\$ 507,657</u>
Net income (loss) per weighted average share, basic	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	<u>\$ 0.23</u>
Net income (loss) per weighted average share, diluted	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	<u>\$ 0.23</u>
Weighted average shares, basic	2,208,383	2,207,655	2,214,997	2,205,770
Weighted average shares, diluted	2,215,903	2,239,799	2,214,997	2,247,021
As a % of total revenue:				
Gross margin	40.1%	47.0%	39.3%	51.4%
Selling, general and administrative	30.3%	30.5%	32.6%	27.7%
Research and development	14.6%	12.2%	15.0%	10.8%
Operating income (loss)	-4.8%	4.3%	-8.2%	12.9%
Net income (loss)	0.1%	5.4%	-2.8%	11.6%

(1) Includes \$11,121 in goodwill amortization classified in cost of sales and \$3,105 of goodwill amortization classified in research and development that would have been excluded if Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" was in effect in 2001. Excluding the goodwill amortization would have resulted in after-tax net income of \$121,577 or \$0.05 per diluted share.

(2) Includes \$22,242 in goodwill amortization classified in cost of sales and \$3,466 of goodwill amortization classified in research and development that would have been excluded if Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" was in effect in 2001. Excluding the goodwill amortization would have resulted in after-tax net income of \$531,399 or \$0.24 per diluted share.

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

	June 30, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,632,354	\$ 2,129,019
Short-term investments	591,877	445,428
Accounts and notes receivable, less allowance for doubtful accounts of \$48,922 and \$36,169	1,022,836	1,348,569
Inventories	456,935	583,985
Deferred income taxes	261,584	287,597
Other current assets	116,030	128,644
Total current assets	4,081,616	4,923,242
Long-term investments	3,238,524	2,509,112
Property, plant and equipment, net	1,773,741	1,827,331
Intangible and other assets, net	547,726	583,110
Deferred income taxes	45,508	46,840
Total assets	\$ 9,687,115	\$ 9,889,635
 LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current portion of long-term obligations	\$ 47,851	\$ 56,677
Accounts payable	415,944	424,132
Accrued expenses	897,756	1,024,211
Income taxes payable	350,686	315,368
Deferred revenue	471,930	359,026
Total current liabilities	2,184,167	2,179,414
Other liabilities	87,076	109,401
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 2,228,041 and 2,221,442 shares	22,280	22,214
Additional paid-in capital	3,532,009	3,470,325
Deferred compensation	(17,375)	(29,209)
Retained earnings	4,112,704	4,188,755
Accumulated other comprehensive loss, net	(15,479)	(33,007)
Treasury stock, at cost; 24,474 and 1,060 shares	(218,267)	(18,258)
Total stockholders' equity	7,415,872	7,600,820
Total liabilities and stockholders' equity	\$ 9,687,115	\$ 9,889,635

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

For the Six Months Ended

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Cash flows from operating activities:		
Net income (loss)	\$ (76,051)	\$ 507,657
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	334,782	311,127
Reversal of non-cash inventory provision	(52,840)	-
Other than temporary declines in equity investments	6,315	-
Amortization of deferred compensation	7,552	10,837
Provision for doubtful accounts	26,822	11,282
Deferred income taxes, net	40,286	4,647
Net loss on disposal of property, plant, and equipment	6,821	1,049
Tax benefit from stock options exercised	23,002	129,194
Minority interest	-	29
Changes in assets and liabilities:		
Accounts and notes receivable	300,956	372,992
Inventories	188,791	(82,628)
Other assets	36,910	(34,665)
Accounts payable	1,901	(90,101)
Accrued expenses	(132,376)	(20,785)
Income taxes payable	4,639	(164,707)
Deferred revenue	107,678	59,789
Other liabilities	(9,594)	3,074
Net cash provided by operating activities	<u>815,594</u>	<u>1,018,791</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(218,836)	(507,476)
Proceeds from sales of property, plant and equipment	-	17,143
Capitalized software development costs	(64,261)	(59,557)
Purchases of short and long-term available-for-sale securities	(5,324,084)	(3,072,293)
Sales of short and long-term available-for-sale securities	4,345,908	2,709,376
Maturity of short and long-term available-for-sale securities	121,646	84,020
Business acquisitions, net of cash acquired	-	(51,051)
Net cash used by investing activities	<u>(1,139,627)</u>	<u>(879,838)</u>
Cash flows from financing activities:		
Issuance of common stock	43,030	103,050
Purchase of treasury stock	(200,009)	(2,293)
Payment of short-term obligations, net	(796)	-
Payment of long-term obligations	(8,099)	(9,163)
Issuance of long-term obligations	-	5
Cash portion of McDATA Corporation spin-off dividend	-	(141,981)
Net cash used by financing activities	<u>(165,874)</u>	<u>(50,382)</u>
Effect of exchange rate changes on cash	(6,758)	(2,970)
Net increase (decrease) in cash and cash equivalents	(489,907)	88,571
Cash and cash equivalents at beginning of period	2,129,019	1,983,221
Cash and cash equivalents at end of period	<u>\$ 1,632,354</u>	<u>\$ 2,068,822</u>
Non-cash activity:		
Distribution of net assets in McData Corporation dividend	\$ -	\$ 234,152
Issuance of capital lease obligations	-	24,490

EMC CORPORATION
Supplemental Schedule of Earnings Adjusted to Expense Stock Options
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net income (loss)	\$ 808	\$ 108,862	\$ (76,051)	\$ 507,657
Stock option expense	(92,051)	(82,126)	(191,541)	(150,043)
Adjusted net income (loss)	<u>\$ (91,243)</u>	<u>\$ 26,736</u>	<u>\$ (267,592)</u>	<u>\$ 357,614</u>
Net income (loss) per weighted average share, basic - as reported	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	<u>\$ 0.23</u>
Net income (loss) per weighted average share, diluted - as reported	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	<u>\$ 0.23</u>
Adjusted net income (loss) per weighted average share, basic	<u>\$ (0.04)</u>	<u>\$ 0.01</u>	<u>\$ (0.12)</u>	<u>\$ 0.16</u>
Adjusted net income (loss) per weighted average share, diluted	<u>\$ (0.04)</u>	<u>\$ 0.01</u>	<u>\$ (0.12)</u>	<u>\$ 0.16</u>

EMC Corporation
Supplemental Financial Data
Revenue Analysis
(in thousands)
(unaudited)

	Q1 2000	Q2 2000	Q3 2000	Q4 2000	YTD 2000	Q1 2001	Q2 2001	Q3 2001	Q4 2001	YTD 2001	Q1 2002	Q2 2002	YTD 2002
Storage Revenue													
Information Storage Systems	\$ 1,267,164	\$ 1,515,916	\$ 1,646,869	\$ 1,815,816	\$ 6,245,765	\$ 1,564,312	\$ 1,225,600	\$ 675,591	\$ 841,741	\$ 4,307,244	\$ 741,578	\$ 779,109	#####
Information Storage Software	269,988	350,257	332,344	482,544	1,435,133	467,519	497,538	242,521	352,444	1,560,022	282,323	320,568	602,891
Information Storage Services	116,405	134,437	161,395	199,852	612,089	231,986	231,995	236,734	271,559	972,274	238,530	251,148	489,678
Total Information Storage Revenues	1,653,557	2,000,610	2,140,608	2,498,212	8,292,987	2,263,817	1,955,133	1,154,846	1,465,744	6,839,540	1,262,431	1,350,825	2,613,256
Other Businesses	169,041	145,317	142,397	123,074	579,829	80,978	65,722	57,427	46,966	251,093	39,547	36,713	76,260
Total Consolidated Revenues	\$ 1,822,598	\$ 2,145,927	\$ 2,283,005	\$ 2,621,286	\$ 8,872,816	\$ 2,344,795	\$ 2,020,855	\$ 1,212,273	\$ 1,512,710	\$ 7,090,633	\$ 1,301,978	\$ 1,387,538	#####

Note: Amounts may not foot due to rounding