

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

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Revenues:				
Product sales	\$ 2,035,652	\$ 1,687,277	\$ 5,717,780	\$ 4,996,110
Services	779,654	678,465	2,222,736	1,957,578
	2,815,306	2,365,742	7,940,516	6,953,688
Cost and expenses:				
Cost of product sales	992,272	813,760	2,794,910	2,425,379
Cost of services	339,295	274,365	970,532	819,829
Research and development	312,302	254,720	895,220	742,359
Selling, general and administrative	809,086	641,219	2,339,326	1,899,619
In-process research and development	23,000	-	35,410	3,100
Restructuring charges (credits)	(2,779)	5,849	(4,359)	3,717
	992,272	813,760	2,794,910	2,425,379
Operating income	342,130	375,829	909,477	1,059,685
Investment income	51,160	47,986	174,676	134,475
Interest expense	(5,807)	(1,907)	(8,438)	(5,923)
Other income (expense), net	(947)	2,439	2,248	(934)
	342,130	375,829	909,477	1,059,685
Income before taxes	386,536	424,347	1,077,963	1,187,303
Income tax provision	102,872	2,675	239,378	202,433
	386,536	424,347	1,077,963	1,187,303
Income before cumulative effect of a change in accounting principle	283,664	421,672	838,585	984,870
Cumulative effect of a change in accounting principle, net of tax benefit of \$808	-	-	(3,372)	-
	283,664	421,672	838,585	984,870
Net income	\$ 283,664	\$ 421,672	\$ 835,213	\$ 984,870
Net income per weighted average share, basic:				
Income before cumulative effect of a change in accounting principle	\$ 0.13	\$ 0.18	\$ 0.37	\$ 0.41
Cumulative effect of a change in accounting principle	-	-	-	-
Net Income	\$ 0.13	\$ 0.18	\$ 0.36	\$ 0.41
Net income per weighted average share, diluted:				
Income before cumulative effect of a change in accounting principle	\$ 0.13	\$ 0.17	\$ 0.36	\$ 0.40
Cumulative effect of a change in accounting principle	-	-	-	-
Net Income	\$ 0.13	\$ 0.17	\$ 0.36	\$ 0.40
Weighted average shares, basic	2,215,039	2,383,770	2,290,157	2,390,314
Weighted average shares, diluted	2,240,291	2,433,079	2,327,365	2,439,576
As a % of total revenue:				
Gross margin	52.7%	54.0%	52.6%	53.3%
Selling, general and administrative	28.7%	27.1%	29.5%	27.3%
Research and development	11.1%	10.8%	11.3%	10.7%
Operating income	12.2%	15.9%	11.5%	15.2%
Net income	10.1%	17.8%	10.5%	14.2%

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

	Costs and Expenses				
	Cost of Revenue	Research and Development	Selling, General and Administrative	In-Process Research and Development	Operating Income
GAAP	\$ 1,331,567	\$ 312,302	\$ 809,086	\$ 23,000	\$ 342,130
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	(11,279)	(15,597)	(35,543)	-	62,419
Restricted Stock Expense <sup>(1)</sup>	(2,353)	(12,870)	(19,930)	-	35,153
Intangible Amortization <sup>(2)</sup>	(23,124)	(3,933)	(11,236)	-	38,293
In-Process Research and Development <sup>(3)</sup>	-	-	-	(23,000)	23,000
Non-GAAP	<u>\$ 1,294,811</u>	<u>\$ 279,902</u>	<u>\$ 742,377</u>	<u>\$ -</u>	<u>\$ 500,995</u>

	Income Before Tax	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
GAAP	\$ 386,536	\$ 102,872	\$ 283,664	\$ 0.13	\$ 0.13
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	62,419	12,470	49,949	\$ 0.02	\$ 0.02
Restricted Stock Expense <sup>(1)</sup>	35,153	9,530	25,623	\$ 0.01	\$ 0.01
Intangible Amortization <sup>(2)</sup>	38,293	13,413	24,880	\$ 0.01	\$ 0.01
In-Process Research and Development <sup>(3)</sup>	23,000	-	23,000	\$ 0.01	\$ 0.01
Non-GAAP	<u>\$ 545,401</u>	<u>\$ 138,285</u>	<u>\$ 407,116</u>	<u>\$ 0.18</u>	<u>\$ 0.18</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.

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

	Costs and Expenses				
	Cost of Revenue	Research and Development	Selling, General and Administrative	Restructuring Charges	Operating Income
GAAP	\$ 1,088,125	\$ 254,720	\$ 641,219	\$ 5,849	\$ 375,829
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	(725)	(2,807)	(3,572)	-	7,104
Restricted Stock Expense <sup>(1)</sup>	(521)	(6,018)	(8,668)	-	15,207
Intangible Amortization <sup>(2)</sup>	(18,139)	(3,212)	(6,938)	-	28,289
Restructuring charges <sup>(3)</sup>	-	-	-	(5,849)	5,849
Tax Benefits <sup>(4)</sup>	-	-	-	-	-
Non-GAAP	<u>\$ 1,068,740</u>	<u>\$ 242,683</u>	<u>\$ 622,041</u>	<u>\$ -</u>	<u>\$ 432,278</u>

	Income Before Tax	Income Tax Provision	Net Income	Net Income per Weighted Average Share, Basic	Net Income per Weighted Average Share, Diluted
	GAAP	\$ 424,347	\$ 2,675	\$ 421,672	\$ 0.18
Adjustments to reconcile to Non-GAAP:					
Stock Option Expense <sup>(1)</sup>	7,104	2,565	4,539	\$ -	\$ -
Restricted Stock Expense <sup>(1)</sup>	15,207	5,490	9,717	\$ -	\$ -
Intangible Amortization <sup>(2)</sup>	28,289	10,190	18,099	\$ 0.01	\$ 0.01
Restructuring charges <sup>(3)</sup>	5,849	1,616	4,233	\$ -	\$ -
Tax Benefits <sup>(4)</sup>	-	105,681	(105,681)	\$ (0.04)	\$ (0.04)
Non-GAAP	<u>\$ 480,796</u>	<u>\$ 128,217</u>	<u>\$ 352,579</u>	<u>\$ 0.15</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 adjustments to prior years' restructuring charges.  
(4) Represents special tax items.

# May not foot due to rounding.

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

	September 30, 2006	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,458,320	\$ 2,322,370
Short-term investments	1,211,177	1,615,495
Accounts and notes receivable, less allowance for doubtful accounts of \$43,271 and \$38,126	1,449,757	1,405,564
Inventories	895,091	724,751
Deferred income taxes	372,398	326,318
Other current assets	252,307	179,478
Total current assets	5,639,050	6,573,976
Long-term investments	2,809,592	3,417,589
Property, plant and equipment, net	1,970,318	1,754,035
Intangible assets, net	1,019,214	563,024
Other assets, net	677,959	598,252
Goodwill, net	5,949,818	3,883,507
Total assets	\$ 18,065,951	\$ 16,790,383
 <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 745,678	\$ 583,756
Accrued expenses	1,326,561	1,279,857
Income taxes payable	492,676	645,694
Notes payable	2,200,000	-
Deferred revenue	1,258,512	1,164,551
Total current liabilities	6,023,427	3,673,858
Deferred revenue	730,421	640,598
Deferred income taxes	213,965	175,192
Long-term convertible debt	-	126,963
Other liabilities	137,458	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 2,202,402 and 2,384,147 shares	22,024	23,841
Additional paid-in capital	3,562,499	5,867,076
Deferred compensation	-	(332,311)
Retained earnings	7,405,724	6,570,511
Accumulated other comprehensive loss	(29,567)	(63,687)
Total stockholders' equity	10,960,680	12,065,430
Total liabilities and stockholders' equity	\$ 18,065,951	\$ 16,790,383

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

	Nine Months Ended	
	September 30, 2006	September 30, 2005
Cash flows from operating activities:		
Cash received from customers	\$ 8,074,003	\$ 7,149,428
Cash paid to suppliers and employees	(6,311,034)	(5,646,136)
Dividends and interest received	198,721	184,133
Interest paid	(3,115)	(7,014)
Income taxes paid	(471,078)	(61,162)
Net cash provided by operating activities	1,487,497	1,619,249
Cash flows from investing activities:		
Additions to property, plant and equipment	(506,054)	(418,962)
Capitalized software development costs	(152,614)	(121,208)
Purchases of short and long-term available for sale securities	(5,011,854)	(8,277,684)
Sales and maturities of short and long-term available for sale securities	6,016,126	8,037,653
Business acquisitions, net of cash acquired	(2,464,187)	(349,957)
Other	(20,860)	(8,155)
Net cash used in investing activities	(2,139,443)	(1,138,313)
Cash flows from financing activities:		
Issuance of common stock	144,602	152,724
Purchase of treasury stock	(2,464,888)	(603,419)
Excess tax benefits from stock based compensation	12,036	-
Payment of long-term and short-term obligations	(127,538)	(3,011)
Proceeds from long-term and short-term obligations	2,200,085	201
Net cash used in financing activities	(235,703)	(453,505)
Effect of exchange rate changes on cash	23,599	(35,973)
Net decrease in cash and cash equivalents	(864,050)	(8,542)
Cash and cash equivalents at beginning of period	2,322,370	1,476,803
Cash and cash equivalents at end of period	\$ 1,458,320	\$ 1,468,261
Reconciliation of net income to net cash provided		
by operating activities:		
Net income	\$ 835,213	\$ 984,870
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	555,965	474,889
Non-cash restructuring and other special charges	35,410	3,100
Stock-based compensation expense	299,510	56,704
Provision for doubtful accounts	9,512	6,026
Deferred income taxes, net	(80,647)	55,430
Tax benefit from stock options exercised	-	36,263
Excess tax benefits from stock based compensation	(12,036)	-
Other	23,934	40,872
Changes in assets and liabilities, net of acquisitions:		
Accounts and notes receivable	2,013	10,871
Inventories	(131,284)	(220,333)
Other assets	(53,473)	(46,414)
Accounts payable	141,775	(16,054)
Accrued expenses	(115,146)	11,507
Income taxes payable	(151,320)	50,194
Deferred revenue	121,962	178,843
Other liabilities	2,737	(7,519)
Net cash provided by operating activities	\$ 1,487,497	\$ 1,619,249
Non-cash activity:		
- Issuance of stock options exchanged in business combinations	\$ 37,903	\$ 41,381

**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>Q3 2006</u>	<u>YTD 2006</u>
<b>Revenues</b>									
Systems	\$ 1,025,971	\$ 1,068,725	\$ 1,091,881	\$ 1,300,290	\$ 4,486,867	\$ 1,226,928	\$ 1,151,600	\$ 1,299,321	\$ 3,677,849
Software:									
Software License	594,532	619,605	595,396	712,626	2,522,159	621,602	681,998	736,331	2,039,931
Software Maintenance	237,894	258,622	269,145	287,587	1,053,248	303,202	315,189	345,650	964,041
Total Software License & Maintenance	832,426	878,227	864,541	1,000,213	3,575,407	924,804	997,187	1,081,981	3,003,972
Professional, Systems Maintenance and Other Services	374,609	389,359	402,087	402,830	1,568,885	396,081	423,525	431,989	1,251,595
	<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>	<b>2,572,312</b>	<b>2,813,291</b>	<b>7,933,416</b>
Other Businesses	10,125	8,504	7,233	6,934	32,796	2,874	2,211	2,015	7,100
<b>Total Consolidated Revenues</b>	<b>\$ 2,243,131</b>	<b>\$ 2,344,815</b>	<b>\$ 2,365,742</b>	<b>\$ 2,710,267</b>	<b>\$ 9,663,955</b>	<b>\$ 2,550,687</b>	<b>\$ 2,574,523</b>	<b>\$ 2,815,306</b>	<b>\$ 7,940,516</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)%	(1.1)%	0.7%	(0.8)%

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

**Supplemental Revenue Data**

	<b>Q1 2005</b>	<b>Q2 2005</b>	<b>Q3 2005</b>	<b>Q4 2005</b>	<b>YTD 2005</b>	<b>Q1 2006</b>	<b>Q2 2006</b>	<b>Q3 2006</b>	<b>YTD 2006</b>
Symmetrix Hardware and Software Revenue ( a )	\$ 652,328	\$ 677,655	\$ 633,308	\$ 754,345	\$ 2,717,636	\$ 718,356	\$ 676,649	\$ 763,770	\$ 2,158,775
CLARiiON Hardware and Software Revenue ( a )	418,641	430,960	425,375	518,729	1,793,705	472,003	446,511	501,704	1,420,218
Connectivity Revenue ( b )	176,053	188,189	226,829	242,992	834,063	204,113	211,713	234,844	650,670
Platform Software License Revenue	\$ 284,485	\$ 312,827	\$ 284,446	\$ 333,442	\$ 1,215,200	\$ 272,819	\$ 291,059	\$ 313,662	\$ 877,540
Platform Software Maintenance Revenue	100,064	104,601	109,727	116,182	430,574	124,057	118,883	124,005	366,945
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>	<u>\$ 409,942</u>	<u>\$ 437,667</u>	<u>\$ 1,244,485</u>
Multi-platform Software License Revenue:									
Resource Management Software License Revenue	\$ 146,708	\$ 151,833	\$ 141,002	\$ 167,404	\$ 606,947	\$ 136,467	\$ 150,652	\$ 165,455	\$ 452,574
Backup and Archive Software License Revenue	51,742	49,877	50,467	59,881	211,967	40,797	56,218	51,875	148,890
Content Management Software License Revenue	49,302	39,160	47,637	64,400	200,499	79,675	70,234	52,779	202,688
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>	<u>\$ 277,104</u>	<u>\$ 270,109</u>	<u>\$ 804,152</u>
Multi-platform Software Maintenance Revenue	125,371	134,476	137,196	149,258	546,301	149,534	162,711	166,550	478,795
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>	<u>\$ 439,815</u>	<u>\$ 436,659</u>	<u>\$ 1,282,947</u>
VMware Software License Revenue	\$ 62,295	\$ 65,908	\$ 71,844	\$ 87,499	\$ 287,546	\$ 91,844	\$ 113,835	\$ 125,476	\$ 331,155
VMware Maintenance and Services Revenue	17,795	25,019	29,416	27,710	99,940	39,169	43,657	63,024	145,850
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>	<u>\$ 157,492</u>	<u>\$ 188,500</u>	<u>\$ 477,005</u>
Total Security Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,755</u>	<u>\$ 37,755</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.