

**VMWARE, INC.**

**CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines (the “**Guidelines**”) have been adopted by the Board of Directors (the “**Board**”) of VMware, Inc. (the “**Company**”) to provide a framework for the effective governance of the Company. The Board reviews the Guidelines annually, or more often if deemed necessary, and modifies them as necessary.

**1. Board of Directors**

The Board recognizes that its primary responsibility is to foster the long-term success of the Company and to build long-term value for the Company’s stockholders, consistent with the Board’s fiduciary duties. The Board selects the Chief Executive Officer (the “**CEO**”) and oversees corporate strategy and performance. The Board monitors the performance of the CEO and senior management and plans for succession to the position of CEO and other senior management positions.

**2. Board Leadership**

*Selection of Chairman of the Board*

The Board shall select the Chairman of the Board (the “**Chairman**”) in the manner and based on the criteria that the Board deems appropriate at the time of selection.

*Lead Director*

The Board shall periodically review its leadership structure and may, but shall not be required to, determine whether it is appropriate to have a director (the “**Lead Director**”) whose responsibilities shall include:

- Serving as chair of any meeting, or portion of a meeting, at which the Chairman is not present;
- Providing the Chairman and the CEO with input as to the preparation of Board meeting agendas, including those portions of Board meetings not attended by the Chairman and meetings of Board committees;
- Providing feedback to the Chairman and the CEO as to an assessment of Board meetings and management presentations at Board meetings;
- Consulting with the Chairman and the CEO on matters relating to corporate governance and Board performance;
- Communicating regularly with the CEO as to information to be provided to the Board to perform the Board’s duties and as to feedback for the CEO from the Board;

- Serving as an ex-officio, non-voting member of each Board committee of which the Lead Director is not a member (the Lead Director's participation as an ex-officio member at any meeting will not affect the presence or absence of a committee's quorum);
- Supervising the Board's annual self-evaluation of the Board's performance, including providing each Board member with feedback on such Board member's performance and reporting overall results of the evaluation to the Nominating, Governance and Related Persons Transactions Committee (the "**Governance Committee**") and, where appropriate, to the Board as a whole; and
- Performing such other duties as may be requested from time to time by the Board.

### **3. Size of the Board**

The Board believes that it should generally be comprised of no fewer than six and no more than twelve directors. The Board believes that this size permits needed expertise, diversity of experience and independence, without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined at such time to be appropriate by the Board.

### **4. Board Member Criteria and Qualifications**

#### *Membership Criteria*

Nominees for director shall be selected on the basis of, among other things, the criteria set forth in these Guidelines.

#### *Director Qualifications*

*Independence.* The Board shall determine annually whether any director has a material relationship with the Company under the listing standards of the NYSE.

*Other Public Company Directorships.* The Board believes that Board membership requires a significant time commitment. Accordingly, generally no director should be a board member of more than three public companies in addition to VMware. The Governance Committee will consider the number of other public company boards or other boards or committees on which a director or prospective director is a member. Directors shall notify the Governance Committee prior to accepting membership on any other public or private company board, so that the director's time commitments and potential conflicts of interest may be evaluated. The Board expects such director to either refuse the other directorship or promptly tender their resignation from the Board and all committees thereof, if so requested.

*Former CEO's Board Membership.* When the CEO retires or resigns from that position, the CEO should offer their resignation from the Board and all committees thereof. The Governance Committee shall assess the appropriateness of the former CEO remaining on the Board.

*Changes in Job Responsibility.* Any time a director changes their principal job responsibility outside the Company, including by retiring, such director shall promptly inform the Board. The Governance Committee shall assess the appropriateness of such director remaining on the Board and shall recommend to the Board whether to recommend that the Board request that such director tender their resignation. If so requested, such director is expected to promptly tender their resignation from the Board and all committees thereof.

*Term Limits.* Directors are not subject to term limits. While established term limits may result in the addition of directors with new ideas and viewpoints, they may also result in a significant loss of directors who have been able to develop, over time, increasing insight into the Company and its business and operations. In connection with each director nomination recommendation, the Board shall consider the issue of continuing director tenure and whether the Board will be exposed to new ideas and viewpoints and will maintain a willingness to critically examine the status quo.

### ***Director Stock Ownership***

In order to further align the interests of the Company's directors with the interests of the Company's stockholders, each non-management director shall be subject to stock ownership guidelines as may be determined by the Governance Committee of the Board from time to time. At its discretion, the Governance Committee may evaluate whether this requirement should be waived in the case of any director, who, because of their personal circumstances, would incur a significant hardship by complying with this requirement.

## **5. Number of Board Meetings**

There shall be regularly scheduled Board meetings each year (with at least one each fiscal quarter).

## **6. Executive Sessions of Directors**

The directors shall meet in executive session without the CEO in connection with each regularly scheduled Board meeting. The Chairman shall preside at such executive sessions. The non-management directors shall meet in executive session without management at least twice each year. The Chairman shall act as the presiding director for such executive sessions. In such director's absence, the Lead Director, if any, and, if none, the chair of the Governance Committee, shall preside at such executive sessions. In addition, the "independent" directors shall meet in executive session at least once each year. The Lead Director, if any, and, if none, the chair of the Governance Committee, shall preside at such executive sessions of the "independent" directors.

## **7. Communications with the Board**

The Board has established certain methods for the Company's stockholders and other interested parties to contact the Board. Information regarding how to contact the Board is posted on the Company's website.

It is the policy of the Board to provide a response to a stockholder proposal that receives a majority vote.

## **8. Attendance of Non-Directors at Board Meetings**

Non-directors, such as the Company's Chief Financial Officer, General Counsel and other members of senior management with information and responsibilities that impact upon Board deliberations, may be invited to regularly attend Board meetings. If the CEO desires to have additional persons regularly attend Board meetings, the CEO shall notify the Board, and the Board shall determine whether such regular attendance is acceptable. The CEO will bring, from time to time, members of senior management to Board meetings who (i) can provide additional insight into items being discussed, or (ii) are managers with future potential that the CEO believes should be given exposure to the Board.

## **9. Director Candidates and Election of Directors**

### ***Director Candidates***

The Governance Committee shall identify and evaluate proposed candidates for addition to the Board and recommend director nominees for election by the Company's stockholders to the Board or appointment by the Board, as the case may be, which recommendations shall be consistent with the Board's criteria for selecting directors and these Guidelines. The Governance Committee will identify those individuals most qualified to serve as Board members and will consider many factors with regard to each candidate, including judgment, integrity, diversity, prior experience, the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be desirable as a member of any committees of the Board, and the candidate's willingness to devote substantial time and effort to the Board.

The full Board shall consider the recommendations of the Governance Committee and shall annually nominate candidates for election by the Company's stockholders.

Stockholders may recommend an individual to the Board for consideration as a director candidate by submitting the person's name and biographical information to: VMware Board of Directors, 3401 Hillview Avenue, Palo Alto, CA 94304. The Board shall consider individuals recommended by stockholders in substantially the same manner as it considers other Board candidates it identifies. A stockholder who wishes to nominate an individual as a director candidate, rather than simply recommend the individual for consideration, must follow the procedures set forth in the Company's Bylaws.

### ***Election of Directors***

Any nominee for director in an "uncontested" election as to whom a majority of the shares of the Company that are properly cast at such election are designated to be "withheld" from such nominee's election shall promptly tender their resignation from the Board and all committees thereof following certification of the stockholder vote. The Governance Committee shall assess

the appropriateness of such nominee continuing to serve as a director and shall recommend to the Board the action to be taken with respect to such tendered resignation. For purposes of this section, an uncontested election is an election where the candidates for election are not greater than the number of directors to be elected.

#### **10. Board and Committee Meeting Agendas**

The Chairman, in collaboration with the CEO and the Lead Director, if any, and, if none, the chair of the Governance Committee, shall establish a standing agenda for Board meetings to be held during each calendar year.

The Chairman, in collaboration with the CEO and the Lead Director, if any, and, if none, the chair of the Governance Committee, shall set the agenda of items to be considered by the Board at each of its meetings. The chair of each of the committees shall set the agenda of items to be considered by the committee at each of its meetings. The Chairman or CEO, or the chair of each of the committees, shall distribute to the members of the Board or committee, as the case may be, a copy of the agenda in advance of each such meeting. Each director may suggest additional items for the agenda.

#### **11. Board Materials Distributed in Advance**

The Chairman and the chair of each of the committees is expected to distribute to the members of the Board or committee, as the case may be, information and materials that are important to the directors' understanding of the agenda items and other topics to be considered at the Board or committee meeting, as the case may be, sufficiently in advance of such meeting to permit prior review by the directors. In the event of a pressing need for the Board or committee to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

#### **12. Director Responsibilities**

Each director shall spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director shall attend all regularly scheduled meetings of the Board and committees on which such director sits and shall review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood may occur on occasion) shall notify the Chairman or the chair of the appropriate committee in advance of such meeting.

Each director is expected to attend the Annual Meeting of Stockholders of the Company.

Each director shall comply with the applicable provisions of the Company's Business Conduct Guidelines, which sets forth the standards of integrity and professional and ethical conduct which the directors and employees of the Company are expected to maintain. A director shall promptly notify the Chairman or the Lead Director of any potential conflict of interest.

### **13. Board Access to Employees and Advisors**

The Board shall have complete access to Company employees, including management, and as necessary and appropriate, to the Company's outside advisors. Access shall be coordinated through the CEO. In addition, the Board shall have the right at any time to retain at the Company's expense its own advisors.

### **14. Board Orientation and Continuing Education**

New directors shall participate in a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, the Company's Business Conduct Guidelines, these Guidelines, and the Company's other policies and guidelines. Directors shall be introduced to senior management and the Company's outside advisors, as appropriate. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform their responsibilities as a director.

### **15. Board Committees**

#### ***Required Board Committees***

The Board shall have an Audit Committee, a Compensation Committee and a Governance Committee. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board.

#### ***Optional Board Committees***

The Board has also established a Mergers and Acquisitions Committee. The Board shall have the discretion to form, from time to time, one or more additional committees or to dissolve an optional committee. In addition, the Board may form ad hoc committees from time to time, and determine the purpose, responsibilities and composition of such committees.

#### ***Attendance at Committee Meetings by Non-Members***

Any director is welcome to attend the meeting of any committee, regardless of whether such director is a member of that committee, provided, however, that (1) a director may not attend any portion of a meeting of the Governance Committee at which a matter is being discussed that presents a potential conflict of interest for such director and (2) attendance at executive sessions held by a committee shall be at the discretion of the committee chair, taking into account applicable regulatory requirements.

#### ***Reports to the Board***

The chair of each committee shall report to the Board on the proceedings and deliberations of such committee.

## **16. Committee Composition**

Each of the required committees shall be composed of directors satisfying applicable legal, regulatory and stock exchange requirements. Each of the optional committees shall be composed of such directors as the Board from time to time shall determine.

The Governance Committee shall annually review committee assignments, taking into account, among other things, each director's expertise and experience, availability, and the purpose and responsibilities of each committee. In conjunction with the Chairman, the Governance Committee shall make recommendations to the full Board regarding such assignments. The Board shall review such recommendations and annually appoint the members and chair of each committee, except that the Governance Committee shall select its own committee chair.

Consideration should be given to periodic rotation of committee assignments as well as committee chairs but such rotation shall not be required as there may be reasons under specific circumstances to maintain an individual director's committee membership for a longer period.

## **17. Director Compensation**

A director who is also an officer of the Company shall not receive additional compensation for service as a director.

The Board believes that compensation for non-management directors should be competitive. The Compensation Committee shall annually review the level and form of director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. The Compensation Committee shall recommend changes to director compensation when appropriate. The full Board shall approve director compensation and any changes thereto.

## **18. Assessing Board Performance**

The Board, each of its required committees, optional committees (if so required by their respective charters) and each director shall conduct a performance self-evaluation at least annually. The Lead Director, if any, and, if none, the chair of the Governance Committee, shall be responsible for conducting, reporting on, and making recommendations to the Board with respect to the self-evaluations.

## **19. Selection of the CEO**

The Board shall be responsible for identifying potential candidates for, and selecting, the CEO. In identifying potential candidates for, and selecting, the CEO, the Board shall consider, among other things, a candidate's integrity, experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise and reputation in the business community.

## **20. Evaluation of the CEO**

The Board shall at least annually conduct a thorough review and evaluation of the performance of the CEO based on the performance of the Company, and the accomplishment of the Company's and the CEO's short- and long-term goals and objectives. The chair of the Governance Committee and the Chairman shall meet with the CEO to discuss the results of the evaluation.

## **21. Management Succession Planning**

The CEO shall periodically submit a report to the Compensation Committee and the Chairman regarding succession planning for the CEO and other senior management positions. This report will include an assessment of senior officers and their potential to succeed to the CEO and other senior management positions. After review and discussion, the CEO, the Compensation Committee chair and the Chairman shall submit this report to the Board.

In addition, the CEO shall prepare, and update as necessary on a continuing basis, a short-term emergency succession plan which will recommend a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. In such event, the short-term emergency succession plan shall be in effect until the Board has the opportunity to consider the situation and take action, if necessary.

## **22. Presentation of Strategic Goals**

The Company's strategy will be presented by the CEO to the Board and discussed by the Board on an ongoing basis.

## **23. Corporate Compliance**

The Board recognizes its responsibility to foster and support a culture of compliance and business ethics within the Company. The Company has an Ethics & Compliance Program. The Audit Committee shall at least annually review and report to the Board regarding the Company's Ethics & Compliance Program, including the Company's Business Conduct Guidelines.

## **24. Miscellaneous**

These Guidelines are not intended to change or interpret any applicable law or regulation. In the event of a conflict between these Guidelines and the Company's Certificate of Incorporation or Bylaws, the Certificate of Incorporation and Bylaws shall govern.