

VMware, Inc.

RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENTS
For the Three Months Ended March 31, 2012
(in thousands, except per share amounts)
(unaudited)

| | GAAP | Stock-Based Compensation | Employer Payroll Tax on Employee Stock Transactions | Intangible Amortization | Acquisition Related Items | Capitalized Software Development Costs (1) | Tax Adjustment (2) | Non-GAAP, as adjusted |
|--|------------|-----------------------------|---|----------------------------|---------------------------------|---|--------------------------|--------------------------|
| Revenues: | | | | | | | | |
| License | \$ 481,927 | — | — | — | — | — | — | \$ 481,927 |
| Services | 573,255 | — | — | — | — | — | — | 573,255 |
| Total Revenues | 1,055,182 | — | — | — | — | — | — | 1,055,182 |
| Operating expenses: | | | | | | | | |
| Cost of license revenues | 56,743 | (440) | (16) | (13,279) | — | (21,838) | — | 21,170 |
| Cost of services revenues | 114,172 | (5,819) | (454) | (1,098) | — | — | — | 106,801 |
| Research and development | 222,390 | (39,377) | (1,923) | (751) | — | — | — | 180,339 |
| Sales and marketing | 363,412 | (25,234) | (1,999) | (2,932) | — | — | — | 333,247 |
| General and administrative | 81,300 | (10,936) | (382) | — | (39) | — | — | 69,943 |
| Operating income | 217,165 | 81,806 | 4,774 | 18,060 | 39 | 21,838 | — | 343,682 |
| Operating margin | 20.6% | 7.8% | 0.4% | 1.7% | — | 2.1% | — | 32.6% |
| Investment income | 5,743 | — | — | — | — | — | — | 5,743 |
| Interest expense with EMC, net | (1,287) | — | — | — | — | — | — | (1,287) |
| Other income, net | 2,285 | — | — | — | — | — | — | 2,285 |
| Income before income taxes | 223,906 | 81,806 | 4,774 | 18,060 | 39 | 21,838 | — | 350,423 |
| Income tax provision | 32,470 | — | — | — | — | — | 30,606 | 63,076 |
| Tax rate | 14.5% | — | — | — | — | — | — | 18.0% |
| Net income | \$ 191,436 | 81,806 | 4,774 | 18,060 | 39 | 21,838 | (30,606) | \$ 287,347 |
| Net income per weighted average share, | | | | | | | | |
| basic for Class A and Class B (3) | \$ 0.45 | \$ 0.19 | \$ 0.01 | \$ 0.04 | \$ — | \$ 0.06 | \$ (0.07) | \$ 0.68 |
| Net income per weighted average share, | | | | | | | | |
| diluted for Class A and Class B (4) | \$ 0.44 | \$ 0.19 | \$ 0.01 | \$ 0.04 | \$ — | \$ 0.05 | \$ (0.07) | \$ 0.66 |

(1) For the first quarter of 2012, no costs were capitalized for the development of software products. Amortization expense from previously capitalized amounts was \$21.8 million for the first quarter of 2012.

(2) Non-GAAP financial information for the quarter is adjusted for a tax rate equal to our annual estimated tax rate on non-GAAP income. This rate is based on our estimated annual GAAP income tax rate forecast, adjusted to account for items excluded from GAAP income in calculating the non-GAAP financial measures presented above. Our estimated tax rate on non-GAAP income is determined annually and may be adjusted during the year to take into account events or trends that we believe materially impact the estimated annual rate including, but not limited to, significant changes resulting from tax legislation, material changes in the geographic mix of revenues and expenses and other significant events. Due to the differences in the tax treatment of items excluded from non-GAAP earnings, as well as the methodology applied to our estimated annual tax rates as described above, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities.

(3) Calculated based upon 424,989 basic weighted-average shares for Class A and Class B.

(4) Calculated based upon 433,213 diluted weighted-average shares for Class A and Class B.