

VMware, Inc.

RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENTS
For the Three Months Ended March 31, 2009
(in thousands, except per share amounts)
(unaudited)

	GAAP	Stock-Based Compensation	Employer Payroll Tax on Employee Stock Transactions	Intangible Amortization	Capitalized Software Development Costs (1)	Stock-based Compensation Included in Capitalized Software Development Costs	Non-GAAP, as adjusted
Revenues:							
License	\$ 257,003	—	—	—	—	—	\$ 257,003
Services	213,307	—	—	—	—	—	213,307
	470,310	—	—	—	—	—	470,310
Operating expenses:							
Cost of license revenues	20,359	(330)	(1)	(2,757)	(10,652)	—	6,619
Cost of services revenues	54,644	(3,475)	(1)	—	—	—	51,168
Research and development	105,401	(23,904)	(195)	—	36,381	(6,446)	111,237
Sales and marketing	154,144	(13,834)	(40)	(428)	—	—	139,842
General and administrative	48,859	(8,272)	(13)	(124)	—	—	40,450
Operating income	86,903	49,815	250	3,309	(25,729)	6,446	120,994
Investment income	3,062	—	—	—	—	—	3,062
Interest expense with EMC, net	(2,674)	—	—	—	—	—	(2,674)
Other expense, net	(1,824)	—	—	—	—	—	(1,824)
Income before income taxes	85,467	49,815	250	3,309	(25,729)	6,446	119,558
Income tax provision	15,532	9,934	65	1,168	(8,115)	1,285	19,869
Quarterly tax rate	18.2%						16.6%
Net income	\$ 69,935	39,881	185	2,141	(17,614)	5,161	\$ 99,689
Net income per weighted average share, basic for Class A and Class B							
	\$ 0.18	\$ 0.10	\$ 0.00	\$ 0.01	\$ (0.04)	\$ 0.01	\$ 0.26
Net income per weighted average share, diluted for Class A and Class B							
	\$ 0.18	\$ 0.10	\$ 0.00	\$ 0.01	\$ (0.05)	\$ 0.01	\$ 0.25
Weighted average shares, basic for Class A and Class B							
	389,857	389,857	389,857	389,857	389,857	389,857	389,857
Weighted average shares, diluted for Class A and Class B							
	391,111	391,111	391,111	391,111	391,111	391,111	391,111

(1) For the first quarter of 2009, VMware capitalized \$36.4 million (including \$6.4 million of stock-based compensation) of costs incurred for the development of software products. Amortization expense from capitalized amounts was \$10.7 million for the first quarter of 2009.