

VMware, Inc.

**RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENTS**  
**For the Three Months Ended September 30, 2009**  
(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)	Stock-based Compensation Included in Capitalized Software Development Costs	Non-GAAP, as adjusted
Revenues:								
License	\$ 240,271	—	—	—	—	—	—	\$ 240,271
Services	249,480	—	—	—	—	—	—	249,480
	489,751	—	—	—	—	—	—	489,751
Operating expenses:								
Cost of license revenues	37,529	(330)	(6)	(2,893)	—	(27,030)	—	7,270
Cost of services revenues	58,544	(4,003)	(26)	—	—	—	—	54,515
Research and development	133,509	(34,250)	(452)	(40)	—	10,597	(1,753)	107,611
Sales and marketing	185,222	(15,763)	(183)	(388)	—	—	—	168,888
General and administrative	51,711	(8,006)	(105)	(126)	(773)	—	—	42,701
Operating income	23,236	62,352	772	3,447	773	16,433	1,753	108,766
Investment income	1,621	—	—	—	—	—	—	1,621
Interest expense with EMC, net	(1,319)	—	—	—	—	—	—	(1,319)
Other income, net	8,336	—	—	—	(5,859)	—	—	2,477
Income before income taxes	31,874	62,352	772	3,447	(5,086)	16,433	1,753	111,545
Income tax provision	(6,345)	13,923	279	1,133	—	6,937	469	16,396
Quarterly tax rate	-19.9%							14.7%
Net income	\$ 38,219	48,429	493	2,314	(5,086)	9,496	1,284	\$ 95,149
Net income per weighted average share, basic for Class A and Class B	\$ 0.10	\$ 0.12	\$ 0.00	\$ 0.01	\$ (0.01)	\$ 0.02	\$ 0.00	\$ 0.24
Net income per weighted average share, diluted for Class A and Class B	\$ 0.09	\$ 0.12	\$ 0.00	\$ 0.01	\$ (0.01)	\$ 0.03	\$ 0.00	\$ 0.24
Weighted average shares, basic for Class A and Class B	396,366	396,366	396,366	396,366	396,366	396,366	396,366	396,366
Weighted average shares, diluted for Class A and Class B	402,888	402,888	402,888	402,888	402,888	402,888	402,888	402,888

(1) For the third quarter of 2009, VMware capitalized \$10.6 million (including \$1.8 million of stock-based compensation) of costs incurred for the development of software products. Amortization expense from capitalized amounts was \$27.0 million for the third quarter of 2009.

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VMware, Inc.

**RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENTS**  
**For the Nine Months Ended September 30, 2009**  
(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)	Stock-based Compensation Included in Capitalized Software Development Costs	Non-GAAP, as adjusted
Revenues:								
License	\$ 725,236	—	—	—	—	—	—	\$ 725,236
Services	690,500	—	—	—	—	—	—	690,500
	1,415,736	—	—	—	—	—	—	1,415,736
Operating expenses:								
Cost of license revenues	85,741	(973)	(11)	(8,407)	—	(55,311)	—	21,039
Cost of services revenues	166,481	(10,941)	(47)	—	—	—	—	155,493
Research and development	360,290	(84,587)	(1,058)	(40)	—	65,366	(11,842)	328,129
Sales and marketing	506,787	(42,908)	(364)	(1,204)	—	—	—	462,311
General and administrative	148,299	(24,214)	(282)	(374)	(773)	—	—	122,656
Operating income	148,138	163,623	1,762	10,025	773	(10,055)	11,842	326,108
Investment income	7,179	—	—	—	—	—	—	7,179
Interest expense with EMC, net	(5,992)	—	—	—	—	—	—	(5,992)
Other income, net	6,887	—	—	—	(5,859)	—	—	1,028
Income before income taxes	156,212	163,623	1,762	10,025	(5,086)	(10,055)	11,842	328,323
Income tax provision	15,523	33,706	534	3,456	—	(1,739)	2,439	53,919
Quarterly tax rate	9.9%							16.4%
Net income	\$ 140,689	129,917	1,228	6,569	(5,086)	(8,316)	9,403	\$ 274,404
Net income per weighted average share, basic for Class A and Class B								
	\$ 0.36	\$ 0.33	\$ 0.00	\$ 0.02	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ 0.70
Net income per weighted average share, diluted for Class A and Class B								
	\$ 0.35	\$ 0.33	\$ 0.00	\$ 0.02	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ 0.69
Weighted average shares, basic for Class A and Class B								
	392,712	392,712	392,712	392,712	392,712	392,712	392,712	392,712
Weighted average shares, diluted for Class A and Class B								
	397,433	397,433	397,433	397,433	397,433	397,433	397,433	397,433

(1) For the first nine months of 2009, VMware capitalized \$65.4 million (including \$11.8 million of stock-based compensation) of costs incurred for the development of software products. Amortization expense from capitalized amounts was \$55.3 million for the first nine months of 2009.