VMW Q3FY20 Earnings Conference Call

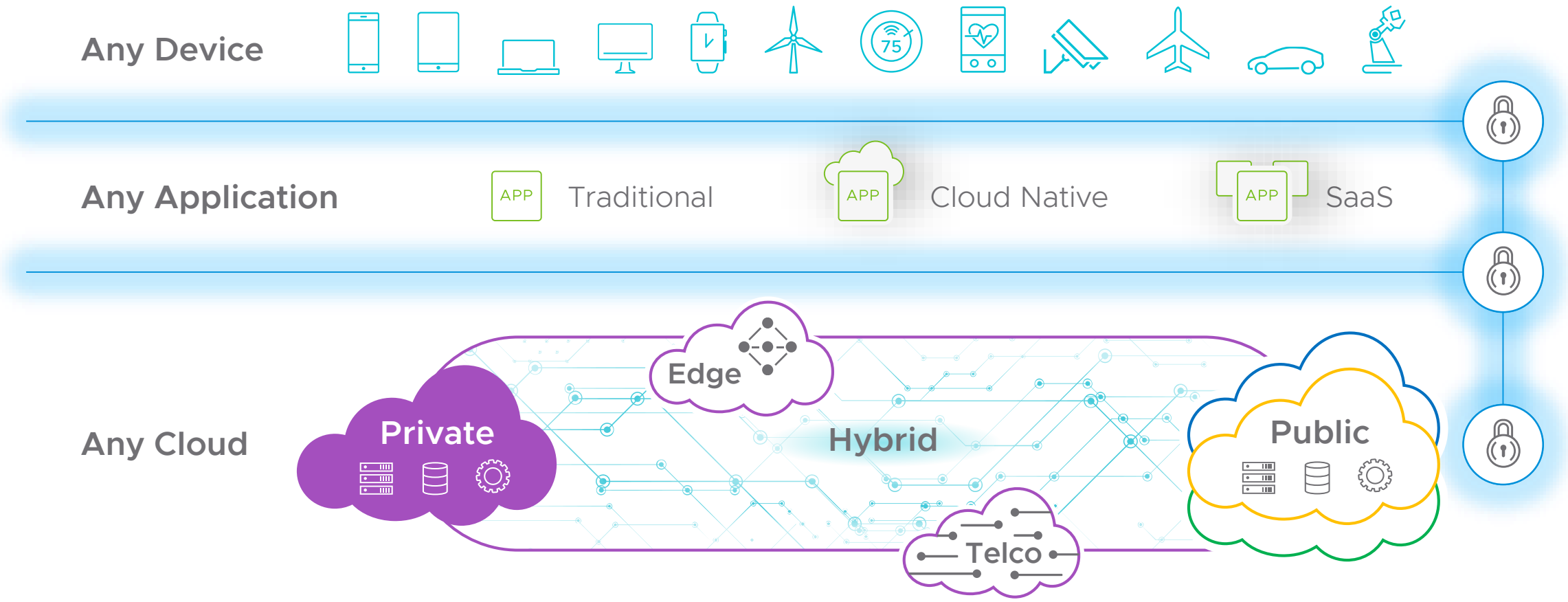
November 26, 2019

vmware®

©2019 VMware, Inc.

VMware Vision

The Essential, Ubiquitous Digital Foundation



©2019 VMware, Inc.

Pat Gelsinger, CEO

- Another solid quarter for VMware; total revenue increased 12% YoY in Q3.
- Thrilled to welcome Carbon Black to the VMware family, and we remain on-track to close the acquisition of Pivotal by the end of the fiscal year.
- Recently hosted over 65,000 customers, partners and influencers at our VMworld 2019 and vForum events, demonstrating strong momentum in support of our strategy.
- Simplifying security by making it an intrinsic element across the key control points of endpoint, workload, network, identity and analytics.
- We view security as an essential and common thread throughout our offerings.
- Launched a new Security Business Unit including Carbon Black and our AppDefense offerings.

©2019 VMware, Inc.

Pat Gelsinger, CEO

- Announced multiple new Carbon Black Cloud solutions and an enhanced partnership with Dell making Carbon Black Cloud the preferred endpoint security solution for Dell commercial customers.
- Believe the combination of Carbon Black and VMware will bring a fundamentally new paradigm to the security industry.
- VMware Tanzu: a portfolio of products and services designed to transform the way enterprises build, run and manage software on Kubernetes.
- Announced and began customer beta for Project Pacific, a breakthrough re-architecture of the VMware vSphere platform that will transform vSphere into a Kubernetes-native platform.
- VMware will be positioned to deliver the most comprehensive enterprise-grade, Kubernetes-based portfolio for modern applications.

©2019 VMware, Inc.

Pat Gelsinger, CEO

- Continue to execute against our multi-cloud strategy as we drive and expand our cloud partnerships to offer our customers choice and flexibility.
- Expanded our partnership with Microsoft to deliver greater impact to customers across client, cloud and data initiatives.
- Introduction of VMware Workspace ONE for Microsoft Endpoint Manager.
- Continue to see some of the world's largest companies commit to VMware enterprise-grade solutions.
- As customers are looking to their 5G buildout, we see increasing interest in VMware solutions as key enablers of this critical transition.
- Pleased with the meaningful expansion of the VMware portfolio with Carbon Black and later this year with Pivotal.[1]

(1) Proposed acquisition of Pivotal anticipated to close in Q4 FY20.

©2019 VMware, Inc.

Overview of Results: Revenue Highlights

Q3FY20		
	Actual ($M)	YoY Growth
Total Revenue	2,456	12%
License Revenue	974	10%

©2019 VMware, Inc.

Hybrid Cloud Subscription and SaaS

Q3FY20
Greater than 13% of total revenue
Hybrid Cloud Subscription and SaaS Revenue contains:
VMware Cloud Provider Program
Portion of EUC/Workspace One revenue recognized as SaaS
Other "as a Service" offerings such as CloudHealth Technologies, Horizon Cloud, VeloCloud, VMware Cloud on AWS, Wavefront and Carbon Black

©2019 VMware, Inc.

Income Statement Highlights

	Q3FY19	Q3FY20
License Revenue ($M)	884	974
Services Revenue ($M)	1,316	1,482
Total Revenue ($M)	2,200	2,456
Non-GAAP Operating Margin[1]	33.7%	30.9%
Non-GAAP Net Income per Diluted Share ($)[1]	1.56	1.49

(1) See Appendix for reconciliation to GAAP.

vmware®
©2019 VMware, Inc.

Select Financial Measures

	Q3FY20
Headcount	28,613
Cash, Cash Equivalents & Short-Term Investments ($M)	2,025
Operating Cash Flow ($M)	810
CapEx ($M)	50
Unearned Revenue Total ($M)	7,885
Long-Term Unearned Revenue ($M)[1]	3,503

(1) Non-current unearned revenue as reported on VMware's condensed consolidated balance sheets.

vmware®
©2019 VMware, Inc.

Zane Rowe, EVP & CFO

- Q3 total revenue growth of 12% YoY and Q3 license revenue growth of 10% YoY.
- Hybrid Cloud Subscription and SaaS represented over 13% of total revenue in Q3.
- Q3 growth in total revenue plus the sequential change in total unearned revenue was 18% YoY; excluding unearned revenue assumed in the acquisition of Carbon Black, total revenue plus the sequential change in total unearned revenue increased 12% YoY.(1)
- Q3 growth in license revenue plus the sequential change in unearned license revenue was 21% YoY; excluding unearned revenue assumed in the acquisition of Carbon Black, license revenue plus the sequential change in unearned license revenue increased 13% YoY.(1)
- Closed the Carbon Black acquisition on October 8th.

(1) See Appendix.

©2019 VMware, Inc.

Zane Rowe, EVP & CFO

- Beginning unearned revenue balance from the Carbon Black acquisition was $151M.
- In Q3, Carbon Black contributed over $10M in total revenue in the quarter, post-acquisition.
- RPO, which includes our committed and non-cancellable future revenue, was $8.5B in Q3.
- 6 of our top 10 customers purchased the entire VMware Cloud Foundation stack.
- NSX license bookings were up 50% YoY in Q3.
- vSAN license bookings grew over 35% YoY in Q3.

©2019 VMware, Inc.

Zane Rowe, EVP & CFO

- EUC license bookings once again increased over 20% YoY in Q3.
- Q3 Core SDDC license bookings were up in the high-single-digits and total Core SDDC bookings were up in the mid-single-digits YoY.
- Q3 Compute license bookings grew in the mid-single-digits and total compute bookings were up in the low single-digits YoY.
- Management license bookings increased in the mid-teens, with total management bookings up 11% YoY in Q3.
- In Q3 we repurchased $242 million dollars in stock.

©2019 VMware, Inc.

Guidance

FY20		
Total Revenue	$10.100B	12.5% YoY
License Revenue	$4.245B	12.0% YoY

©2019 VMware, Inc.

Guidance

FY20	
Non-GAAP Operating Margin [1]	33%
Diluted Non-GAAP Net Income per share [1]	$6.58
Diluted Share Count	416M
Non-GAAP Tax Rate[2]	16%
GAAP Tax Rate[2]	See footnote 3

(1) See Appendix for reconciliation to GAAP.
(2) The estimated tax rate on non-GAAP income 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 as well as significant tax adjustments. 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 revenue and expenses, changes to our corporate structure 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 rate, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities.
(3) During the second quarter of fiscal 2020, we completed an intra-group transfer of certain of our intellectual property rights to our Irish subsidiary, where our international business is headquartered. A discrete tax benefit of $4.9 billion was recorded as a deferred tax asset. Due to the impact of the discrete tax benefit of $4.9 billion, the tax rate calculated on a GAAP basis is not considered meaningful.

vmware®
©2019 VMware, Inc.

Guidance

FY20	
Cash Flow From Operations[1]	$3.850B
CapEx	$280M
Free Cash Flow[2]	$3.570B

(1) Includes the impact of acquisition and integration costs of approximately $100M dollars related to our most recent acquisition announcements.
(2) Free Cash Flow is a non-GAAP financial measure calculated by subtracting CapEx from Cash Flow From Operations. See table above.

©2019 VMware, Inc.

Guidance

Q4FY20		
Total Revenue	$2.950B	13.8% YoY
License Revenue	$1.390B	13.0% YoY

©2019 VMware, Inc.

Guidance

Q4FY20	
Non-GAAP Operating Margin [1]	37.6%
Diluted Non-GAAP Net Income per share [1]	$2.16
Diluted Share Count	414M
Non-GAAP Tax Rate[2]	16%
GAAP Tax Rate[2]	Approximately 1 point higher to 1 point lower than non-GAAP tax rate

(1) See Appendix for reconciliation to GAAP.
(2) The estimated tax rate on non-GAAP income 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 as well as significant tax adjustments. 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 revenue and expenses, changes to our corporate structure 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 rate, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities.

Q&A

©2019 VMware, Inc.

We are expanding our portfolio to accelerate our strategy

Any Cloud | Any App | Any Device

Build	Run	Manage	Connect	Protect
Heptio	vSphere	vRealize	NSX	AppDefense
PKS	vSAN	WorkspaceONE	VeloCloud	SecureState
Bitnami	VMware Cloud	CloudHealth	Avi Networks	Carbon Black
Pivotal[1]	VMware Cloud Foundation			
	VCPP			

©2019 VMware, Inc.

(1) Proposed acquisition anticipated to close in Q4FY20.

Appendix

Enterprise Agreements
45% of total bookings
18 deals over $10M
8 of the top 10 deals included NSX
9 of the top 10 deals included Management
8 of the top 10 deals included EUC
8 of the top 10 deals included vSAN

©2019 VMware, Inc.

Appendix

VMware, Inc.

RECONCILIATION OF GAAP TO NON-GAAP DATA
For the Three Months Ended November 1, 2019
(amounts in millions, except per share amounts, and shares in thousands)
(unaudited)

	GAAP	Stock-Based Compensation	Employer Payroll Taxes on Employee Stock Transactions	Intangible Amortization	Acquisition, Disposition and Other Items	Tax Adjustment[1]	Non-GAAP, as adjusted[2]
Operating expenses:							
Cost of license revenue	$ 59	—	—	(34)	—	—	$ 24
Cost of services revenue	$ 319	(18)	—	(1)	—	—	$ 301
Research and development	$ 582	(110)	—	—	—	—	$ 471
Sales and marketing	$ 827	(67)	(1)	(14)	—	—	$ 747
General and administrative	$ 238	(35)	—	—	(49)	—	$ 154
Operating income	$ 431	230	1	49	49	—	$ 759
Operating margin[2]	*17.5%*	*9.3%*	*—%*	*2.0%*	*2.0%*	—	*30.9%*
Other income (expense), net[3]	$ 263	—	—	—	(259)	—	$ 4
Income before income tax	$ 666	230	1	49	(210)	—	$ 735
Income tax provision	$ 45					73	$ 118
Tax rate[2]	*6.7%*						*16.0%*
Net income	$ 621	230	1	49	(210)	(73)	$ 617
Net income per weighted-average share, diluted for Classes A and B[2][4]	$ 1.50	$ 0.55	$ —	$ 0.12	$ (0.51)	$ (0.18)	$ 1.49

[1] 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 as well as significant tax adjustments. 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 revenue and expenses, changes to our corporate structure 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.

[2] Totals may not sum, due to rounding. Operating margin, tax rate and net income per weighted average share information are calculated based upon the respective underlying, non-rounded data.

[3] Non-GAAP adjustment to other income (expense), net includes gains or losses on equity investments, whether realized or unrealized. During the three months ended November 1, 2019, this adjustment primarily included an unrealized gain of $249 million, which related to VMware's investment in Pivotal to adjust it to its fair value.

[4] Calculated based upon 414,054 diluted weighted-average shares for Classes A and B.

© 2020 VMware, Inc.

Appendix

VMware, Inc.

RECONCILIATION OF GAAP TO NON-GAAP DATA
For the Three Months Ended November 2, 2018
(amounts in millions, except per share amounts, and shares in thousands)
(unaudited)

	GAAP	Stock-Based Compensation	Employer Payroll Taxes on Employee Stock Transactions	Intangible Amortization	Acquisition, Disposition and Other Items	Tax Adjustment[1]	Non-GAAP, as adjusted[2]
Operating expenses:							
Cost of license revenue	$ 49	—	—	(29)	—	—	$ 19
Cost of services revenue	$ 266	(13)	—	(1)	—	—	$ 252
Research and development	$ 499	(98)	—	—	—	—	$ 400
Sales and marketing	$ 707	(53)	(2)	(8)	—	—	$ 647
General and administrative	$ 178	(28)	—	—	(8)	—	$ 141
Realignment and loss on disposition	$ 6	—	—	—	(6)	—	$ —
Operating income	$ 495	192	2	38	14	—	$ 741
Operating margin[2]	*22.5%*	*8.7%*	*0.1%*	*1.7%*	*0.7%*	—	*33.7%*
Other income (expense), net [3]	$ (180)	—	—	—	177	—	$ (3)
Income before income tax	$ 345	192	2	38	191	—	$ 768
Income tax provision	$ 11					112	$ 123
Tax rate[2]	*3.2%*						*16.0%*
Net income	$ 334	192	2	38	191	(112)	$ 645
Net income per weighted-average share, diluted for Classes A and B[2] [4]	$ 0.81	$ 0.46	$ —	$ 0.09	$ 0.46	$ (0.27)	$ 1.56

[1] 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 as well as significant tax adjustments, such as adjustments resulting from the U.S. Tax Cuts and Jobs Act enacted on December 22, 2017 (the "2017 Tax Act"). 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 revenue 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.

[2] Totals may not sum, due to rounding. Operating mar gin, tax rate and net income per weighted average share information are calculated based upon the respective underlying, non-rounded data.

[3] Non-GAAP adjustment to other income (expense), net includes gains or losses on equity investments, whether realized or unrealized. During the three months ended November 2, 2018, this adjustment primarily included an unrealized loss of $161 million, which related to VMware's investment in Pivotal to adjust it to its fair value.

[4] Calculated based upon 414,477 diluted weighted-average shares for Classes A and B.

©2019 VMware, Inc.

Appendix

VMware, Inc.

GROWTH IN REVENUE PLUS SEQUENTIAL CHANGE IN UNEARNED REVENUE
(in millions)
(unaudited)

Growth in Total Revenue Plus Sequential Change in Unearned Revenue

	Three Months Ended	
	November 1, 2019	November 2, 2018
Total revenue, as reported	$ 2,456	$ 2,200
Sequential change in unearned revenue[1]	352	171
Total revenue plus sequential change in unearned revenue	$ 2,808	$ 2,371
Change (%) over prior year, as reported	18%	
Assumed Carbon Black unearned revenue[3]	$ (151)	$ —
Total revenue plus sequential change in unearned revenue, excluding impact of Carbon Black	$ 2,657	$ 2,371
Change (%) over prior year, excluding impact of Carbon Black	12%	

Growth in License Revenue Plus Sequential Change in Unearned License Revenue

	Three Months Ended	
	November 1, 2019	November 2, 2018
Total license revenue, as reported	$ 974	$ 884
Sequential change in unearned license revenue[2]	120	22
Total license revenue plus sequential change in unearned license revenue	$ 1,094	$ 906
Change (%) over prior year, as reported	21%	
Assumed Carbon Black unearned license revenue[3]	$ (73)	$ —
Total revenue plus sequential change in unearned license revenue, excluding impact of Carbon Black	$ 1,021	$ 906
Change (%) over prior year, excluding impact of Carbon Black	13%	

[1] Sequential change in unearned revenue consists of the change in total unearned revenue from the preceding quarter . Total unearned revenue consists of current and non-current unearned revenue amounts presented in the condensed consolidated balance sheets.

[2] Unearned license revenue primarily consists of the allocated portion of VMware's SaaS offerings.

[3] Amount represents unearned revenue assumed in the acquisition of Carbon Black.

Appendix

Reconciliation of GAAP to Non-GAAP Operating Margin Guidance

	Q4FY20 (Projected)		FY20 (Projected)	
GAAP Operating Margin	**24.5% - 26.1% (1)**	**Projected**	**20.7% - 21.1% (2)**	**Projected**
Stock-based Compensation	8.3%	Estimated	8.7%	Estimated
Employer Payroll Tax on Employee Stock Transactions	0.1%	Estimated	0.1%	Estimated
Intangible Amortization	2.1%	Estimated	2.0%	Estimated
Acquisition, Disposition and Other Related Items	1.2%	Estimated	1.2%	Estimated
Non-GAAP Operating Margin	**37.6%**	**Projected**	**33.0%**	**Projected**

(1) Values of items excluded from GAAP operating margin are estimates. While the aggregate of estimates may not foot, in total we expect GAAP operating margin to be 11 to 13 percentage points less than non-GAAP operating margin.

(2) Values of items excluded from GAAP operating margin are estimates. While the aggregate of estimates may not foot, in total we expect GAAP operating margin to be 12 percentage points less than non-GAAP operating margin.

©2019 VMware, Inc.

Appendix

Reconciliation of GAAP to Non-GAAP Net Income per Diluted Share Guidance

	Q4FY20 (Projected)		FY20 (Projected)	
GAAP Net Income per Diluted Share	**$1.38 - $1.48 (1)**	**Projected**	**$15.96 - $16.09 (2)**	**Projected**
Stock-based Compensation	0.59	Estimated	2.11	Estimated
Employer Payroll Tax on Employee Stock Transactions	0.01	Estimated	0.02	Estimated
Intangible Amortization	0.15	Estimated	0.48	Estimated
Acquisition, Disposition and Other Related Items	0.09	Estimated	0.58	Estimated (3)
Tax Adjustment (4)	(0.13)	Estimated	(12.63)	Estimated
Non-GAAP Net Income per Diluted Share	**$2.16**	**Projected**	**$6.58**	**Projected**

(1) Values of items excluded from GAAP net income per diluted share are estimates. While the aggregate of estimates may not foot, in total we expect GAAP net income per share to be $0.68 to $0.78 less than non-GAAP net income per share.

(2) Values of items excluded from GAAP net income per diluted share are estimates. While the aggregate of estimates may not foot, in total we expect GAAP net income per share to be $9.38 to $9.51 more than non-GAAP net income per share.

(3) Includes Q1,Q2, and Q3 FY-20 gains and losses on strategic investments, including Q1 FY-20 gain on investment in Pivotal Software of $132M, Q2 FY-20 loss on investment in Pivotal Software of $538M, and Q3 FY-20 gain on investment in Pivotal Software of $245M.

(4) The estimated tax rate on non-GAAP income 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 as well as significant tax adjustments. 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 revenue and expenses, changes to our corporate structure 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 rate, our estimated tax rate on non-GAAP income may differ from our GAAP tax rate and from our actual tax liabilities. During the second quarter of fiscal 2020, we completed an intra-group transfer of certain of our intellectual property rights to our Irish subsidiary, where our international business is headquartered. A discrete tax benefit of $4.9 billion was recorded as a deferred tax asset and this amount is reflected in the tax adjustment for FY'20.

©2019 VMware, Inc.

Forward-Looking Statements

This presentation contains forward-looking statements including, among others, expected benefits to customers and continuing momentum of VMware's strategy (in areas of security, multi-cloud, Kubernetes and 5G), products, services and solutions (including Carbon Black, VMware Tanzu, Project Pacific) and partnerships (such as those with Microsoft and Dell); VMware's expectations and estimates regarding total and license revenues, GAAP and non-GAAP operating margin, diluted GAAP and non-GAAP net income per share, diluted share count, and GAAP and non-GAAP tax rates for Q4 fiscal year 2020 (FY20) and full year FY20; VMware's expectations regarding FY20 cash flow from operations, capital expenditures and free cash flow; as well as VMware's proposed acquisition of Pivotal Software, such as the anticipated timing for completion of the acquisition, growth opportunities and expansion of VMware's offerings associated with the acquisition and the potential benefits of the acquisition to VMware and its customers. These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to: (1) the satisfaction or waiver of the conditions to closing the proposed acquisition of Pivotal in the anticipated timeframe or at all; (2) uncertainties as to the outcome of the vote by Pivotal stockholders to approve the Pivotal acquisition; (3) the possibility that the acquisition does not close; (4) the possibility that competing offers may be made; (5) risks related to obtaining the requisite consents to the acquisition, including, without limitation, the timing (including possible delays) and receipt of approvals; (6) risks related to the ability to realize the anticipated benefits of the proposed acquisition, including the possibility that the expected benefits from the proposed acquisition will not be realized or will not be realized within the expected time period; (7) the risk that the business will not be integrated successfully; (8) disruption from the transaction making it more difficult to maintain business and operational relationships; (9) negative effects of the announcement or the consummation of the proposed acquisition on the market price of VMware's common stock, credit ratings and operating results; (10) the risk of litigation and regulatory actions related to the proposed acquisition; (11) other business effects, including the effects of industry, market, economic, political or regulatory conditions; (12) other unexpected costs or delays in connection with the acquisition; (13) adverse changes in general economic or market conditions; (14) delays or reductions in consumer, government and information technology spending; (15) competitive factors, including but not limited to pricing pressures, industry consolidation, entry of new competitors into the virtualization software and cloud, end user and mobile computing and security industries, and new product and marketing initiatives by VMware's competitors; (16) VMware's customers' ability to transition to new products and computing strategies such as cloud computing, desktop virtualization and the software defined data center; (17) VMware's ability to enter into, maintain and extend strategically effective partnerships and alliances; (18) the uncertainty of customer acceptance of emerging technology; (19) the ability to successfully integrate into VMware acquired companies and assets and smoothly transition services related to divested assets from VMware; (20) rapid technological changes in the virtualization software and cloud, end user and mobile computing and security industries; (21) changes to product and service development timelines; (22) VMware's relationship with Dell Technologies and Dell's ability to control matters requiring stockholder approval, including the election of VMware's board members and matters relating to Dell's investment in VMware; (23) VMware's ability to protect its proprietary technology; (24) VMware's ability to attract and retain highly qualified employees; (25) the ability of VMware to realize synergies from Dell; (26) disruptions resulting from key management changes; (27) risks associated with geopolitical changes, such as Brexit, and international sales, such as fluctuating currency exchange rates and increased tariffs and trade barriers that could adversely impact our non-U.S. sales; (28) changes in VMware's financial condition; and (29) risks associated with cyber-attacks, information security and privacy. These forward-looking statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including VMware's most recent reports on Form 10-K and Form 10-Q and current reports on Form 8-K that VMware may file from time to time, which could cause actual results to vary from expectations. VMware assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this presentation.

©2019 VMware, Inc.

Additional Information about the Pivotal Software Acquisition and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed merger with Pivotal (the "Pivotal Merger"). This communication does not constitute an offer to sell or the solicitation of an offer to buy VMware securities or the solicitation of any vote or approval. The proposed Pivotal Merger will be submitted to Pivotal's stockholders for their consideration. In connection with the proposed transaction, Pivotal has filed a preliminary proxy statement on Schedule 14A with the Securities and Exchange Commission (the "SEC"). The preliminary proxy statement contains important information about the Pivotal Merger and related matters. Promptly after being filed with the SEC, the definitive proxy statement and a proxy card will be mailed to Pivotal's stockholders.

BEFORE MAKING ANY VOTING OR INVESTMENT DECISION WITH RESPECT TO THE PROPOSED TRANSACTION, INVESTORS AND STOCKHOLDERS OF PIVOTAL ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE PROPOSED TRANSACTION (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND OTHER RELEVANT MATERIALS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The preliminary proxy statement, the definitive proxy statement, any amendments or supplements thereto and other relevant materials, and any other documents filed by Pivotal with the SEC, may be obtained once such documents are filed with the SEC free of charge at the SEC's website at www.sec.gov.

In addition, Pivotal's stockholders may obtain free copies of the documents filed with the SEC through the Investors portion of Pivotal's website at pivotal.io/investors or by contacting Pivotal's Investor Relations Department via e-mail at ir@pivotal.io.

Pivotal, VMware, Dell Technologies Inc. and certain of their respective executive officers, directors, other members of management and employees, may under the rules of the SEC, be deemed to be "participants" in the solicitation of proxies from Pivotal's stockholders in connection with the proposed transaction. Information regarding the persons who may be considered "participants" in the solicitation of proxies will be set forth in Pivotal's preliminary and definitive proxy statements when filed with the SEC and other relevant documents to be filed with the SEC in connection with the proposed transaction, each of which can be obtained free of charge from the sources indicated above when they become available. Information regarding certain of these persons and their beneficial ownership of Pivotal's common stock is also set forth in Pivotal's preliminary proxy statement on Schedule 14A filed with the SEC on October 10, 2019 and Pivotal's proxy statement for its 2019 annual meeting of stockholders filed on May 3, 2019 with the SEC, which may both be obtained free of charge from the sources indicated above.

©2019 VMware, Inc.