

VMware, Inc.

**RECONCILIATION OF GAAP TO NON-GAAP CASH FLOWS  
FROM OPERATING ACTIVITIES**

**For the Three Months Ended December 31, 2008**

(in thousands)

(unaudited)

	<b>For the Three Months Ended December 31,</b>	
	<b>2008</b>	<b>2007</b>
GAAP cash flows from operating activities	\$ 272,812	\$ 163,574
Capitalized software development costs	(37,005)	(14,877)
Excess tax benefits from stock-based compensation	505	-
Non-GAAP cash flows from operating activities	<u>\$ 236,312</u>	<u>\$ 148,697</u>

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**RECONCILIATION OF GAAP TO NON-GAAP CASH FLOWS  
FROM OPERATING ACTIVITIES**

**For the Year Ended December 31, 2008**

(in thousands)

(unaudited)

	<b>For the Year Ended December</b>	
	<b>31,</b>	
	<u><b>2008</b></u>	<u><b>2007</b></u>
GAAP cash flows from operating activities	\$ 800,131	\$ 552,436
Capitalized software development costs	(90,900)	(47,735)
Excess tax benefits from stock-based compensation	85,776	-
Non-GAAP cash flows from operating activities	<u><u>\$ 795,007</u></u>	<u><u>\$ 504,701</u></u>