



**VMware, Inc.
3401 Hillview Avenue
Palo Alto, California 94304, USA**

Prospectus for the public offer of

**2,813,094 shares of VMware, Inc. Class A common stock
each with a par value of \$0.01
under the VMware, Inc. Amended and Restated 2007 Employee Stock Purchase Plan
to the employees of the European Economic Area subsidiaries of VMware, Inc.**

July 19, 2018

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PROSPECTUS SUMMARY

Note to the reader

Summaries are made up of disclosure requirements known as “elements.” These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable” together with a short explanatory statement.

Section A. — Introduction and Warnings		
A.1		This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (“EEA”), have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have assumed responsibility for the contents of the summary or presented the summary including any translations thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, the required key information.
A.2	Use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.	Not applicable. The issuer has not consented to the use of the prospectus for subsequent resale or final placement of securities.
Section B — Issuer		
B.1	Legal and Commercial Name of the Issuer	The legal and commercial name of the issuer is VMware, Inc. References in this summary to “VMware” or the “Company” means VMware, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.
B.2	Domicile and Legal Form of VMware, the Legislation under which the Issuer operates and its Country of Incorporation	VMware is a corporation incorporated and existing under the laws of Delaware. VMware’s principal offices are located at 3401 Hillview Avenue, Palo Alto, California 94304, USA. The Company incorporated in Delaware in 1998 and is registered with the Delaware Department of State, under registration number 2853894.
B.3	Description of the Nature of VMware’s current Operations and its principal Activities and	In the opinion of the issuer, VMware, Inc. (“VMware”) pioneered the development and application of virtualization technologies with x86 server-based computing, separating application software from the underlying hardware. VMware believes information technology (“IT”) driven innovation is disrupting markets and industries. Technologies emerge faster than organizations can absorb, creating increasingly complex environments. To take on this challenge, businesses need a flexible and secure digital foundation. VMware provides compute, cloud, mobility, networking and security

	<p>identification of the principal markets in which the issuer competes</p>	<p>infrastructure software to businesses that provides a flexible digital foundation for the applications that empower businesses to serve their customers globally.</p> <p>VMware continues to broaden its product and solution offerings beyond compute virtualization to include offerings that allow organizations to manage IT resources across private clouds and complex multi-cloud, multi-device environments by leveraging synergies across three product categories: Software-Defined Data Center (“SDDC”), Hybrid Cloud Computing and End-User Computing (“EUC”). VMware’s portfolio supports and addresses the four key IT priorities of its customers: modernizing data centers, integrating public clouds, empowering digital workspaces and transforming security. VMware creates solutions that enable the digital transformation its customers need as they ready their applications, infrastructure and devices for their future business needs.</p> <p>VMware incorporated in Delaware in 1998, was acquired by EMC Corporation (“EMC”) in 2004 and conducted its initial public offering of its Class A common stock in August 2007. Effective September 7, 2016, Dell Technologies Inc. (“Dell”) acquired EMC. As a result, EMC became a wholly-owned subsidiary of Dell, and VMware became an indirectly-held, majority-owned subsidiary of Dell. VMware is considered a “controlled company” under the rules of the New York Stock Exchange. As of February 2, 2018, Dell controlled approximately 81.9% of the Company’s outstanding common stock, including 31 million shares of its Class A common stock and all of its Class B common stock.</p> <p>Effective January 1, 2017, VMware’s fiscal year changed from a fiscal year ending on December 31 of each calendar year to a fiscal year consisting of a 52- or 53-week period ending on the Friday nearest to January 31 of each year. The period that began on January 1, 2017 and ended on February 3, 2017 is reflected as a transition period (the “Transition Period”). VMware’s first full fiscal year under the revised fiscal calendar began on February 4, 2017 and ended on February 2, 2018. VMware refers to its fiscal year which will end February 1, 2019 as “fiscal 2019”, and its fiscal years ended February 2, 2018 and December 31, 2016 as “fiscal 2018” and “fiscal 2016,” respectively.</p> <p>Total revenue in fiscal 2018 increased 12% to \$7,922 million. Total revenue is comprised of license revenue of \$3,195 million and services revenue of \$4,727 million. While sales of the Company’s VMware vSphere (“vSphere”) product have remained strong, the majority of the Company’s license sales originate from solutions across its broad portfolio beyond its compute products.</p> <p>Revenue by geographic area for the years ended February 2, 2018, December 31, 2016 and 2015, and for the transition period of January 1 to February 3, 2017, were as follows (table in millions):</p> <table border="1" data-bbox="532 1325 1365 1587"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">For the Year Ended</th> <th>Transition Period</th> </tr> <tr> <th>February 2, 2018</th> <th>December 31, 2016</th> <th>December 31, 2015</th> <th>January 1 to February 3, 2017</th> </tr> </thead> <tbody> <tr> <td>United States</td> <td>\$ 3,911</td> <td>\$ 3,588</td> <td>\$ 3,311</td> <td>\$ 248</td> </tr> <tr> <td>International</td> <td>\$ 4,011</td> <td>\$ 3,505</td> <td>\$ 3,260</td> <td>\$ 248</td> </tr> <tr> <td>Total</td> <td>\$ 7,922</td> <td>\$ 7,093</td> <td>\$ 6,571</td> <td>\$ 496</td> </tr> </tbody> </table>		For the Year Ended			Transition Period	February 2, 2018	December 31, 2016	December 31, 2015	January 1 to February 3, 2017	United States	\$ 3,911	\$ 3,588	\$ 3,311	\$ 248	International	\$ 4,011	\$ 3,505	\$ 3,260	\$ 248	Total	\$ 7,922	\$ 7,093	\$ 6,571	\$ 496
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<p>B.4a</p>	<p>Recent Trends</p>	<p>VMware faces intense competition across all markets for its products and services. The Company faces competition from, among others, providers of public cloud infrastructure and SaaS-based offerings. As businesses increasingly utilize public cloud and SaaS-based offerings, they are building more of their new compute workloads off-premises and may also shift some of their existing workloads. As a result, the demand for on-premises IT resources is expected to slow, and the Company’s products and services will need to increasingly compete for customers’ IT workloads with off-premises public cloud and SaaS-based offerings. The Company also faces competition</p>																								

		from large, diversified enterprise software and hardware companies, companies offering competing platforms based on open source technologies, other industry alliances and its partners and members of its developer and technology partner ecosystem. The Company believes that the key factors in its ability to successfully compete include the level of reliability, interoperability and new functionality of its product and service offerings; the ability of its product offerings to support multiple hardware platforms, operating systems, applications frameworks and public cloud platforms; its ability to anticipate customer needs in rapidly evolving markets for IT resources; the pricing of its product and service offerings; the ability to integrate open source technologies that are critical in private and public cloud computing architectures; the ability to attract and retain key employees; and the ability to maintain and expand its ecosystem of technology partners, service providers and sales channel partners.
B.5	Organizational Structure	Not applicable, because information regarding the organizational structure of VMware is not required to be provided elsewhere in the prospectus.
B.6	Interests in VMware's Capital	Not applicable, because information regarding VMware's capital structure is not required to be provided elsewhere in the prospectus.
B.7	Selected Financial Information regarding VMware and subsequent material changes	<p>The following selected financial data is derived from the Company's audited consolidated financial statements for the fiscal years ended February 2, 2018, December 31, 2016 and December 31, 2015, and for the transition period of January 1 to February 3, 2017, as published in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2018 and from the Company's unaudited condensed consolidated financial statements as published in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 2018, each of which can be accessed as described in the section "Documents Available for Inspection" of this prospectus. The Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").</p> <p>Please note the following significant events:</p> <ul style="list-style-type: none"> • Effective September 7, 2016, Dell acquired EMC. As a result, EMC became a wholly-owned subsidiary of Dell and VMware became an indirectly-held, majority-owned subsidiary of Dell. • As described in section B.3 above, the Company's fiscal year was changed to align with Dell's fiscal year. • Net income for the quarter ended May 4, 2018 of \$942 million increased from the \$245 million reported for the quarter ended May 5, 2017. The increase was primarily related to VMware's ownership interest and voting interest in Pivotal, which was adjusted to its fair value of \$801 million due to Pivotal's initial public offering on April 20, 2018. As a result, VMware recognized a gain of \$781 million in other income (expense), net and a discrete tax impact of \$179 million related to its book and tax basis difference on the investment in Pivotal, net of the reversal of the previously recorded valuation allowance. • Net income of \$570 million for the year ended February 2, 2018 decreased from \$1,186 million reported for the year ended December 31, 2016. VMware's annual effective income tax rate was 68.4% and 19.5% for fiscal 2018 and 2016, respectively. The effective income tax rate in fiscal 2018 was substantially higher primarily due to approximately \$970 million relating to the estimated effects of the U.S. Tax Cuts and Jobs Act enacted on December 22, 2017. • On July 1, 2018, VMware declared a special conditional dividend of \$11 billion.

Other than the above, there are no significant changes to VMware's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

Table in millions, except per share amounts, and shares in thousands

	Three Months Ended			For the Year Ended		
	May 4, 2018	May 5, 2017 ⁽¹⁾	February 2, 2018	December 31, 2016	December 31, 2015	Transition Period January 1 to February 3, 2017
Results of Operations:						
Revenue:						
License	\$ 774	\$ 641	\$ 3,195	\$ 2,794	\$ 2,720	\$ 125
Services	\$ 1,234	\$ 1,124	\$ 4,727	\$ 4,299	\$ 3,927	\$ 371
GSA Settlement	\$ -	\$ -	\$ -	\$ -	\$ (76)	\$ -
Total revenue	\$ 2,008	\$ 1,765	\$ 7,922	\$ 7,093	\$ 6,571	\$ 496
Operating income	\$ 382	\$ 261	\$ 1,689	\$ 1,439	\$ 1,197	\$ (41)
Net income	\$ 942	\$ 245	\$ 570	\$ 1,186	\$ 997	\$ (8)
Net income per weighted average share, basic, for Classes A and B	\$ 2.33	\$ 0.60	\$ 1.40	\$ 2.82	\$ 2.35	\$ (0.02)
Net income per weighted average share, diluted, for Classes A and B	\$ 2.29	\$ 0.59	\$ 1.38	\$ 2.78	\$ 2.34	\$ (0.02)
Weighted average shares, basic, for Classes A and B	404,968	408,431	406,738	420,520	424,003	408,625
Weighted average shares, diluted, for Classes A and B	410,932	414,018	413,368	423,994	426,547	408,625
Cash Flow Data:						
Net cash provided by operating activities	\$ 1,095	\$ 777	\$ 3,211	\$ 2,381	\$ 1,899	\$ 361

(1) Adjusted to reflect the adoption of Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers.

Balance Sheet Data:	As of				
	May 4, 2018	February 2, 2018 ⁽²⁾	February 3, 2017	December 31, 2016	December 31, 2015
Cash, cash equivalents and short-term investments	\$ 12,630	\$ 11,653	\$ 8,393	\$ 7,985	\$ 7,509
Working capital	\$ 9,464	\$ 9,026	\$ 5,562	\$ 5,781	\$ 5,231
Total assets	\$ 22,088	\$ 21,206	\$ 16,397	\$ 16,643	\$ 15,746
Total unearned revenue	\$ 5,756	\$ 5,839	\$ 5,340	\$ 5,624	\$ 5,076

		<p>Long-term obligations (3) (4) \$ 4,236 \$ 4,234 \$ 1,500 \$ 1,500 \$ 1,500</p> <p>Total stockholder s' equity \$ 9,660 \$ 8,624 \$ 8,216 \$ 8,097 \$ 7,923</p> <hr/> <p>(2) Adjusted to reflect the adoption of ASC 606, Revenue from Contracts with Customers.</p> <p>(3) On January 21, 2014, in connection with VMware's agreement to acquire A.W.S. Holding, LLC, the sole member and equity holder of AirWatch LLC, VMware entered into a note exchange agreement with Dell (formerly EMC Corporation) providing for the issuance of three promissory notes in the aggregate principal amount of \$1,500 million. The total debt of \$1,500 million includes \$450 million that was exchanged for the \$450 million promissory note outstanding in prior years.</p> <p>(4) On August 21, 2017, VMware issued three series of unsecured senior notes pursuant to a public debt offering in an aggregate amount of \$4,000 million, which consisted of outstanding principal due on the following dates: \$1,250 million due August 21, 2020, \$1,500 million due August 21, 2022 and \$1,250 million due August 21, 2027. Upon closing, a portion of the net proceeds from the offering was used to repay two of the notes payable to Dell due May 1, 2018 and May 1, 2020 in the aggregate principal amount of \$1,230 million.</p>
B.8	Pro Forma Financial Information	Not applicable, because no historical financial information is required to be provided in the prospectus.
B.9	Profit Forecast	Not applicable. This prospectus does not contain any profit forecast.
B.10	Qualifications in the Audit Report on the Historical Financial Information	Not applicable. There are no such qualifications in the auditors' report.
B.11	Working Capital Statement	VMware believes that its working capital (i.e. its ability to access cash and other available liquid resources in order to meet its liabilities as they fall due) is sufficient to meet its present requirements for at least the next twelve months.
Section C — Securities		
C.1	Type and Class of the Securities being offered, including the Security Identification Code	The shares offered under the VMware, Inc. Amended and Restated 2007 Employee Stock Purchase Plan ("ESPP") are Class A common stock of VMware, par value \$0.01. The International Securities Identification Number (ISIN) for the Company's common stock is US9285634021. The U.S. security identification (CUSIP) number for the Company's common stock is 928563402.
C.2	Currency of the Securities Issue	The United States Dollar is the currency of the securities issue.
C.3	Number of Shares Issued	As of March 20, 2018, the number of shares of common stock, par value \$0.01 per share, of the registrant outstanding was 405,290,870, of which 105,290,870 shares were Class A common stock and 300,000,000 were Class B common stock.
C.4	Rights attached to the Securities	<p>No participating employee will have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the purchase rights have been exercised and the shares have been purchased and delivered to the participating employee. Following such purchase and delivery, the participating employee will be entitled to the rights attached to the shares, as further described below:</p> <p><i>Classes of Common Stock.</i> VMware has two classes of authorized common stock: Class A common stock and Class B common stock. Only Class A common stock is the subject of this prospectus.</p>

		<p><i>Dividend Rights.</i> Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of VMware’s Class A common stock and Class B common stock are entitled to receive dividends, out of assets legally available, sharing equally in all such dividends on a per share basis, at the times and in the amounts that VMware’s board of directors (“Board”) may determine from time to time. Dividend rights attach when shares of common stock are issued. However, stockholders do not become entitled to dividends until (and if) the Board declares a dividend. If dividends are declared, all stockholders of record as of a certain date set forth by the Board will be entitled to such dividends. If someone is not a stockholder of record on such date, he or she will not be entitled to any dividend payments.</p> <p>Under §1197 of Title 12 of the Delaware Code, dividends that are unclaimed for 3 years escheat to the State of Delaware. Specifically, dividends become subject to escheat after a period of dormancy which is the full and continuous period of 3 years during which an owner has ceased, failed or neglected to assert a right of ownership or possession.</p> <p>There are no dividend restrictions and no special procedures for stockholders resident in the European Union and the EEA.</p> <p><i>Conversion Rights for Class B common stock.</i> Each share of Class B common stock is convertible while held by EMC or its successor-in-interest at the option of EMC or its successor-in-interest into one share of Class A common stock.</p> <p>All conversions will be effected on a share-for-share basis.</p> <p><i>Voting Rights.</i> Except that holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by VMware’s stockholders and except with respect to the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions, the holders of Class A common stock and Class B common stock have identical rights.</p> <p>The holders of VMware Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of directors on VMware’s Board which it would have if there were no vacancies on the Board at the time.</p> <p>Subject to any rights of any series of preferred stock to elect directors, the holders of VMware Class A common stock and the holders of VMware Class B common stock, voting together as a single class, are entitled to elect the remaining directors, which at no time will be less than one director. In any such election, the holders of Class A common stock and the holders of Class B common stock are entitled to one vote per share.</p> <p>Generally, all other matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast at a meeting by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock.</p> <p><i>No Preemptive or Redemption Rights.</i> VMware’s Class A common stock and Class B common stock are not entitled to preemptive rights to acquire shares of the Company’s common stock and are not subject to redemption or sinking fund provisions.</p> <p><i>Right to Receive Liquidation Distributions.</i> Upon VMware’s liquidation, dissolution or winding-up, the holders of VMware’s Class A common stock and Class B common stock are entitled to share equally in all of VMware’s assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock.</p>
C.5	Transferability	<p>The offering of shares under the ESPP has been registered with the U.S. Securities and Exchange Commission on a registration statement on Form S-8 and the issued and outstanding shares of common stock are generally freely transferable.</p> <p>A participant may sell shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws, insider trading policies and</p>

		applicable blackout periods. The participant assumes the risk of any market fluctuations in the price of the shares.
C.6	Admission to Trading on a Regulated Market	Not applicable. The Company’s shares are listed for trading on the New York Stock Exchange (“NYSE”), which is not a regulated market within the meaning of the Directive 2004/39/EC, under the symbol “VMW.” In Germany, the shares are traded on the unofficial market segment (“Freiverkehr”) on the exchanges in Frankfurt, Stuttgart, Munich and Berlin as well as on Tradegate under the symbol “BZF1”. They will not be admitted for trading on any regulated market.
C.7	Dividend Policy	Subsequent to VMware’s IPO in August 2007, the Company has not declared or paid cash dividends on its common stock. On July 1, 2018, VMware declared a special conditional dividend of \$11 billion.

Section D — Risks

Employees should carefully consider the risks described below, which are described in more detail under the caption “Risk Factors”, and other information contained in this prospectus, and take these factors into account in making their investment decision. The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on the business and financial condition of the Company and cause the market price of the Company’s shares to decline. In such case, employees could lose all or part of their investment. The prospectus contains all risks which the Company deems material. However, the risks described below may turn out to be incomplete and therefore may not be the only risks to which the Company is exposed. Additional risks and uncertainties could have a material adverse effect on the business and financial condition of the Company. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the extent or the significance of the individual risks.

D.1	Risks related to VMware or its Industry	<p>Risks Related to VMware’s Business</p> <ul style="list-style-type: none"> • VMware’s success depends increasingly on customer acceptance of its newer products and services. • A significant decrease in demand for VMware’s server virtualization products would adversely affect its operating results. • VMware faces intense competition that could adversely affect its operating results. • The loss of key management personnel could harm VMware’s business. • Competition for VMware’s target employees is intense and costly, and VMware may not be able to attract and retain highly skilled employees. • The final impact of the 2017 Tax Cuts and Jobs Act on VMware’s tax liabilities is highly uncertain, may differ substantially from its provisional estimates and may adversely impact its operating results. • Adverse economic conditions may harm VMware’s business. • VMware may not be able to respond to rapid technological changes with new solutions and services offerings. • Breaches of VMware’s cybersecurity systems or the systems of its vendors, partners and suppliers could seriously harm VMware’s business. • VMware’s operating results may fluctuate significantly. • VMware is exposed to foreign exchange risks. • VMware operates a global business that exposes it to additional risks. • VMware has outstanding indebtedness in the form of unsecured notes and may incur other debt in the future, which may adversely affect VMware’s financial condition and future financial results. • VMware’s current research and development efforts may not produce significant revenue for several years, if at all. • VMware is involved in litigation, investigations and regulatory inquiries and proceedings that could negatively affect it. • VMware may not be able to adequately protect its intellectual property rights. • VMware’s use of “open source” software in its products could negatively affect its ability to sell its products and subject VMware to litigation. • The evolution of VMware’s business requires more complex go-to-market strategies, which involve significant risk.
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		<ul style="list-style-type: none"> • VMware’s success depends upon its ability to develop appropriate business and pricing models. • VMware’s products and services are highly technical and may contain errors, defects or security vulnerabilities. • Failure to effectively manage VMware’s product and service lifecycles could harm VMware’s business. • VMware’s success depends on the interoperability of its products and services with those of other companies. • Disruptions to VMware’s distribution channels could harm its business. • VMware’s SaaS offerings rely on third-party providers for data center space and colocation services. • Joint ventures may not yield expected benefits and outcomes. • SaaS offerings, which involve various risks, constitute an important part of VMware’s business. • Improper disclosure and use of personal data could result in liability and impact VMware’s business. • If VMware fails to comply with its customer contracts or government contracting regulations, VMware’s business could be adversely affected. • Acquisitions and divestitures could harm VMware’s business and operating results. • If VMware’s goodwill or amortizable intangible assets become impaired, VMware may be required to record a significant charge to earnings. • Problems with VMware’s information systems could interfere with its business and could adversely impact VMware’s operations. • VMware may have exposure to additional tax liabilities, and its operating results may be adversely impacted by higher than expected tax rates. • Catastrophic events or geo-political conditions could disrupt VMware’s business. • Changes in accounting principles and guidance could result in unfavorable accounting charges or effects. <p>Risks Related to VMware’s Relationship with Dell</p> <ul style="list-style-type: none"> • VMware’s stock price has fluctuated significantly following the announcement of the Dell Acquisition, and VMware’s relationship with Dell may adversely impact VMware’s business and stock price in the future. • Holders of VMware’s Class A common stock have limited ability to influence matters requiring stockholder approval. • Dell has the ability to prevent VMware from taking actions that might be in VMware’s best interest. • Dell has the ability to prevent a change-in-control transaction and may sell control of VMware without benefiting other stockholders. • If Dell’s level of ownership significantly increases, Dell could unilaterally effect a merger of VMware into Dell without a vote of VMware stockholders or the VMware Board of Directors at a price per share that might not reflect a premium to then-current market prices. • VMware engages in related persons transactions with Dell that may divert its resources, create opportunity costs and prove to be unsuccessful. • VMware’s business and Dell’s businesses overlap, and Dell may compete with VMware, which could reduce VMware’s market share. • Dell’s competition in certain markets may affect VMware’s ability to build and maintain partnerships. • VMware could be held liable for the tax liabilities of other members of Dell’s consolidated tax group, and compared to VMware’s historical results as a member of the EMC consolidated tax group, VMware’s tax liabilities may increase, fluctuate more widely and be less predictable. • VMware has limited ability to resolve favorably any disputes that arise between VMware and Dell. • VMware’s CEO, its CFO and some of its directors have potential conflicts of interest with Dell. • VMware is a “controlled company” within the meaning of the New York Stock Exchange rules and, as a result, is relying on exemptions from certain corporate
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		<p>governance requirements that provide protection to stockholders of companies that are not “controlled companies.”</p> <ul style="list-style-type: none"> • Dell’s ability to control VMware’s board of directors may make it difficult for VMware to recruit independent directors. • VMware’s historical financial information as a majority-owned subsidiary may not be representative of the results of a completely independent public company.
D.3	Key Risks related to the Shares	<ul style="list-style-type: none"> • The price of VMware’s Class A common stock has fluctuated significantly in recent years and may fluctuate significantly in the future. • If securities or industry analysts change their recommendations regarding the Company’s stock adversely, its stock price and trading volume could decline. • Anti-takeover provisions in Delaware law and VMware’s charter documents could discourage takeover attempts.
Section E — Offer		
E.1	Net Proceeds and Estimate of total Expenses	<p>Assuming that each of the eligible employees uses the maximum of his or her accumulated contributions to purchase shares, the gross proceeds of VMware in connection with the offer under the ESPP pursuant to this prospectus would be \$321,248,302.</p> <p>The costs of this offering consist of legal expenses in an amount approximately \$50,000. After deduction of such costs the net proceeds, based on the above assumptions, would be approximately \$321,198,302.</p>
E.2a	Reasons for the Offer and Use of Proceeds	<p>The ESPP is intended to provide a method by which eligible employees of the Company and its subsidiaries may purchase shares of VMware’s Class A common stock and therefore acquire an interest in the future of the Company.</p> <p>The Company may use the proceeds from the exercise of the purchase rights for any corporate purpose.</p>
E.3	Description of the Terms and Conditions of the Offer	<p>VMware has decided to offer eligible employees of its designated subsidiaries the opportunity to buy shares of VMware Class A common stock (“purchase rights”) under the ESPP.</p> <p>The ESPP is administered by VMware’s Board or a committee appointed by the Board (the “Compensation Committee”). VMware has designated E*TRADE Securities Inc. (“E*TRADE”) as the service provider for the ESPP. E*TRADE assists VMware with administration of the ESPP. Shares of Class A common stock to be delivered to a participant under the ESPP will be registered in the name of the participant or in the street name in the participant’s account at E*TRADE.</p> <p><i>Offered Shares</i></p> <p>The offered shares are the Class A common stock of VMware, par value \$0.01. The total number of shares reserved for purchase under the ESPP is 23,300,000. As of July 19, 2018, 7,612,142 shares were available for purchase under the ESPP. This should allow for the full purchase of 2,813,094 shares, which is the number of shares offered under this prospectus.</p> <p><i>Offering Period</i></p> <p>Offering periods are generally twelve months long but are subject to change at the discretion of the Board or the Compensation Committee. For the period covered by this prospectus, the enrollment for the offer begins August, 1 2018 and February 1, 2019, and the offering periods begin September 1, 2018 and March 1, 2019. The offering periods will consist of two consecutive embedded six-month option periods. Shares are purchased at the end of each embedded option period using employee contributions made by way of payroll deductions during the embedded option period. The participant’s right to purchase Class A common stock under the ESPP will be exercised automatically on the last day of the respective option period, with respect to the amounts credited to the participant’s ESPP account.</p>

		<p><i>Contributions</i></p> <p>Participants contribute a percentage of their compensation towards the purchase of shares by way of payroll deductions. At the time a participant files his or her enrollment form, the participant indicates the percentage of compensation to be contributed to the ESPP which must be between two (2%) and fifteen percent (15%) of the employee's eligible compensation. Contributions for the purchase of Class A common stock may not exceed \$7,500 per six-month embedded option period (or an amount prorated for longer or shorter option periods). All payroll deductions authorized by a participant will be credited for his or her benefit under the ESPP. A participant may decrease or increase the rate of contributions by filing a written notice with VMware at least one business day prior to the first day of each option period of the offering period. The change in rate will become effective as soon as practicable thereafter.</p> <p><i>Eligibility to Participate</i></p> <p>Only employees of VMware or its designated subsidiaries that have completed two (2) months or more of continuous service prior to commencement of an option period are eligible to participate in the ESPP. Only employees whose customary employment is more than 20 hours per week are eligible to participate in the ESPP (unless otherwise required under applicable law) and whose customary employment is for more than five months in any calendar year. Employees elect to participate in the ESPP by filing an enrollment form with VMware. Participation is voluntary and may be terminated by the employee at any time. Currently, participants who wish to withdraw from a particular period may do so anytime until 31 days before the end of the embedded option period. If a participant terminates employment with VMware or its subsidiaries for any reason, participation in the ESPP will be immediately terminated and any accumulated contributions to the ESPP will be returned to the terminated employee.</p> <p><i>Purchase Price</i></p> <p>For a participant's first embedded option period, the purchase price is eighty-five percent (85%) of the stock's fair market value at the first or last trading day of the first embedded option period (<i>i.e.</i>, the purchase date), whichever price is lower, provided, however, that each offering period will expire early (on the first day of the second embedded option period) if the fair market value of the Company's Class A common stock on the first day of the second embedded option period is lower than the fair market value of the Company's Class A common stock on the first day of the first embedded option period, and all participants in the expired offering period will automatically be granted a new offering period commencing on the same day that the second embedded option period was scheduled to commence. If the offering period does not expire early, for a participant's second embedded option period, the purchase price is eighty-five percent (85%) of the stock's fair market value (i) at the first trading day of the second embedded option period or (ii) at the last trading day of the second embedded option period or (iii) at the first trading day of the first embedded option period, whichever price is lowest. The fair market value will be the closing price per share on the NYSE for the applicable date or if there is no such sale on the relevant date, then on the last previous day on which a sale was reported.</p> <p><i>Amendment and Termination of the ESPP</i></p> <p>The Board may at any time amend or terminate the ESPP, provided that no amendment will adversely affect a participant's outstanding purchase rights during an offering period without his or her consent. Stockholder approval may be required for certain amendments. Whether stockholder approval is required will be determined by the Board or the Compensation Committee and consistent with the rules and laws in effect at the time the ESPP amendment becomes effective.</p> <p><i>Commission</i></p> <p>E*TRADE has a commission fee of \$19.99 per transaction.</p>
E.4	Description of material	Not applicable, because information regarding such interests is not required to be provided elsewhere in the prospectus.

	Interest to the Offer including Conflict of Interests	
E.5	Name of the Entity offering to sell the Security	VMware, Inc.
E.6	Maximum Dilution	<p>The book value of the stockholders' equity of the Company (defined as total assets less total liabilities) as reflected in the consolidated financial statements in accordance with the accounting principles generally accepted in the United States ("GAAP") amounted to approximately \$9,660,427,879 as of May 4, 2018. This is equivalent to approximately \$23.77 per share (calculated on the basis of Class A and Class B shares totaling 406,433,613 outstanding shares as of May 4, 2018).</p> <p>If the Company had obtained net proceeds in the amount of \$321,198,302 as of May 4, 2018, the book value of the shareholders' equity at that time would have been approximately \$9,981,626,181 or \$24.39 per share (based on the increased number of shares after the purchase of 2,813,094 shares and assuming a purchase price of \$114.20, which is eighty-five percent of the stock's fair market value (\$134.35) as of May 4, 2018. Consequently, under the above-mentioned assumptions, the implementation of the offering would lead to a direct increase in the book value of shareholders' equity of approximately \$321,198,302 or \$0.62 (equaling to approx. 3%) per share for the existing shareholders and an average dilution of approximately \$89.81 per share for the eligible employee who purchased the shares and, thus, investors who acquire shares at the purchase price of \$114.20 are diluted by about 79%.</p>
E.7	Estimated Expenses charged to the Investor by the Issuer	Not applicable. There are no such expenses.

PROSPEKTZUSAMMENFASSUNG

Hinweis an den Leser

Zusammenfassungen bestehen aus verschiedenen Offenlegungselementen, die als „Angaben“ bezeichnet werden. Diese Angaben sind unten in den Abschnitten A – E enthalten (A.1 – E.7).

Diese Zusammenfassung enthält alle Angaben, die in einer Zusammenfassung für die angebotene Art von Wertpapieren und diesen Emittenten erforderlich sind. Da bestimmte Angaben in der Zusammenfassung nicht enthalten sein müssen, können in der Nummerierung der Angaben Lücken auftreten.

Es kann vorkommen, dass im Hinblick auf eine bestimmte Angabe keine relevanten Informationen zur Verfügung gestellt werden können, obwohl die entsprechenden Informationen aufgrund der Art der angebotenen Wertpapiere und des Emittenten eigentlich zwingend in die Zusammenfassung aufzunehmen sind. In einem solchen Fall wird die entsprechende Angabe in der Zusammenfassung mit der Bezeichnung „entfällt“ und einer kurzen Begründung versehen.

Abschnitt A – Einleitung und Warnhinweise		
A.1		Diese Zusammenfassung sollte als Einführung zum Prospekt verstanden werden. Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospektes stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in einem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums („EWR“) die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können zivilrechtlich haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospektes gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospektes gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre.	Entfällt. Der Emittent hat der Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren nicht zugestimmt.
Abschnitt B – Emittent		
B.1	Juristische und kommerzielle Bezeichnung des Emittenten	Die juristische und kommerzielle Bezeichnung des Emittenten lautet VMware, Inc. In dieser Zusammenfassung beziehen sich Verweise auf „VMware“ oder die „Gesellschaft“ auf die VMware, Inc. und ihre in den Konzernabschluss einbezogenen Tochtergesellschaften, sofern sich aus dem Zusammenhang nichts anderes ergibt.
B.2	Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft	VMware ist eine nach dem Recht von Delaware gegründete und bestehende Kapitalgesellschaft. Die Hauptniederlassung von VMware befindet sich in 3401 Hillview Avenue, Palo Alto, Kalifornien 94304, USA. Die Gesellschaft wurde im Jahre 1998 in Delaware gegründet und ist beim <i>Delaware Department of State</i> unter der Registernummer 2853894 eingetragen.

B.3

Art der derzeitigen Geschäftstätigkeit und Hauptaktivitäten des Emittenten sowie die Hauptmärkte, auf denen der Emittent tätig ist

Nach Ansicht der Emittentin, leistete VMware, Inc. ("VMware") Pionierarbeit bei der Entwicklung und Anwendung von Virtualisierungstechnologien mit x86 Server Based Computing und trennte die Anwendungssoftware von der zugrunde liegenden Hardware. VMware ist der Überzeugung, dass Informationstechnologie ("IT") getriebene Innovationen Märkte und Branchen stören. Technologien entstehen schneller als Unternehmen aufnehmen können und schaffen immer komplexere Umgebungen. Um diese Herausforderung anzunehmen, brauchen Unternehmen eine flexible und sichere digitale Basis. VMware bietet Unternehmen Computer-, Cloud-, Mobilitäts-, Netzwerk- und Sicherheitsinfrastruktur-Software, die eine flexible digitale Grundlage für die Anwendungen bietet, die es Unternehmen ermöglichen, ihre Kunden weltweit zu bedienen.

VMware erweitert sein Produkt- und Lösungsangebot über die Computervirtualisierung hinaus um Angebote, die es Unternehmen ermöglichen, IT-Ressourcen über private Clouds und komplexe Multi-Cloud- und Multi-Device-Umgebungen hinweg zu verwalten, indem sie Synergien über drei Produktkategorien hinweg nutzen: Software-Definiertes Rechenzentrum ("SDDC"), Hybrid Cloud Computing und End-User Computing ("EUC"). Das Portfolio von VMware unterstützt und adressiert die vier wichtigsten IT-Prioritäten unserer Kunden: die Modernisierung von Rechenzentren, die Integration von Public Clouds, die Stärkung digitaler Arbeitsbereiche und die Umgestaltung der Sicherheit. VMware entwickelt Lösungen, die es ihren Kunden ermöglichen, ihre Anwendungen, Infrastrukturen und Geräte für ihre zukünftigen Geschäftsanforderungen fit zu machen.

VMware wurde 1998 in Delaware gegründet, 2004 von der EMC Corporation ("EMC") übernommen und im August 2007 an die Börse gebracht. Mit Wirkung zum 7. September 2016 hat Dell Technologies Inc. ("Dell") EMC erworben. Dadurch wurde EMC zu einer hundertprozentigen Tochtergesellschaft von Dell und VMware zu einer indirekten Mehrheitsbeteiligung von Dell. VMware gilt nach den Regeln der New Yorker Börse als "kontrolliertes Unternehmen". Am 2. Februar 2018 kontrollierte Dell rund 81,9 % der ausstehenden Stammaktien des Unternehmens, darunter 31 Millionen Aktien der Klasse A und alle Stammaktien der Klasse B.

Mit Wirkung zum 1. Januar 2017 wurde das Geschäftsjahr der VMware von einem Geschäftsjahr, das am 31. Dezember eines jeden Kalenderjahres endet, auf ein Geschäftsjahr umgestellt, das aus einem Zeitraum von 52 oder 53 Wochen besteht, der am Freitag, der dem 31. Januar eines jeden Jahres am nächsten liegt, endet. Die Periode, die am 1. Januar 2017 begann und am 3. Februar 2017 endete, wird als Übergangsperiode (die "Übergangsperiode") abgebildet. Das erste volle Geschäftsjahr der VMware begann am 4. Februar 2017 und endete am 2. Februar 2018. VMware bezeichnet ihr Geschäftsjahr, welches zum 1. Februar 2019 enden wird, als "Geschäftsjahr 2019" und die Geschäftsjahre die am 2. Februar 2018 und 31. Dezember 2016 endeten als "Geschäftsjahr 2018" bzw. "Geschäftsjahr 2016".

Der Gesamtumsatz im Geschäftsjahr 2018 stieg um 12% auf 7.922 Mio. US-Dollar. Der Gesamtumsatz setzt sich aus Lizenzumsätzen in Höhe von 3.195 Mio. US-Dollar und Dienstleistungsumsätzen in Höhe von 4.727 Mio. US-Dollar zusammen. Während der Umsatz mit unserem Produkt VMware vSphere ("vSphere") weiterhin stark ist, stammt der Großteil des Lizenzumsatzes unseres Unternehmens aus Lösungen, die über unser breites Portfolio hinausgehen.

Die Umsatzerlöse nach geografischen Gebieten für die am 2. Februar 2018, 31. Dezember 2016 und 2015 endenden Geschäftsjahre und für die Übergangsperiode vom 1. Januar bis 3. Februar 2017 stellen sich wie folgt dar (Tabelle in Millionen):

	Für das Geschäftsjahr endend zum			Übergangsperiode Januar 1 bis Februar 3, 2017
	Februar 2, 2018	Dezember 31, 2016	Dezember 31, 2015	
United States	\$ 3.911	\$ 3.588	\$ 3.311	\$ 248
International	\$ 4.011	\$ 3.505	\$ 3.260	\$ 248
Total	\$ 7.922	\$ 7.093	\$ 6.571	\$ 496

B.4a	Geschäftsgang und Aussichten/Trends	<p>VMware steht in allen Märkten in einem intensiven Wettbewerb um seine Produkte und Dienstleistungen. Das Unternehmen steht unter anderem im Wettbewerb mit Anbietern von Public Cloud-Infrastruktur und SaaS-basierten Angeboten. Da Unternehmen zunehmend öffentliche Cloud- und SaaS-basierte Angebote benutzen, lagern sie einen größer werdenden Teil ihrer Compute-Workloads und außerdem ein Teil der bestehenden Arbeitslast aus. Es wird erwartet, dass sich infolgedessen die Nachfrage nach „Vor-Ort“-IT-Ressourcen verlangsamen wird, und dass die Produkte und Dienstleistungen der Gesellschaft zunehmend um IT-Workloads von Kunden mit jeweils externen Angeboten öffentlicher Clouds und SaaS-basierten Angeboten konkurrieren. Die Gesellschaft steht ebenfalls im Wettbewerb mit großen, diversifizierten Unternehmens-Software- und -Hardwaregesellschaften, Gesellschaften, die konkurrierende Plattformen mit Open-Source-Technologien anbieten, anderen Industriellianzen und ihren Partnern und Mitgliedern ihres Entwickler- und Technologiepartnersystems. Die Gesellschaft ist der Ansicht, dass die wichtigsten Faktoren, die es der Gesellschaft ermöglichen, im Wettbewerb zu bestehen, die folgenden sind: Der Grad der Zuverlässigkeit, Interoperabilität und neuen Funktionalität ihrer Produkt- und Dienstleistungsangebote, die Fähigkeit ihrer Produktangebote verschiedene Hardwareplattformen, Betriebssysteme, Anwendungs-Frameworks und öffentliche Cloud-Plattformen zu unterstützen, ihre Fähigkeit Kundenbedürfnisse auf sich rapide wandelnden Märkten für IT-Ressourcen vorzusehen, die Preispolitik ihrer Produkt- und Dienstleistungsangebote, die Fähigkeit Open-Source-Technologien zu integrieren, welche in der privaten und der öffentlichen Cloud Computing-Architektur besonders kritisch sind und die Fähigkeit Schlüsselarbeitskräfte zu gewinnen und zu halten und die Fähigkeit ihr Umfeld von Technologiepartnern, Dienstleistern und Vertriebswegpartnern aufrechtzuerhalten und zu erweitern.</p>
B.5	Organisationsstruktur	Entfällt, da bezüglich der Organisationsstruktur von VMware keine Informationen in diesem Prospekt enthalten sein müssen.
B.6	Darstellung der Beteiligungen am Kapital der Gesellschaft	Entfällt, da bezüglich der Beteiligungen am Kapital von VMware keine Informationen in diesem Prospekt enthalten sein müssen.
B.7	Ausgewählte Finanzinformationen bezüglich VMware und erhebliche nachfolgende Veränderungen	<p>Die folgenden ausgewählten Finanzdaten stammen aus den geprüften Konzernabschlüssen der Gesellschaft für die Geschäftsjahre zum 2. Februar 2018, 31. Dezember 2016 und 31. Dezember 2015 und für die Übergangsperiode vom 1. Januar bis 3. Februar 2017, die im Jahresbericht („Annual Report“) der Gesellschaft auf Formular 10-K für das Geschäftsjahr zum 2. Februar 2018 und im nicht geprüften, zusammenfassenden Konzernquartalsbericht der Gesellschaft auf Formular 10-Q für die am 4. Mai 2018 endende Quartalsperiode, jeweils mit veröffentlicht sind und wie im Abschnitt "Zur Einsichtnahme verfügbare Dokumente" („Documents Available for Inspection“) in diesem Prospekt beschrieben abrufbar sind. Der Konzernabschluss der Gesellschaft wurde in Übereinstimmung mit den in den Vereinigten Staaten von Amerika allgemein anerkannten Rechnungslegungsgrundsätzen ("U.S. GAAP") erstellt.</p> <p>Der Eintritt folgender wesentliche Ereignisse ist zu beachten:</p> <ul style="list-style-type: none"> • Mit Wirkung zum 7. September 2016, hat Dell die EMC erworben. Infolgedessen wurde EMC eine hundertprozentige Tochtergesellschaft von Dell und VMware eine mehrheitlich indirekt gehaltene Tochtergesellschaft von Dell. • Wie oben in Abschnitt B.3 beschrieben, wurde das Geschäftsjahr der Gesellschaft an das Geschäftsjahr von Dell angepasst. • Der Jahresüberschuss stieg für das abgeschlossene Jahresquartal zum 4. Mai 2018 im Vergleich zum Jahresquartal zum 5. Mai 2017 von US-\$ 245 Millionen auf US-\$ 942 Millionen an. Der Anstieg ist im Wesentlichen auf VMwares Beteiligung an Pivotal zurückzuführen, deren

Marktwert auf US-\$ 801 Millionen wegen des Börsengang von Pivotal am 20. April 2018 angepasst wurde. Im Ergebnis wurde durch VMware ein Nettogewinn von US-\$ 781 Millionen als Gewinn (Verlust) aus sonstiger Tätigkeit verbucht, abzüglich einer steuerlichen Auswirkung von US-\$ 179 Millionen in Bezug auf die Differenz der Buchwerte der Beteiligung an Pivotal und der Besteuerungsgrundlage sowie der Rückbuchung von Positionen, die aufgrund entsprechender Bewertungswahlrechte entstanden.

- Der Jahresüberschuss zum 31. Dezember 2016 sank von US-\$ 1.186 Millionen auf US-\$ 570 Millionen zum 2. Februar 2018. Für die Geschäftsjahre 2018 und 2016 lag die effektive Steuerlast von VMware entsprechend bei 68,4 bzw. 19,5%. Die effektive Steuerlast im Geschäftsjahr 2018 war wesentlich höher aufgrund von ca. US-\$ 970 Millionen, die für die Effekte des U.S. Tax Cuts and Jobs Act, welcher am 22. Dezember 2017 in Kraft trat, berücksichtigt werden mussten.
- Am 1. Juli 2018 erklärte VMware eine spezielle Sonderdividende in Höhe von US-\$ 11 Milliarden auszuzahlen.

Außer den eben genannten, gibt es keine wesentlichen Änderungen der Finanzlage und des Betriebsergebnisses von VMware während oder nach dem Zeitraum, der durch die historischen Finanzinformationen abgedeckt wird.

Tabelle in Millionen, ausgenommen Beträge pro Aktie, und Aktien in Tausend

	Drei Monate ended am		Für das Geschäftsjahr endend zum			
	4. Mai 2018	5. Mai 2017 ⁽¹⁾	2. Februar 2018	31. Dezember 2016	31. Dezember 2015	Übergangsperiode 1. Januar 1 bis zum 3. Februar 2017
Betriebsergebnis:						
Umsatzerlöse:						
Lizenzentnahmen	\$ 774	\$ 641	\$ 3.195	\$ 2.794	\$ 2.720	\$ 125
Dienstleistungen	\$ 1.234	\$ 1.124	\$ 4.727	\$ 4.299	\$ 3.927	\$ 371
GSA Vergleichsvereinbarung	\$ -	\$ -	\$ -	\$ -	\$ (76)	\$ -
Gesamtumsatzerlös	\$ 2.008	\$ 1.765	\$ 7.922	\$ 7.093	\$ 6.571	\$ 496
Operatives Ergebnis	\$ 382	\$ 261	\$ 1.689	\$ 1.439	\$ 1.197	< (41)
Jahresüberschuss	\$ 942	\$ 245	\$ 570	\$ 1.186	\$ 997	\$ (8)
Jahresüberschuss pro gewichteter durchschnittlicher Aktie, unverwässert, der Gattungen A und B	\$ 2.33	\$ 0.60	\$ 1.40	\$ 2.82	\$ 2.35	\$ (0.02)
Jahresüberschuss pro gewichteter durchschnittlicher Aktie, verwässert, der Gattungen A und B	\$ 2.29	\$ 0.59	\$ 1.38	\$ 2.78	\$ 2.34	\$ (0.02)
Gewichtete durchschnittlicher Anzahl von Aktien, unverwässert, der Gattungen A und B	404.968	408.431	406.738	420.520	424.003	408.625
Gewichtete durchschnittlicher Anzahl von Aktien, verwässert, der Gattungen A und B	410.932	414.018	413.368	423.994	426.547	408.625
Kapitalflussrechnung:						
Netto-Kapitalfluss betrieblicher Tätigkeit	\$ 1.095	\$ 777	\$ 3.211	\$ 2.381	\$ 1.899	\$ 361

(1) Angepasst an die Anwendung der Accounting Standards Codification ("ASC") 606, Umsatzerlöse aus Verträgen mit Kunden.

Bilanzdaten:

zum

		4. Mai 2018	2. Februar 2018 ⁽²⁾	3. Februar 2017	31. Dezember 2016	31. Dezember 2015
	Liquide Mittel und kurzfristige Investitionen	\$ 12.630	\$ 11.653	\$ 8.393	\$ 7.985	\$ 7.509
	Betriebskapital	\$ 9.464	\$ 9.026	\$ 5.562	\$ 5.781	\$ 5.231
	Bilanzsumme	\$ 22.088	\$ 21.206	\$ 16.397	\$ 16.643	\$ 15.746
	Summe abgegrenzte Umsatzerlös	\$ 5.756	\$ 5.839	\$ 5.340	\$ 5.624	\$ 5.076
	Langfristige Verbindlichkeiten ⁽³⁾⁽⁴⁾	\$ 4.236	\$ 4.234	\$ 1.500	\$ 1.500	\$ 1.500
	Eigenkapital	\$ 9.660	\$ 8.624	\$ 8.216	\$ 8.097	\$ 7.923
		<p>(2) Angepasst an die Einführung von ASC 606, Umsatzerlöse aus Verträgen mit Kunden.</p> <p>(3) Am 21. Januar 2014 hat VMware im Zusammenhang mit der Vereinbarung zum Erwerb der A.W.S. Holding, LLC, dem alleinigen Mitglied und Anteilseigner der AirWatch LLC, mit Dell (vormals EMC Corporation) eine Vereinbarung über die Ausgabe von drei Schuldscheindarlehen im Gesamtnennbetrag von 1.500 Millionen US-Dollar geschlossen. Die Gesamtverschuldung von 1.500 Mio. US-\$ beinhaltet 450 Mio. US-\$, die gegen die in den Vorjahren ausstehende Schuldverschreibung in Höhe von 450 Mio. US-\$ getauscht wurden.</p> <p>(4) Am 21. August 2017 emittierte VMware drei Serien von unbesicherten Anleihen im Rahmen einer öffentlichen Anleihe in Höhe von insgesamt 4.000 Mio. US-\$, die zu den folgenden Terminen fällig waren: 1.250 Millionen US-Dollar fällig am 21. August 2020, 1.500 Millionen US-Dollar fällig am 21. August 2022 und 1.250 Millionen US-Dollar fällig am 21. August 2027. Nach Abschluss des Angebots wurde ein Teil des Nettoerlöses zur Rückzahlung von zwei der am 1. Mai 2018 und 1. Mai 2020 an Dell fälligen Schuldverschreibungen im Gesamtnennbetrag von 1.230 Mio. US-\$ verwendet.</p>				
B.8	Pro Forma Finanzinformationen	Entfällt, da keine historischen Finanzinformationen in diesem Prospekt enthalten sein müssen.				
B.9	Gewinnprognose	Entfällt. Dieser Prospekt enthält keine Gewinnprognose.				
B.10	Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen	Entfällt. Es gibt keine entsprechenden Beschränkungen im Bestätigungsvermerk.				
B.11	Erklärung zum Geschäftskapital	VMware geht davon aus, dass ihr Geschäftskapital (das heißt ihre Fähigkeit auf Barmittel oder andere liquide Mittel zuzugreifen, um ihre Verbindlichkeiten bei Fälligkeit zu erfüllen) zur Deckung ihrer derzeitigen Bedürfnisse in den nächsten zwölf Monaten ausreicht.				
Abschnitt C – Wertpapiere						
C.1	Beschreibung von Art und Gattung der angebotenen Wertpapiere, einschließlich der Wertpapierkennnummer	Bei den im Rahmen des Geänderten und Neugefassten VMware Inc. Mitarbeiteraktienkaufplan von 2007 (<i>VMware, Inc. Amended and Restated 2007 Employee Stock Purchase Plan</i> : „ESPP“) angebotenen Aktien handelt es sich um VMware-Stammaktien der Gattung A im Nennwert von USD 0,01. Die Internationale Wertpapier-Identifikationsnummer (ISIN) für die Stammaktien der Gesellschaft lautet US9285634021. Die US-Wertpapier-Identifikationsnummer (CUSIP) für die Stammaktien der Gesellschaft lautet 928563402.				
C.2	Währung der Wertpapieremission	Die Wertpapiere werden in US-Dollar ausgegeben.				
C.3	Anzahl der ausgegebenen Aktien	Am 20. März 2018 betrug die Anzahl der Stammaktien im Nennwert von 0,01 \$ je Aktie des Registranten 405.290.870, davon 105.290.870 Stammaktien der Klasse A und 300.000.000 Stammaktien der Gattung B.				
C.4	Beschreibung der mit den Wertpapieren verbundenen Rechte	Ein teilnehmender Mitarbeiter hat solange keine Stimm-, Dividenden- oder anderen Aktionärsrechte im Hinblick auf die im Rahmen des ESPP erfolgenden Angebote, bis die Kaufrechte ausgeübt und die Aktien von dem teilnehmenden Arbeitnehmer erworben und an diesen geliefert wurden. Nach Kauf und Lieferung der Aktien stehen				

	<p>dem teilnehmenden Mitarbeiter die mit den Aktien verbundenen Rechte wie nachfolgend beschrieben zu:</p> <p><i>Gattungen von Stammaktien.</i> VMware hat zwei genehmigte Gattungen von Stammaktien: Stammaktien der Gattung A und Stammaktien der Gattung B. Gegenstand dieses Prospektes sind lediglich die Stammaktien der Gattung A.</p> <p><i>Dividendenrechte.</i> Vorbehaltlich von Vorzügen für etwaige Vorzugsaktien sind die Inhaber ausgegebener VMware-Stammaktien der Gattungen A und B berechtigt, Dividenden zu beziehen, die aus den gesetzlich zur Verfügung stehenden Mitteln ausgeschüttet werden. Sie sind jeweils nach Anzahl ihrer Aktien, gleichberechtigt; Zeitpunkt und Höhe der Dividendenausschüttung werden jeweils vom Verwaltungsrat von VMware festgelegt. Stammaktien werden bei ihrer Ausgabe Dividendenrechte zugeordnet. Aktionäre sind jedoch erst dividendenberechtigt, wenn (und soweit) der Verwaltungsrat die Ausschüttung einer Dividende beschließt. Werden Dividenden beschlossen, sind alle bis zu einem bestimmten, vom Verwaltungsrat festgelegten Stichtag eingetragenen Aktionäre entsprechend dividendenberechtigt. Sind Aktionäre zu diesem Stichtag nicht als solche eingetragen, erhalten sie keinerlei Dividendenzahlungen.</p> <p>Ansprüche auf Dividendenzahlungen, die nicht innerhalb von drei Jahren geltend gemacht werden, fallen gemäß § 1197 Title 12 <i>Delaware Code</i> dem Staat Delaware zu. D. h., nach einer Verfallsperiode, die mindestens drei volle und zusammenhängende Jahre betragen muss und während der der Inhaber die Geltendmachung sein Eigentums- oder Besitzrecht nicht weiter verfolgt hat oder dieses Recht nicht geltend gemacht hat bzw. ihre Geltendmachung versäumt hat, fallen Dividenden ausdrücklich dem Staat zu.</p> <p>Für in der Europäischen Union und im EWR wohnhafte Aktionäre bestehen keine Dividendenbeschränkungen und keine besonderen Verfahren.</p> <p><i>Umwandlungsrechte für Stammaktien der Gattung B.</i> Alle Stammaktien der Gattung B können, soweit sie sich im Eigentum von EMC oder deren Rechtsnachfolger befinden, nach Ermessen von EMC oder deren Rechtsnachfolger in Stammaktien der Gattung A umgewandelt werden.</p> <p>Die Umwandlung von Stammaktien erfolgt immer im Verhältnis eins zu eins.</p> <p><i>Stimmrechte.</i> Die Inhaber von Stammaktien der Gattungen A und B besitzen identische Rechte, außer dass die Inhaber von Stammaktien der Gattung A pro Aktie ein (1) Stimmrecht und die Inhaber von Stammaktien der Gattung B pro Aktie zehn (10) Stimmrechte in allen Angelegenheiten, über die die VMware Hauptversammlung abstimmt, haben und außer in Bezug auf die Wahl der Verwaltungsratsmitglieder, Umwandlung, bestimmte Maßnahmen, die der Zustimmung der Inhaber von Stammaktien der Gattung B bedürfen, sowie andere Schutzbestimmungen.</p> <p>Inhaber von VMware-Stammaktien der Gattung B sind berechtigt in gesonderter Abstimmung 80% der Gesamtzahl der Mitglieder des Verwaltungsrats von VMware zu wählen, die dieser haben würde, wenn es zu diesem Zeitpunkt keine Vakanzen gäbe.</p> <p>Vorbehaltlich etwaiger Rechte etwaiger Serien von Vorzugsaktien, Verwaltungsratsmitgliedern zu wählen, sind die Inhaber von VMware-Stammaktien der Gattung A und die Inhaber von VMware-Stammaktien der Gattung B, die zusammen als eine Gattung abstimmen, berechtigt, die verbleibenden Verwaltungsratsmitglieder zu wählen, jedoch immer mindestens ein Verwaltungsratsmitglied. Bei einer solchen Wahl haben die Inhaber von Stammaktien der Gattung A und die Inhaber von Stammaktien der Gattung B jeweils ein (1) Stimmrecht pro Aktie.</p> <p>Generell müssen alle Angelegenheiten, über die von den Aktionären abgestimmt wird, von einer Mehrheit der auf der Hauptversammlung anwesenden oder vertretenen Stimmen aus den Stammaktien der Gattung A und Stammaktien der</p>
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		<p>Gattung B, die zusammen als eine Gattung abstimmen, beschlossen werden, vorbehaltlich etwaiger Stimmrechte, die Inhabern von Vorzugsaktien zustehen.</p> <p><i>Keine Bezugs- oder Einziehungsrechte.</i> VMware-Stammaktien der Gattung A und der Gattung B haben keine Bezugsrechte auf den Kauf von Stammaktien der Gesellschaft und unterliegen nicht Einziehungs- oder Rückzahlungsbestimmungen.</p> <p><i>Recht auf Liquidationserlös.</i> Im Falle der Liquidation, Auflösung oder Abwicklung von VMware, sind die VMware-Aktionäre mit Stammaktien der Gattung A und der Gattung B nach Abzug der Zahlung aller Verbindlichkeiten und der Vorrechte aus ausgegebenen Vorzugsaktien, berechtigt, die verbleibenden Vermögensgegenstände von VMware zu gleichen Teilen zu erhalten.</p>
C.5	Übertragbarkeit	<p>Das Angebot zum Bezug von Aktien im Rahmen des ESPP wurde per Registrierungserklärung auf Formblatt S-8 bei der U.S. Securities and Exchange Commission (US-amerikanische Börsenaufsicht) registriert. Die ausgegebenen und im Umlauf befindlichen Stammaktien sind grundsätzlich frei übertragbar.</p> <p>Den Teilnehmern bleibt es überlassen, Aktien, die im Rahmen des ESPP gekauft wurden, in Übereinstimmung mit den anwendbaren Wertpapiergesetzen, Richtlinien zum Insiderhandel sowie den anwendbaren Handelssperrezeiten, jederzeit wieder zu verkaufen. Der Teilnehmer trägt die Risiken von Marktschwankungen, die sich im Preis der Aktien abbilden können.</p>
C.6	Zulassung zum Handel an einem geregelten Markt	<p>Entfällt. Die Aktien sind unter dem Symbol „VMW“ an der New York Stock Exchange („NYSE“), die kein geregelter Markt im Sinne der Richtlinie 2004/39/EG ist, notiert. In Deutschland werden die Aktien im Freiverkehr an den Börsen in Frankfurt, Stuttgart, München und Berlin sowie an der Tradegate unter dem Kürzel „BZF1“ gehandelt. Sie werden nicht zum Handel an einem geregelten Markt zugelassen.</p>
C.7	Dividendenpolitik	<p>Seit dem IPO von VMware im August 2007 hat die Gesellschaft auf ihre Stammaktien keine Bardividenden beschlossen bzw. ausgezahlt. Am 1. Juli 2018 erklärte VMware eine spezielle Sonderdividende in Höhe von US-\$ 11 Milliarden auszuzahlen.</p>
Abschnitt D – Risiken		
<p>Mitarbeiter sollten vor ihrer Anlageentscheidung die nachfolgend beschriebenen Risiken, die im Abschnitt „Risikofaktoren“ (Risk Factors) näher beschrieben sind, und die übrigen in diesem Prospekt enthaltenen Informationen sorgfältig lesen und bei ihrer Anlageentscheidung berücksichtigen. Der Eintritt dieser Risiken kann, einzeln oder zusammen mit anderen Umständen, die Geschäftstätigkeit und die Finanzlage der Gesellschaft wesentlich beeinträchtigen und dazu führen, dass der Börsenkurs der Aktien der Gesellschaft fällt. In diesem Fall könnten Mitarbeiter ihr eingesetztes Kapital ganz oder teilweise verlieren. Der Prospekt enthält alle Risiken, die die Gesellschaft für wesentlich erachtet. Allerdings könnten sich die nachfolgend aufgeführten Risiken rückwirkend betrachtet als nicht abschließend herausstellen und daher nicht die einzigen Risiken sein, denen die Gesellschaft ausgesetzt ist. Weitere Risiken könnten die Geschäftstätigkeit und die Finanzlage der Gesellschaft wesentlich beeinträchtigen. Die gewählte Reihenfolge der Risikofaktoren enthält weder eine Aussage über die Eintrittswahrscheinlichkeit noch über das Ausmaß bzw. die Bedeutung der einzelnen Risiken.</p>		
D.1	Risiken im Hinblick auf VMware oder ihr Branchenumfeld	<p>Risiken in Bezug auf das Geschäft von VMware</p> <ul style="list-style-type: none"> • VMwares Erfolg hängt zunehmend von der Akzeptanz neuer Produkte und Dienstleistungen durch den Kunden ab. • Ein erheblicher Rückgang der Nachfrage nach VMware-Virtualisierungsprodukten würde sich nachteilig auf das Betriebsergebnis von VMware auswirken. • VMware ist intensivem Wettbewerb ausgesetzt, der sich nachteilig auf ihr Betriebsergebnis auswirken könnte • Der Verlust von Schlüsselpersonal könnte VMwares Geschäftstätigkeit beeinträchtigen. • Der Wettbewerb um die von VMware benötigten Mitarbeiter ist intensiv und kostenträchtig, und VMware könnte außerstande sein, hochqualifizierte Mitarbeiter zu gewinnen und an sich zu binden.

		<ul style="list-style-type: none"> • Die endgültigen Auswirkungen des Steuersenkungs- und Beschäftigungsgesetzes 2017 auf die Steuerschulden von VMware sind sehr ungewiss, können erheblich von den vorläufigen Schätzungen abweichen und das Betriebsergebnis negativ beeinflussen. • Eine ungünstige Wirtschaftslage könnte VMwares Geschäftstätigkeit beeinträchtigen. • VMware könnte nicht in der Lage sein, mit neuen Lösungen und Dienstleistungsangeboten auf den schnellen technologischen Wandel zu reagieren. • Verstöße gegen die Cybersicherheitssysteme von VMware oder die Systeme seiner Lieferanten, Partner und Lieferanten können das Geschäft von VMware ernsthaft beeinträchtigen. • Die operativen Ergebnisse von VMware können erheblichen Schwankungen unterliegen. • VMware ist Risiken aus Wechselkursschwankungen ausgesetzt. • Durch ihre Geschäftstätigkeit auf der globalen Ebene ist VMware zusätzlichen Risiken ausgesetzt. • VMware hat ausstehende Verbindlichkeiten in Form von unbesicherten Schuldverschreibungen und kann in der Zukunft weitere Verbindlichkeiten eingehen, die sich nachteilig auf die Finanzlage und das künftige Finanzergebnis von VMware auswirken können. • VMwares gegenwärtige Anstrengungen im Bereich Forschung und Entwicklung könnte für mehrere Jahre nur einen unwesentlichen oder sogar keinen Erlös generieren. • VMware ist in Rechtsstreitigkeiten, Untersuchungen und aufsichtsbehördlichen Untersuchungen und Verfahren verwickelt, die für sie nachteilige Auswirkungen haben könnten. • VMware könnte außerstande sein, ihre gewerblichen Schutz- und Urheberrechte ausreichend zu schützen. • VMwares Verwendung von „Open Source“-Software in ihren Produkten könnte nachteilige Auswirkungen auf ihre Fähigkeit zum Verkauf ihrer Produkte haben oder VMware möglichen Rechtsstreitigkeiten aussetzen. • Die Entwicklung von VMwares Geschäft erfordert mehr komplexe Go-To-Market-Strategien, die mit erheblichen Risiken verbunden sind. • VMwares Erfolg ist von ihrer Fähigkeit abhängig, geeignete Geschäfts- und Preismodelle entwickeln zu können. • Bei den Produkten von VMware handelt es sich um technisch aufwändige Produkte, die Fehler, Mängel oder Sicherheitslücken enthalten können. • Gelingt es VMware nicht, den Lebenszyklus ihrer Produkte und Dienstleistungen effektiv zu managen, könnte dies VMwares Geschäftstätigkeit beeinträchtigen. • VMwares Erfolg hängt davon ab, dass ihre Produkte und Dienstleistungen mit denen anderer Unternehmen kompatibel sind. • Störungen von VMwares Vertriebskanälen könnten ihre Geschäftstätigkeit beeinträchtigen. • VMwares Angebot des vCloud Air und SaaS sind von einigen Drittanbietern von Rechenzentrumskapazitäten und Kollokationsdienstleistungen abhängig. • Joint Ventures können möglicherweise nicht die erwarteten Gewinne und Ergebnisse erbringen. • Das Angebot von SaaS, welches mit Compliance- und Datensicherheits-Risiken verbunden ist, stellt einen wichtigen Teil von VMwares Geschäft dar. • Die unsachgemäße Offenlegung und Nutzung persönlicher Daten könnte zu einer Haftung führen und Einfluss auf VMwares Geschäft haben. • Falls VMware die mit ihren Kunden geschlossenen Verträge oder die Vorschriften für staatliche Aufträge nicht einhält, könnte dies nachteilige Auswirkungen auf ihren Geschäftsbetrieb haben. • Akquisitionen und Devestitionen könnten VMwares Geschäft und Betriebsergebnis beeinträchtigen.
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		<ul style="list-style-type: none"> • Für den Fall, dass VMwares Firmenwert oder abschreibbare immateriellen Vermögensgegenstände an Wert verlieren, könnte VMware zu einer erheblichen buchhalterischen Belastung der Ertragsposition gezwungen sein. • Probleme, die an den Informationssystemen von VMware auftreten, könnten zu Störungen ihres Geschäfts führen und sich nachteilig auf ihren Geschäftsbetrieb auswirken. • VMware könnte zusätzlichen Steuerverbindlichkeiten ausgesetzt sein und ihr Betriebsergebnis könnte durch höhere als die erwarteten Steuersätze beeinträchtigt werden. • Katastrophenereignisse oder geopolitische Bedingungen können VMwares Geschäft stören. • Änderungen der Buchführungsgrundsätze oder deren Auslegung könnten zu nachteiligen Buchungen oder Auswirkungen führen. <p>Risiken in Bezug auf das Verhältnis zwischen VMware und Dell</p> <ul style="list-style-type: none"> • VMwares Börsenkurs hat seit der Ankündigung der Dell Akquisition erheblich geschwankt und VMwares Zusammenarbeit mit Dell könnte sich in Zukunft negativ auf VMwares Geschäft und Börsenkurs auswirken. • Inhaber von VMware-Stammaktien der Gattung A sind nur eingeschränkt in der Lage, auf Angelegenheiten, die einer Zustimmung der Aktionäre bedürfen, Einfluss zu nehmen. • Dell ist in der Lage, VMware daran zu hindern, Maßnahmen zu ergreifen, die im Interesse von VMware liegen könnten. • Dell ist in der Lage, eine Transaktion mit Kontrollwechsel zu verhindern und könnte eine Kontrollmehrheit an VMware verkaufen, ohne dass andere Aktionäre davon profitieren. • Wenn der Anteilsbesitz von Dell sich stark erhöht, könnte Dell einseitig eine Verschmelzung von VMware auf Dell ohne eine Abstimmung der Aktionäre oder des Verwaltungsrats von VMware zu einem Preis pro Aktie herbeiführen, der womöglich keinen Aufschlag auf den dann aktuellen Marktpreis bedeutet. • VMware geht Transaktionen mit Dell ein, die Geschäfte mit nahestehenden Personen darstellen und die Ressourcen abziehen, Opportunitätskosten produzieren und sich als erfolglos erweisen können. • Bei den Geschäftsbereichen von VMware und Dell kommt es zu Überschneidungen, und Dell könnte in den Wettbewerb mit VMware treten, was eine Verringerung von VMwares Marktanteil zur Folge haben könnte. • Der Wettbewerb mit Dell in bestimmten Märkten kann die Fähigkeit von VMware beeinträchtigen, Partnerschaften zu begründen und aufrechtzuerhalten. • VMware könnte für die Steuerschulden anderer Mitglieder der konsolidierten Steuergruppe von Dell haftbar gemacht werden, und im Vergleich zu den historischen Ergebnissen von VMware als Mitglied der konsolidierten Steuergruppe von EMC können die Steuerschulden von VMware steigen, stärker schwanken und weniger vorhersehbar sein.. • VMware ist nur begrenzt in der Lage, Streitigkeiten, die mit Dell auftreten, mit günstigem Ergebnis beizulegen. • VMwares Chief Executive Officer, ihr Chief Financial Officer und einige Mitglieder ihres Verwaltungsrates unterliegen potenziellen Interessenskonflikten bezüglich Dell. • VMware ist ein "kontrolliertes Unternehmen" im Sinne der Regeln der New Yorker Börse und stützt sich daher auf Ausnahmen von bestimmten Corporate Governance-Anforderungen, die den Aktionären von Unternehmen, die keine "kontrollierten Unternehmen" sind, Schutz bieten. • Die Beherrschung des Verwaltungsrats von VMware durch Dell könnte es für VMware schwierig gestalten, unabhängige Verwaltungsratsmitglieder zu gewinnen. • Die historischen Finanzinformationen von VMware als mehrheitlich im Besitz befindliche Tochtergesellschaft sind möglicherweise nicht repräsentativ für die Ergebnisse einer vollständig unabhängigen börsennotierten Gesellschaft.
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		<ul style="list-style-type: none"> Die Neuausrichtung des Finanzkalenders von VMware auf die Berichterstattung von Dell und Dell über die Finanzergebnisse von VMware kann die Vergleichbarkeit der Performance von VMware im Vergleich zum Vorjahr erschweren und Veränderungen der Geschäftsentwicklung und -bedingungen aufzeigen.
D.3	Wertpapierbezogene Risiken	<ul style="list-style-type: none"> Der Kurs der VMware-Stammaktien der Gattung A unterlag in den letzten Jahre erheblichen Schwankungen, was sich auch in Zukunft fortsetzen kann. Verändern Wertpapier- oder Branchenanalysten ihre Empfehlungen in Bezug auf die Aktien der Gesellschaft ins Negative, könnte dies zu einem Kursrückgang und zum Rückgang des Handelsvolumens führen. Bestimmungen zur Verhinderung von Unternehmensübernahmen im Recht von Delaware und in der Satzung von VMware könnten Unternehmensübernahmeversuche verhindern.
Abschnitt E – Das Angebot		
E.1	Nettoemissionserlöse und geschätzte Gesamtkosten der Emission	<p>Unter der Annahme, dass jeder teilnahmeberechtigte Mitarbeiter das Maximum seiner kumulierten Beiträge zum Kauf von Aktien einsetzt, beträgt der Bruttoemissionserlös von VMware in Verbindung mit dem Angebot im Rahmen des ESPP gemäß diesem Prospekt USD 321.248.302.</p> <p>Die Kosten dieses Angebots bestehen aus Rechtsberatungskosten in Höhe von ungefähr USD 50.000. Nach Abzug dieser Kosten beträgt der Nettoemissionserlös auf Basis der vorstehenden Annahmen ungefähr USD 321.198.302.</p>
E.2a	Gründe für das Angebot und Verwendung des Emissionserlöses	<p>Mit dem ESPP ist beabsichtigt, teilnahmeberechtigten Mitarbeitern der Gesellschaft und ihrer Tochtergesellschaften, die Möglichkeit zu geben, VMware-Stammaktien der Gattung A zu erwerben und sie so an der Zukunft der Gesellschaft zu beteiligen.</p> <p>Die Gesellschaft kann den Erlös aus der Ausübung der Kaufrechte für jegliche Geschäftszwecke verwenden.</p>
E.3	Beschreibung der Angebotsbedingungen	<p>VMware hat sich dazu entschlossen, teilnahmeberechtigten Mitarbeitern ausgewählter Tochtergesellschaften die Möglichkeit anzubieten, VMware-Stammaktien der Gattung A gemäß dem ESPP zu erwerben („Kaufrechte“).</p> <p>Der ESPP wird vom Verwaltungsrat von VMware (der „Verwaltungsrat“) oder einem vom Verwaltungsrat bestimmten Ausschuss (der „Vergütungsausschuss“) verwaltet. VMware hat die E*TRADE Securities Inc. („E*TRADE“) als Service Provider für den ESPP benannt. E*TRADE unterstützt VMware bei der Verwaltung des ESPP. Stammaktien der Gattung A, die dem Teilnehmer gemäß dem ESPP geliefert werden, werden auf den Namen des Teilnehmers oder auf den auf dem Konto des Teilnehmers vermerkten Namen (<i>street name</i>) bei E*TRADE gebucht.</p> <p><i>Angebotene Aktien</i></p> <p>Bei den angebotenen Aktien handelt es sich um Stammaktien der Klasse A von VMwareVMware im Nennwert von \$0,01. Die Gesamtzahl der Aktien, die für den Kauf im Rahmen des ESPP reserviert sind, beträgt 23.300.000. Am 19. Juli 2018 standen 7.612.142 Aktien im Rahmen des ESPP zum Kauf zur Verfügung. Dies sollte den vollständigen Erwerb von 2.813.094 Aktien ermöglichen, was der Anzahl der in diesem Prospekt angebotenen Aktien entspricht.</p> <p><i>Angebotszeitraum</i></p> <p>Die Angebotsfristen sind in der Regel zwölf Monate lang, können aber nach Wahl des Verwaltungsrats oder des Vergütungsausschusses geändert werden. Für den Zeitraum dieses Prospekts beginnen das Enrollment am 1. August 2018 und 1. Februar 2019 und die Angebotsperioden am 1. September 2018 und am 1. März 2019. Die Angebotszeiträume bestehen aus zwei aufeinander folgenden, eingebetteten, sechsmonatigen Optionszeiträumen. Der Erwerb der Aktien erfolgt am Ende jeder eingebetteten Optionsperiode unter Verwendung von Arbeitnehmerbeiträgen, die während der eingebetteten Optionsperiode durch Gehaltsabzüge geleistet werden. Das Recht des Teilnehmers, Stammaktien der</p>

	<p>Klasse A im Rahmen des ESPP zu erwerben, wird automatisch am letzten Tag der jeweiligen Optionsfrist in Bezug auf die dem ESPP-Konto des Teilnehmers gutgeschriebenen Beträge ausgeübt.</p> <p><i>Beiträge</i></p> <p>Die Teilnehmer verwenden einen bestimmten Prozentsatz ihrer Vergütung in Form von Gehaltseinbehalten für den Kauf von Aktien. Bei Abgabe des Registrierungsformulars legt der Teilnehmer den Prozentsatz seiner Vergütung fest, den er für den ESPP verwenden möchte; dieser Prozentsatz muss mindestens zwei Prozent (2%) und darf höchstens fünfzehn Prozent (15%) der maßgeblichen Vergütung des Mitarbeiters betragen. Pro sechsmonatigen eingebetteten Optionszeitraum dürfen die Beiträge zum Kauf von Stammaktien der Gattung A einen Betrag von USD 7.500 (oder einen für einen längeren oder kürzeren Optionszeitraum entsprechend anteilmäßig berechneten Betrag) nicht übersteigen. Alle vom Teilnehmer genehmigten Beiträge werden im Rahmen des ESPP zu seinen Gunsten gutgeschrieben. Ein Teilnehmer kann den für den Gehaltseinbehalt vereinbarten Prozentsatz durch entsprechende schriftliche Mitteilung an VMware, spätestens einen Geschäftstag vor dem ersten Tag jedes sechsmonatigen eingebetteten Optionszeitraums erhöhen oder verringern. Die Änderung des Prozentsatzes tritt sodann so schnell wie praktisch möglich in Kraft.</p> <p><i>Berechtigung zur Teilnahme</i></p> <p>Zur Teilnahme am ESPP berechtigt sind nur Mitarbeiter der VMware oder ihrer bezeichneten Tochtergesellschaften, die vor Beginn einer Optionsfrist zwei (2) Monate oder mehr ununterbrochene Dienste geleistet haben. Zur Teilnahme an der ESPP sind nur Arbeitnehmer berechtigt, deren übliche Arbeitszeit mehr als 20 Stunden pro Woche beträgt (sofern das geltende Recht nichts anderes vorschreibt) und deren übliche Arbeitszeit mehr als fünf Monate pro Kalenderjahr beträgt. Die Mitarbeiter entscheiden sich für die Teilnahme an der ESPP, indem sie ein Anmeldeformular bei VMware einreichen. Die Teilnahme ist freiwillig und kann vom Mitarbeiter jederzeit gekündigt werden. Derzeit können Teilnehmer, die sich aus einer bestimmten Periode zurückziehen möchten, dies jederzeit bis 31 Tage vor Ablauf der eingebetteten Optionsfrist tun. Kündigt ein Teilnehmer das Arbeitsverhältnis mit VMware oder deren Tochtergesellschaften aus irgendeinem Grund, wird die Teilnahme am ESPP sofort beendet und die aufgelaufenen Beiträge zum ESPP werden an den gekündigten Mitarbeiter zurückgezahlt.</p> <p><i>Kaufpreis</i></p> <p>Für den ersten eingebetteten Optionszeitraum eines Teilnehmers beträgt der Kaufpreis fünfundachtzig Prozent (85%) des Marktwertes der Stammaktien am ersten oder letzten Handelstag des ersten eingebetteten Optionszeitraums (d.h. dem Kaufdatum), je nachdem, welcher Preis niedriger ist, jedoch mit der Maßgabe, dass jedes zwölfmonatige Angebot vorzeitig endet (am ersten Tag des zweiten eingebetteten Optionszeitraums), wenn der Marktwert der Stammaktien der Gesellschaft der Gattung A am ersten Tag des zweiten eingebetteten Optionszeitraums niedriger ist als der Marktwert der Stammaktien der Gesellschaft der Gattung A am ersten Tag des ersten eingebetteten Optionszeitraums und alle Teilnehmer des vorzeitig beendeten zwölfmonatigen Angebots automatisch ein neues zwölfmonatiges Angebot erhalten, welches am selben Tag beginnt, an dem der Beginn des zweiten eingebetteten Optionszeitraums vorgesehen war. Sofern das zwölfmonatige Angebot nicht vorzeitig endet, beträgt für den zweiten eingebetteten Optionszeitraum der Kaufpreis fünfundachtzig Prozent (85%) des Marktwertes der Stammaktien (i) am ersten Handelstag des zweiten eingebetteten Optionszeitraums, (ii) am letzten Handelstag des zweiten eingebetteten Optionszeitraums oder (iii) am ersten Handelstag des ersten eingebetteten Optionszeitraums, je nachdem, welcher Preis der niedrigste ist. Der Marktwert entspricht dem Schlusskurs der Aktie an der NYSE an dem betreffenden Tag oder, wenn an diesem Tag kein Handel stattfindet, dem entsprechenden Schlusskurs des letzten Handelstages, an dem ein Geschäft stattgefunden hat.</p> <p><i>Änderungen und Beendigung des ESPP</i></p>
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		<p>Der Verwaltungsrat kann den ESPP jederzeit ändern oder beenden, allerdings darf dies die ausstehenden Kaufrechte der Teilnehmer während eines Kaufzeitraums ohne deren Zustimmung nicht einschränken. Bestimmte Änderungen erfordern ggf. die Genehmigung der Aktionäre. Ob eine Genehmigung der Aktionäre erforderlich ist entscheidet der Verwaltungsrat oder der Vergütungsausschuss in Einklang mit den Regelungen und Gesetzen, die zu dem Zeitpunkt anwendbar sind, zu dem die Änderung am ESPP wirksam wird.</p> <p><i>Provision</i></p> <p>Wenn Aktien, die gemäß ESPP erworben wurden, online verkauft werden, stellt E*TRADE in Deutschland und Frankreich eine Provision in Höhe von Euro 19,99 in Rechnung, im Großbritannien eine Provision in Höhe von £ 9,99.</p>
E.4	Beschreibung aller für das Angebot wesentlichen Interessen, einschließlich von Interessenskonflikten	Entfällt, da bezüglich derartiger Interessen keine Informationen in diesem Prospekt enthalten sein müssen.
E.5	Name des Unternehmens, das die Wertpapiere zum Verkauf anbietet	VMware, Inc.
E.6	Maximale Verwässerung	<p>Der Buchwert des Eigenkapitals der Gesellschaft (definiert als gesamtes Vermögen minus gesamte Verbindlichkeiten) wie im Konzernabschluss nach GAAP wiedergegeben betrug zum 4. Mai 2018 ungefähr USD 9.660.427.879. Dies entspricht ungefähr USD 23,77 pro Aktie (errechnet auf Basis von insgesamt 406.433.613 zum 4. Mai 2018 ausgegebenen Aktien der Gattungen A und B).</p> <p>Hätte die Gesellschaft zum 4. Mai 2018 einen Nettoemissionserlös von USD 321,198,302 erzielt, hätte der Buchwert des Eigenkapitals zu diesem Zeitpunkt etwa USD 9.981.626.181 oder USD 24,39 je Aktie betragen (basierend auf der erhöhten Anzahl der Aktien nach dem Kauf von 2.813.094 Aktien und unter der Annahme eines Kaufpreises von USD 114,20, was 85% des Marktwertes der Aktien (USD 134,35) zum 4. Mai 2018 entspricht. Folglich würde die Durchführung des Angebots unter den oben genannten Annahmen zu einer unmittelbaren Erhöhung des Buchwertes des Eigenkapitals um ca. USD 321.198.302 bzw. USD 0,62 (entspricht 3%) pro Aktie für die bestehenden Aktionäre und zu einer durchschnittlichen Verwässerung von ungefähr USD 89,81 pro Aktie für den teilnahmeberechtigten Arbeitnehmer, der Aktien erworben hat führen und Investoren, die Aktien zu einem Kaufpreis von USD 114,20 erwerben, werden daher zu ungefähr 79 % verwässert.</p>
E.7	Schätzung der dem Anleger vom Emittenten in Rechnung gestellten Ausgaben	Entfällt. Es gibt keine derartigen Ausgaben.

RISK FACTORS

Before enrollment in the VMware, Inc. Amended and Restated 2007 Employee Stock Purchase Plan (the “ESPP”), employees should carefully consider the risks described below and other information contained in this prospectus, and take these factors into account in making their investment decision. The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on the business and financial condition of the Company and cause the market price of the Company’s shares to decline. In such case, employees could lose all or part of their investment. The prospectus contains all risks which the Company deems material. However, the risks described below may turn out to be incomplete and therefore may not be the only risks to which the Company is exposed. Additional risks and uncertainties could have a material adverse effect on the business and financial condition of the Company. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the extent or the significance of the individual risks.

In this section “we”, “us”, “our”, “VMware” or the “Company” means VMware, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

The risk factors that appear below could materially affect our business, financial condition and operating results. The risks and uncertainties described below are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies. Specific risk factors related to our status as a controlled subsidiary of Dell following Dell’s acquisition of our former majority stockholder EMC on September 7, 2016 (the “Dell Acquisition”), including, among other things, the uncertainty arising from Dell’s Schedule 13D/A filing of February 2, 2018, overlapping business opportunities, Dell’s ability to control certain transactions and resource allocations and related persons transactions with Dell and its other affiliated companies are set forth below under the heading “Risks Related to Our Relationship with Dell.”

Risks Related to Our Business

Our success depends increasingly on customer acceptance of our newer products and services.

Our products and services are primarily based on server virtualization and related compute technologies used for virtualizing on-premises data center servers, which form the foundation for private cloud computing. As the market for server virtualization continues to mature, the rate of growth in license sales of VMware vSphere (vSphere”) has declined. We are increasingly directing our product development and marketing efforts toward products and services that enable businesses to utilize virtualization as the foundation for private, public and hybrid cloud-based computing and mobile computing, including our vSphere-based software-defined data center (“SDDC”) products such as our vRealize management and automation offerings, VMware vSAN (“vSAN”) storage virtualization offerings, and network virtualization (“NSX”) offerings, as well as our Horizon client virtualization offerings, VMware AirWatch (“AirWatch”) mobile device management offerings and our VMware Cloud on AWS offering, which became available in certain geographies in fiscal 2018. We have also been introducing software-as-a-service (“SaaS”) versions of our on-premises products, including VMware Horizon Suite and certain AirWatch offerings, and are working to extend our SDDC and NSX offerings and management software into the public cloud and to introduce cloud products and services by investing in cloud and SaaS initiatives and partnering with public cloud providers such as Amazon Web Services (“AWS”) and IBM. These initiatives present new and difficult technological and compliance challenges, and significant investments will be required to develop or acquire solutions to address those challenges. Our success depends on our current and future customers perceiving technological and operational benefits and cost savings associated with adopting our private and hybrid cloud solutions and our client virtualization and mobile device management solutions. As the market for our server virtualization products continues to mature, and the scale of our business has increased, our rate of revenue growth increasingly depends upon the success of our newer product and service offerings. To the extent that our newer products and services are adopted more slowly than revenue growth in our established server virtualization offerings declines, our revenue growth rates may slow materially or our revenue may decline substantially, we may fail to realize returns on our investments in new initiatives and our operating results could be materially adversely affected.

A significant decrease in demand for our server virtualization products would adversely affect our operating results.

A significant portion of our revenue is derived, and will for the foreseeable future continue to be derived, from our server virtualization products. As more businesses achieve high levels of virtualization in their data centers, the market for our vSphere product continues to mature. Additionally, as businesses increasingly utilize public cloud and SaaS-based offerings, they are building more of their new compute workloads off-premises and are

increasingly shifting some of their existing and many of their new workloads to public cloud providers, thereby limiting growth, and potentially reducing, the market for on-premises deployments of vSphere. Although sales of vSphere have declined as a portion of our overall business, and we expect this trend to continue, vSphere remains key to our future growth, as it serves as the foundation for our newer SDDC, network virtualization and our newer cloud and SaaS offerings. Although we have launched, and are continuing to develop products to extend our vSphere-based SDDC offerings to the public cloud, due to our product concentration a significant decrease in demand for our server virtualization products would adversely affect our operating results.

We face intense competition that could adversely affect our operating results.

The virtualization, cloud computing, end-user computing and software-defined data center industries are interrelated and rapidly evolving, and we face intense competition across all the markets for our products and services. Many of our current or potential competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than we do. Additionally, the adoption of public cloud, micro-services, containers, and open source technologies has the potential to erode our profitability.

We face competition from, among others:

Providers of public cloud infrastructure and SaaS-based offerings. As businesses increasingly utilize public cloud and SaaS-based offerings, they are building more of their new compute workloads off-premises and may also shift some of their existing workloads. As a result, the demand for on-premises information technology (“IT”) resources is expected to slow, and our products and services will need to increasingly compete for customers’ IT workloads with off-premises public cloud and SaaS-based offerings. If VMware’s private, hybrid and public cloud products and services fail to address evolving customer requirements, the demand for our virtualization products and services may decline, and we could experience lower growth. Additionally, VMware Cloud Provider Program (“VCP”) offerings from our partners may compete directly with infrastructure-as-a-service (“IaaS”) offerings from various public cloud providers such as AWS and Microsoft. In fiscal 2018, we made VMware Cloud on AWS, a strategic alliance with AWS to deliver a vSphere-based cloud service running in AWS data centers, available in certain geographies. Our strategic alliance with Amazon may also be seen as competitive with VCP offerings and adversely affect our relationship with VCP partners, while some VCP partners may elect to include VMware Cloud on AWS as part of their managed services provider offerings.

Large, diversified enterprise software and hardware companies. These competitors supply a wide variety of products and services to, and have well-established relationships with, our current and prospective end users. For example, small- to medium-sized businesses and companies in emerging markets that are evaluating the adoption of virtualization-based technologies and solutions may be inclined to consider Microsoft solutions because of their existing use of Windows and Office products. Some of these competitors have in the past and may in the future take advantage of their existing relationships to engage in business practices that make our products and services less attractive to our end users. Other competitors have limited or denied support for their applications running in VMware virtualization environments. In addition, these competitors could integrate competitive capabilities into their existing products and services and make them available without additional charge. For example, Oracle provides free server virtualization software intended to support Oracle and non-Oracle applications, Microsoft offers its own server, network, and storage virtualization software packaged with its Windows Server product as well as built-in virtualization in the client version of Windows and Cisco includes network virtualization technology in many of their data center networking platforms. As a result, existing and prospective VMware customers may elect to use products that are perceived to be “free” or “very low cost” instead of purchasing VMware products and services for certain applications where they do not believe that more advanced and robust capabilities are required.

Companies offering competing platforms based on open source technologies. Open source technologies for virtualization, containerization and cloud platforms such as Xen, KVM, Docker, Rocket, OpenShift, Mesos, Kubernetes and OpenStack appear to provide pricing competition and enable competing vendors to leverage these open source technologies to compete directly with our SDDC initiative. Enterprises and service providers have shown interest in building their own clouds based on open source projects such as OpenStack, and other companies have indicated their intention to expand offerings of virtual management and cloud computing solutions as well. Additionally, a number of enterprise IT hardware vendors have released solutions based on OpenStack including IBM and Cisco. VMware is delivering container technologies such as Pivotal Container Services, which we co-developed and market in partnership with Pivotal Software, Inc. (“Pivotal”), and vSphere Integrated Containers that are designed to help customers adopt micro-services architectures. The adoption of distributed micro-service

application architectures, and their alignment with container technologies, represents an emerging area of competition.

Other industry alliances. Many of our competitors have entered into or extended partnerships or other strategic relationships to offer more comprehensive virtualization and cloud computing solutions than they individually had offered. We expect these trends to continue as companies attempt to strengthen or maintain their positions in the evolving virtualization infrastructure and enterprise IT solutions industry. These alliances may result in more compelling product and service offerings than we offer.

Our partners and members of our developer and technology partner ecosystem. We face competition from our partners. For example, third parties currently selling our products and services could build and market their own competing products and services or market competing products and services of other vendors. Additionally, as formerly distinct sectors of enterprise IT such as software-based virtualization and hardware-based server, networking and storage solutions converge, we also increasingly compete with companies who are members of our developer and technology partner ecosystem. Consequently, we may find it more difficult to continue to work together productively on other projects, and the advantages we derive from our ecosystem could diminish.

This competition could result in increased pricing pressure and sales and marketing expenses, thereby materially reducing our operating margins, and could also prevent our new products and services from gaining market acceptance, thereby harming our ability to increase, or causing us to lose, market share.

The loss of key management personnel could harm our business.

We depend on the continued services of key management personnel. We generally do not have employment or non-compete agreements with our employees, and, therefore, they could terminate their employment with us at any time without penalty and could pursue employment opportunities with any of our competitors. In addition, we do not maintain any key-person life insurance policies. The loss of key management personnel could harm our business.

Competition for our target employees is intense and costly, and we may not be able to attract and retain highly skilled employees.

To execute on our strategy, we must continue to attract and retain highly qualified personnel. Competition for these personnel is intense, especially for senior sales executives and engineers with significant experience designing and developing software and cloud offerings. We may not be successful in attracting and retaining qualified personnel. We have in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. Research and development personnel are also aggressively recruited by startup and emerging growth companies, which are especially active in many of the technical areas and geographic regions in which we conduct product and service development. Competition for our key personnel results in increased costs in the form of cash and stock-based compensation and can have a dilutive impact on our stock. Additionally, changes in immigration and work permit laws and regulations or the administration or interpretation of such laws or regulations could impair our ability to attract and retain highly qualified employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could suffer.

The final impact of the 2017 Tax Cuts and Jobs Act on our tax liabilities is highly uncertain, may differ substantially from our provisional estimates and may adversely impact our operating results.

The 2017 Tax Cuts and Jobs Act (the “2017 Tax Act”), enacted on December 22, 2017, significantly affects United States (“U.S.”) tax law by changing how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations.

The 2017 Tax Act requires complex computations to be performed that were not previously required in U.S. tax law, significant judgments to be made in interpretation of the provisions of the 2017 Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced. The 2017 Tax Act also imposes additional changes in the taxation of consolidated tax groups, such as the consolidated tax group of which Dell is the parent and of which VMware is a member, which we must then interpret in the context of our tax sharing agreement with Dell to determine our actual tax liability. Furthermore, the Internal Revenue Service (the “IRS”) has yet to issue guidance on certain issues that could be material to us and may not do so prior to the time when next tax filings are due.

As such, the application of accounting guidance for significant items under the 2017 Tax Act is highly uncertain. Further, the U.S. Treasury Department and other standard-setting bodies will continue to issue guidance and interpret how provisions of the 2017 Tax Act will be administered and applied to specific situations important to us that is different from our interpretations and expectations.

Based upon the guidance issued thus far by U.S. tax and accounting authorities, we have provided a provisional estimate of the effect of the 2017 Tax Act in our consolidated financial statements for fiscal 2018 and for fiscal 2019 through the current period. Our analysis, which will be recorded in the period completed, may differ significantly from our current provisional estimates. Furthermore, additional adjustments may become necessary pursuant to any subsequent authoritative guidance issued after such analysis is complete. Accordingly, our final analysis may show that our tax obligations and our effective tax rate are higher than our provisional estimates, which could have a material adverse effect on our financial condition and our operating results.

Adverse economic conditions may harm our business.

Our business depends on the overall demand for IT and on the economic health of our current and prospective customers. The purchase of our products and services is often discretionary and may involve a significant commitment of capital and other resources. Weak economic conditions or significant uncertainty regarding the stability of financial markets could adversely impact our business, financial condition and operating results in a number of ways, including by lengthening sales cycles, affecting the size of enterprise agreements (“EAs”) that customers will commit to, reducing the level of our non-EA transactional sales, lowering prices for our products and services, reducing unit sales and reducing the rate of adoption of our products and services by new customers and the willingness of current customers to purchase upgrades to our existing products and services. For example, a recurrence of the sovereign debt crisis in Europe, repercussions from the United Kingdom’s planned exit from the European Union (“EU”) or that region’s failure to sustain its recovery from recession would threaten to suppress demand and our customers’ access to credit in that region which is an important market for our products and services. In response to sustained economic uncertainty, many national and local governments that are current or prospective customers for our products and services, including the U.S. federal government, have made, or threatened to make, significant spending cutbacks which could reduce the amount of government spending on IT and the potential demand for our products and services from the government sector.

Regional economic uncertainty can also result in general and ongoing tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy and significant volatility in the credit, equity and fixed income markets. Changes in governmental fiscal, monetary and tax policies may also impact interest rates on credit and debt, which have been at relatively low levels for several years. As a result, current or potential customers may be unable to fund software purchases, which could cause them to delay, decrease or cancel purchases of our products and services. Increases in our cost of borrowing could also impact our ability to access capital markets should we wish to raise additional funding for business investments, which could adversely affect our ability to repay or refinance our outstanding indebtedness, fund future product development and acquisitions or conduct stock buybacks.

We may not be able to respond to rapid technological changes with new solutions and services offerings.

The virtualization, cloud computing, end-user computing and SDDC industries are characterized by rapid technological change, changing customer needs, frequent new software product introductions and evolving industry standards. The introduction of third-party solutions embodying new technologies and the emergence of new industry standards could make our existing and future software solutions obsolete and unmarketable. Cloud computing has proven to be a disruptive technology that is altering the way that businesses consume, manage and provide physical IT resources, applications, data and IT services. We may not be able to establish or sustain our thought leadership in the cloud computing and enterprise software fields, and our customers may not view our products and services as cost effective, innovative and best-of-breed, which could result in a reduction in market share and our inability to command a pricing premium over competitor products and services. We may not be able to develop updated products and services that keep pace with technological developments and emerging industry standards, that address the increasingly sophisticated needs of our customers or that interoperate with new or updated operating systems and hardware devices. We may also fail to adequately anticipate and prepare for the commercialization of emerging technologies such as blockchain and the development of new markets and applications for technology such as the Internet of Things and “edge” computing and thereby fail to take advantage of new market opportunities or fall behind early movers in those markets.

Our ability to react quickly to new technology trends and customer requirements is negatively impacted by the length of our development cycle for new products and services and product and service enhancements, which has

frequently been longer than we originally anticipated. This is due in part to the increasing complexity of our product offerings as we increase their interoperability, and enable and maintain their compatibility with multiple IT resources such as public clouds utilized by our customers, which can significantly increase the development time and effort necessary to achieve the interoperability of our offerings while maintaining product quality. When we release significant new versions of our existing offerings, the complexity of our products may require existing customers to remove and replace prior versions in order to take full advantage of substantial new features and capabilities, which may subdue initial demand for the new versions or, conversely, depress demand for existing versions until the customer is ready to purchase and install the newest release. If we are unable to evolve our solutions and offerings in time to respond to and remain ahead of new technological developments, our ability to retain or increase market share and revenue in the virtualization, cloud computing, end-user computing and SDDC industries could be materially adversely affected. With respect to our SDDC products, if we fail to introduce compelling new features in future upgrades to our vSphere product line, manage the transition to hybrid cloud platforms, develop new or tightly integrate existing applications for our virtualization technology that address customer requirements for integration, automation and management of their IT systems with public cloud resources, overall demand for products and services based on vSphere may decline. Additionally, if we fail to realize returns on investments in our newer SaaS and cloud initiatives, our operating margins and results of operations will be adversely impacted.

Breaches of our cybersecurity systems or the systems of our vendors, partners and suppliers could seriously harm our business.

We increasingly depend upon our IT systems and the IT systems of key SaaS providers to conduct virtually all of our business operations, ranging from our internal operations and product development activities to our marketing and sales efforts and communications with our customers and business partners. Unauthorized parties (which may have included nation states and individuals sponsored by them) have penetrated our network security and our website in the past and such unauthorized parties may do so in the future. Employees or contractors have introduced vulnerabilities in, and enabled the exploitation of, our IT environments in the past and may do so in the future. These cyber-attacks threaten to misappropriate our proprietary information, cause interruptions of our IT services and commit fraud. Because the techniques used by unauthorized persons to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these tactics. Further, if unauthorized access or sabotage remains undetected for an extended period of time, the effects of such breach could be exacerbated. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of our systems and processes. Our exposure to cybersecurity threats and negative consequences of cybersecurity breaches will likely increase as our customers conduct more purchase and service transactions online, and as we store increasing amounts of customer data and host or manage parts of customers’ businesses in cloud-based IT environments. Additionally, as we increasingly market the security features in our products, our products may be targeted by computer hackers seeking to compromise product security.

We have also outsourced a number of our business functions to third parties, and we rely upon distributors, resellers, system vendors and systems integrators to sell our products and services. Accordingly, if our cybersecurity systems and those of our contractors, partners and vendors fail to protect against breaches, our ability to conduct our business could be damaged in a number of ways, including:

- sensitive data regarding our business, including intellectual property and other proprietary data, could be stolen;
- our electronic communications systems, including email and other methods, could be disrupted, and our ability to conduct our business operations could be seriously damaged until such systems can be restored and secured;
- our ability to process customer orders and electronically deliver products and services could be degraded, and our distribution channels could be disrupted, resulting in delays in revenue recognition;
- defects and security vulnerabilities could be exploited or introduced into our software products or our hybrid cloud and SaaS offerings and impair or disrupt their availability, thereby damaging the reputation and perceived reliability and security of our products and services and potentially making the data systems of our customers vulnerable to further data loss and cyber incidents; and
- personally identifiable or confidential data of our customers, employees and business partners could be stolen or lost.

Should any of the above events occur, or are perceived to have occurred, we could be subject to significant claims for liability from our customers, we could face regulatory actions and sanctions from governmental agencies, our ability to protect our intellectual property rights could be compromised, our reputation and competitive position could be materially harmed and we could incur significant costs in order to upgrade our cybersecurity systems and remediate damages. Consequently, our business, financial condition and operating results could be materially adversely affected.

Our operating results may fluctuate significantly.

Our operating results may fluctuate due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and our past results should not be relied upon as an indication of our future performance. In addition, a significant portion of our quarterly sales typically occurs during the last two weeks of the quarter, which generally reflects customer buying patterns for enterprise technology. As a result, our quarterly operating results are difficult to predict even in the near term. If our revenue or operating results fall below the expectations of investors or securities analysts or below any guidance we may provide to the market, the price of our Class A common stock would likely decline substantially.

Factors that may cause fluctuations in our operating results include, among others, the factors described elsewhere in this risk factors section and the following:

- fluctuations in demand, adoption rates, sales cycles and pricing levels for our products and services;
- changes in customers' budgets for information technology purchases and in the timing of their purchasing decisions;
- the timing of announcements or releases of new or upgraded products and services by us or by our competitors;
- the timing and size of business realignment plans and restructuring charges;
- our ability to maintain scalable internal systems for reporting, order processing, license fulfillment, product delivery, purchasing, billing and general accounting, among other functions;
- our ability to control costs, including our operating expenses;
- credit risks of our distributors, who account for a significant portion of product revenue and accounts receivable;
- the timing of when sales orders are processed, which can cause fluctuations in our backlog and impact our bookings and timing of revenue recognition;
- seasonal factors such as the end of fiscal period budget expenditures by our customers and the timing of holiday and vacation periods;
- renewal rates and the amounts of the renewals for EAs as original EA terms expire;
- the timing and amount of internally developed software development costs that may be capitalized;
- unplanned events that could affect market perception of the quality or cost-effectiveness of our products and solutions;
- fluctuations in the fair value of our investment in Pivotal, which are primarily based on Pivotal's closing stock price on the last trading day of each fiscal quarter;
- the impact of new accounting pronouncements, for example, the adoption of Accounting Standards Update ("ASU") 2016-16, which could result in increased volatility in the provision for income taxes in periods in which transfers of intellectual property between our legal entities occur; and
- our ability to accurately predict the degree to which customers will elect to purchase our subscription-based offerings in place of licenses to our on-premises offerings.

We are exposed to foreign exchange risks.

Because we conduct business in currencies other than the U.S. dollar but report our operating results in U.S. dollars, we face exposure to fluctuations in currency exchange rates. During the three months ended May 4, 2018, approximately 30% of our sales were invoiced and collected in non-U.S. dollar denominated currencies. The realized gain or loss on foreign currency transactions is dependent upon the types of foreign currency transactions that we enter into, the exchange rates associated with these transactions and changes in those rates, the net realized gain or loss on our foreign currency forward contracts, and other factors. Although we hedge a portion of our foreign currency exposure, a significant fluctuation in exchange rates between the U.S. dollar and foreign currencies may adversely affect our operating results. For example, we experienced a measurable negative impact to our revenue in 2015 due to exchange rate fluctuations. Any future weakening of foreign currency exchange rates against the U.S. dollar would likely result in additional adverse impact on our revenue.

We operate a global business that exposes us to additional risks.

Our international activities account for a substantial portion of our revenue and profits, and we plan to further expand internationally. In addition, our investment portfolio includes investments in non-U.S. financial instruments and holdings in non-U.S. financial institutions, including European institutions. In addition to the risks described elsewhere in these risk factors, our international operations subject us to a variety of risks, including:

- difficulties in enforcing contracts and collecting accounts receivable and longer payment cycles, especially in emerging markets;
- difficulties in delivering support, training and documentation in certain foreign markets;
- tariffs and trade barriers, which could increase due to the current geopolitical climate, and other regulatory or contractual limitations on our ability to sell or develop our products and services in certain foreign markets;
- changes and instability in government policies and international trade arrangements that could adversely affect the ability of U.S.-based companies to conduct business in non-U.S. markets;
- economic or political instability and security concerns in countries that are important to our international sales and operations;
- difficulties in transferring funds from certain countries;
- increased compliance risks, particularly in emerging markets; and
- difficulties in maintaining appropriate controls relating to revenue recognition practices.

An example is the ongoing efforts of the Chinese government to more closely regulate network security. In that respect, the Chinese government enacted a new Cyber Security Law in November 2016 that came into effect on June 1, 2017. The new Cyber Security Law promotes utilization of “secure and reliable” network products and services, requires the sale of certain key network equipment and network security products to be subject to security certification, and imposes data localization measures and various network security measures relevant to a vaguely defined scope of “critical information infrastructure.” Among those network security measures is a requirement that certain network products and services procured by operators of “critical information infrastructure” undergo a formal security assessment in order to evaluate their “security” and “controllability.” The specific technical requirements of the security assessment have not yet been clarified.

Also, in December 2015, China enacted an Anti-Terrorism Law that gives local public security and state security authorities the broad discretionary authority to require companies to provide access to their equipment and decryption support in particular cases. Failure to comply with such requests can result in fines and imprisonment. In addition, a broad range of businesses will be required to verify the identities of customers and are prohibited from providing services to customers whose identities are unclear or who refuse to cooperate in the verification process. If we are not able to, or choose not to, comply with these and other information and network security standards that the Chinese government might implement in the future, our business in China may suffer.

Furthermore, if we fail to comply with legal and regulatory requirements covering the foreign activities of U.S. corporations, such as export control requirements and the Foreign Corrupt Practices Act, as well as with local regulatory requirements in non-U.S. jurisdictions, we may be exposed to significant fines and penalties and

reputational harm. These risks will increase as we expand our operations in locations with a higher incidence of corruption and fraudulent business practices.

In addition, potential fallout from past disclosures related to the U.S. Internet and communications surveillance and possible efforts to enable increased surveillance could make foreign customers reluctant to purchase products and services from U.S.-based technology companies and impair our growth rate in foreign markets.

Our failure to manage any of these risks successfully could negatively affect our reputation and adversely affect our operating results.

We have outstanding indebtedness in the form of unsecured notes and may incur other debt in the future, which may adversely affect our financial condition and future financial results.

During fiscal 2018, we issued \$4,000 million in unsecured notes through a debt offering and repaid \$1,230 million of the notes payable to Dell, utilizing a portion of the proceeds from the offering. An additional unsecured promissory note with an outstanding principal amount of \$270 million owed to Dell remains outstanding. We also entered into a \$1,000 million unsecured credit agreement establishing a revolving credit facility (“Credit Facility”) that is currently undrawn. Our current and any future debt may adversely affect our financial condition and future financial results by, among other things:

- requiring the dedication of a portion of our expected cash flow from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry.

The terms of our unsecured notes and Credit Facility impose restrictions on us and require us to maintain compliance with specified and customary covenants. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. If we breach any of the covenants and do not obtain a waiver from the lenders or note holders, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable.

In addition, any actual or anticipated changes to our credit ratings, including any announcement that our credit ratings are under review, by any rating agency may negatively impact the value and liquidity of both our debt and equity securities. Under certain circumstances, if our credit ratings are downgraded or other negative action is taken, the interest rate payable by us and the cost of borrowing under our Credit Facility could increase. Downgrades in our credit ratings could also affect the terms of and restrict our ability to obtain additional financing in the future. In addition, upon the occurrence of certain downgrades of the ratings of our unsecured notes, we may be required to repurchase our unsecured notes at a repurchase price equal to 101% of the aggregate principal plus any accrued and unpaid interest on the date of purchase.

Additionally, our parent company, Dell, currently has a significant level of debt financing. Accordingly, negative changes to Dell’s credit rating could also negatively impact our credit rating and the value and liquidity of any future debt we might raise.

Our current research and development efforts may not produce significant revenue for several years, if at all.

Developing our products and services is expensive. In particular, developing and launching disruptive technologies in new areas, as we are continuing to do with our NSX virtual networking, vSAN virtual storage, cloud and SaaS initiatives, requires significant investments of resources and often entails greater risk than incremental investments in existing products and services. Our investment in research and development may not result in marketable products or services or may result in products and services that generate less revenue than we anticipate. Our research and development expenses were approximately 23% of our total revenue during the three months ended May 4, 2018. Our future plans include significant investments in software research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we may not receive significant revenue from these investments for several years, if at all.

We are involved in litigation, investigations and regulatory inquiries and proceedings that could negatively affect us.

From time to time, we are involved in various legal, administrative and regulatory proceedings, claims, demands and investigations relating to our business, which may include claims with respect to commercial, product liability, intellectual property, breach of contract, employment, class action, whistleblower and other matters. In the ordinary course of business, we also receive inquiries from and have discussions with government entities regarding the compliance of our contracting and sales practices with laws and regulations.

We have been, and expect to continue to be, subject to intellectual property infringement claims, including claims by entities that do not have operating businesses of their own and therefore may limit our ability to seek counterclaims for damages and injunctive relief. In addition to monetary judgments, a judgment could also include an injunction or other court order that could prevent us from offering our products. In addition, we might be required to seek a license for the use of such intellectual property, which may not be available on commercially reasonable terms or at all. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and may ultimately not be successful. Third parties may also assert infringement claims against our customers and channel partners, which could require us to initiate or defend potentially protracted and costly litigation on their behalf, regardless of the merits of these claims, because we generally indemnify our customers and channel partners from claims of infringement of proprietary rights of third parties in connection with the use of our products. These matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Allegations made in the course of regulatory or legal proceedings may also harm our reputation, regardless of whether there is merit to such claims. Furthermore, because litigation and the outcome of regulatory proceedings are inherently unpredictable, our business, financial condition or operating results could be materially affected by an unfavorable resolution of one or more of these proceedings, claims, demands or investigations.

We may not be able to adequately protect our intellectual property rights.

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. As such, despite our efforts, the steps we have taken to protect our proprietary rights may not be adequate to prevent misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement is uncertain, particularly in countries outside of the U.S. In addition, we rely on confidentiality or license agreements with third parties in connection with their use of our products and technology. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights, in part because we rely on "click-wrap" and "shrink-wrap" licenses in some instances.

Detecting and protecting against the unauthorized use of our products, technology proprietary rights and intellectual property rights is expensive, difficult and, in some cases, impossible. Litigation is necessary from time to time to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property, which could result in a substantial loss of our market share.

Our use of "open source" software in our products could negatively affect our ability to sell our products and subject us to litigation.

Many of our products and services incorporate so-called “open source” software, and we may incorporate open source software into other products and services in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. Open source licensors generally do not provide warranties or assurance of title or controls on origin of the software, which exposes us to potential liability if the software fails to work or infringes the intellectual property of a third party.

We monitor our use of open source software in an effort to avoid subjecting our products to conditions we do not intend and avoid exposing us to unacceptable financial risk. However, the processes we follow to monitor our use of open source software could fail to achieve their intended result. In addition, although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use, there is little or no legal precedent governing the interpretation of terms in most of these licenses, which increases the risk that a court could interpret the license differently than we do.

From time to time, we receive inquiries or claims from authors or distributors of open source software included in our products regarding our compliance with the conditions of one or more open source licenses. An adverse outcome to a claim could require us to:

- pay significant damages;
- stop distributing our products that contain the open source software;
- revise or modify our product code to remove alleged infringing code;
- release the source code of our proprietary software; or
- take other steps to avoid or remedy an alleged infringement.

In March 2015, a software developer who alleges that software code he wrote is used in a component of our vSphere product filed a lawsuit against us in Germany alleging copyright infringement for failing to comply with the terms of the open source General Public License v.2 (“GPL v.2”) and seeking an order requiring us to comply with the GPL v.2 or cease distribution of any affected code within Germany. On July 8, 2016, the German court issued a written decision dismissing the lawsuit. On August 9, 2016, a Notice of Appeal was filed. We have filed our responsive appellate brief. An adverse outcome to this claim on appeal or to other claims could have a material adverse impact on our intellectual property rights, our operating results and financial condition.

The evolution of our business requires more complex go-to-market strategies, which involve significant risk.

Our increasing focus on developing and marketing IT management and automation and IaaS (including software-defined networking, VCPP-integrated virtual desktop and mobile device, cloud and SaaS) offerings that enable customers to transform their IT systems requires a greater focus on marketing and selling product suites and more holistic solutions, rather than selling on a product-by-product basis. Consequently, we have developed, and must continue to develop, new strategies for marketing and selling our offerings. In addition, marketing and selling new technologies to enterprises requires significant investment of time and resources in order to educate customers on the benefits of our new product offerings. These investments can be costly and the additional effort required to educate both customers and our own sales force can distract from their efforts to sell existing products and services.

Our success depends upon our ability to develop appropriate business and pricing models.

If we cannot adapt our business models to keep pace with industry trends, including the industry-wide transition to cloud-based computing, our revenue could be negatively impacted. Certain of our product initiatives, such as our VCPP and SaaS offerings, have a subscription model. As we increase our adoption of subscription-based pricing models for our products, we may fail to set pricing at levels appropriate to maintain our revenue streams or our customers may choose to deploy products from our competitors that they believe are priced more favorably. In addition, we may fail to accurately predict subscription renewal rates or their impact on operating results, and because revenue from subscriptions is recognized for our services over the term of the subscription, downturns or upturns in sales may not be immediately reflected in our results. Additionally, as customers transition to our hybrid cloud and SaaS products and services, our revenue growth rate may be adversely impacted during the period of transition as we will recognize less revenue up front than we would otherwise recognize as part of the multi-year license contracts through which we typically sell our established offerings. Finally, as we offer more services that depend on converting users of free services to users of premium services and converting purchasers of our on-premises products to our SaaS offerings, and as such services grow in size, our ability to maintain or improve and to predict conversion rates will become more important.

Our products and services are highly technical and may contain errors, defects or security vulnerabilities.

Our products and services are highly technical and complex and, when deployed, have contained and may contain errors, defects or security vulnerabilities. Some errors in our products or services may only be discovered after a product or service has been installed and used by customers. Undiscovered vulnerabilities in our products or services could expose our customers to hackers or other unscrupulous third parties who develop and deploy viruses, worms and other malicious software programs that could attack our products or services. In the past, VMware has been made aware of public postings by hackers of portions of our source code. It is possible that the released source code could expose unknown security vulnerabilities in our products and services that could be exploited by hackers or others. We VMware products and services are also subject to known and unknown security vulnerabilities resulting from integration with products or services of other companies (such as applications, operating systems or semi-conductors). For example, vulnerabilities in certain microprocessors were recently publicly announced under the names Spectre and Meltdown. Actual or perceived errors, defects or security vulnerabilities in our products or services could harm our reputation and lead some customers to return products or services, reduce or delay future purchases or use competitive products or services, all of which could negatively impact business, operating results and stock price.

Failure to effectively manage our product and service lifecycles could harm our business.

As part of the natural lifecycle of our products and services, we periodically inform customers that products or services will be reaching their end of life or end of availability and will no longer be supported or receive updates and security patches. To the extent these products or services remain subject to a service contract with the customer, we offer to transition the customer to alternative products or services. Failure to effectively manage our product and service lifecycles could lead to customer dissatisfaction and contractual liabilities, which could adversely affect our business and operating results.

Our success depends on the interoperability of our products and services with those of other companies.

The success of our products depends upon the cooperation of hardware and software vendors to ensure interoperability with our products and offer compatible products and services to end users. In addition, we have begun to extend the functionality of various products to work with native public cloud applications, which may require the cooperation of public cloud vendors. To the extent that hardware, software and public cloud vendors perceive that their products and services compete with ours or those of our controlling stockholder, Dell, they may have an incentive to withhold their cooperation, decline to share access or sell to us their proprietary APIs, protocols or formats, or engage in practices to actively limit the functionality, compatibility and certification of our products. In addition, vendors may fail to certify or support or continue to certify or support our products for their systems. If any of the foregoing occurs, our product development efforts may be delayed or foreclosed and it may be difficult and more costly for us to achieve functionality and service levels that would make our services attractive to end users, any of which could negatively impact our business and operating results.

Disruptions to our distribution channels could harm our business.

Our future success is highly dependent on our relationships with distributors, resellers, system vendors and systems integrators, which account for a significant portion of our revenue. Recruiting and retaining qualified channel partners and training them in the use of our technology and product offerings requires significant time and resources. Our failure to maintain good relationships with channel partners would likely lead to a loss of end users of our products and services, which would adversely affect our revenue. We generally do not have long-term contracts or minimum purchase commitments with our distributors, resellers, system vendors and systems integrators, and our contracts with these channel partners do not prohibit them from offering products or services that compete with ours.

Three of our distributors each accounted for 10% or more of our consolidated revenue during the three months ended May 4, 2018. Although we believe that we have in place, or would have in place by the date of any such termination, agreements with replacement distributors sufficient to maintain our revenue from distribution, if we were to lose the distribution services of a significant distributor, such loss could have a negative impact on our operating results until such time as we arrange to replace these distribution services with the services of existing or new distributors.

Our SaaS offerings rely on third-party providers for data center space and colocation services.

Our SaaS offerings rely upon third-party providers to supply data center space, equipment maintenance and other colocation services. Although we have entered into various agreements for the lease of data center space,

equipment maintenance and other services, third parties could fail to live up to the contractual obligations under those agreements. The failure of a third-party provider to prevent service disruptions, data losses or security breaches may require us to issue credits or refunds or indemnify or otherwise be liable to customers or third parties for damages that may occur. Additionally, if these third-party providers fail to deliver on their obligations, our reputation could be damaged, our customers could lose confidence in us and our ability to maintain and expand our SaaS offerings would be impaired.

Joint ventures may not yield expected benefits and outcomes.

As we expand our offerings into new technologies such as the public cloud and seek more efficient methods of marketing our products and services in regions where local partners can operate more easily, we sometimes rely upon joint ventures with established providers of IT products and services in particular regions, for example as go-to-market and channel partners. Joint ventures are inherently risky and the requirements for close ongoing cooperation and commitments from the joint venture partners to devote adequate resources often present significant challenges. Joint ventures can also be difficult to manage, given the potentially different interests of joint venture partners. Accordingly, there can be no guarantee that our joint ventures will achieve their intended objectives. If we are unable to continue our strategic alignment with joint venture partners or obtain the cooperation and commitments we are relying upon, our ability to successfully expand our offerings globally and in certain regions may diminish.

SaaS offerings, which involve various risks, constitute an important part of our business.

As we continue to develop and offer SaaS versions of our products, we will need to continue to evolve our processes to meet a number of regulatory, intellectual property, contractual and service compliance challenges. These challenges include compliance with licenses for open source and third-party software embedded in our SaaS offerings, maintaining compliance with export control and privacy regulations, including HIPAA, protecting our services from external threats, maintaining the continuous service levels and data security expected by our customers, preventing the inappropriate use of our services and adapting our go-to-market efforts. The expansion of our SaaS and related cloud offerings also requires significant investments, and our operating margins, results of operations and operating cash flows may be adversely affected if our new offerings are not widely adopted by customers.

Improper disclosure and use of personal data could result in liability and impact our business.

Our business is subject to a wide variety of laws and regulations regarding privacy and protection of personal data. Federal, state and foreign governments and agencies have adopted or are considering adopting laws and regulations regarding the collection, storage, use, processing and disclosure of this information. We collect contact and other personal or identifying information from our customers, and our customers increasingly use our services to store and process personal information and other regulated data, including protected health information subject to stringent data privacy laws. As an employer, we also maintain personal data of our employees and share that information with third party service providers, such as payroll and benefits providers. Our cloud computing service offerings, pursuant to which we offer cloud services and enable third-party service providers to offer cloud services built on our technology, expose us to particularly significant risks. We rely on the contractual representations of these third parties that they do not violate any applicable privacy laws and regulations or their own privacy policies and in some cases covenants requiring them to maintain certain security measures and protections.

Any failure or perceived failure by us or our business partners to comply with posted privacy policies, other federal, state or international privacy-related or data protection laws and regulations, or the privacy commitments contained in contracts could result in proceedings against us by governmental entities or others and significant fines, which could have a material adverse effect on our business and operating results and harm our reputation. Further, any systems failure, unauthorized access or other compromise of our security that results in the release of our customers' or employees' data could (i) subject us to substantial damage claims, (ii) expose us to significant fines and costly regulatory remediation, (iii) harm our reputation and brand, and (iv) disrupt our business activities. The application of U.S. and international data privacy laws and regulations to cloud computing vendors is evolving and uncertain, and our existing contractual provisions may prove to be inadequate to protect us from claims for data loss or regulatory noncompliance made against cloud computing providers with whom we may partner. Additionally, privacy laws and regulations could negatively affect demand for our services, thereby reducing our revenue.

Our ability to collect and use data could be restricted by laws and regulations as well as by consumers' rights to opt out. Restrictions on our ability to collect data or the ability of our customers to collect data utilizing our products and services could negatively impact our business.

The EU data protection law, the General Data Protection Regulation ("GDPR"), which became effective in May 2018, is wide-ranging in scope. In order to adapt to these new requirements, we have enhanced our policies and controls across our business units and services relating to how we collect and use personal data relating to customers, employees and vendors, and will continue to invest resources necessary to maintain compliance with GDPR. Additionally, we expect that the international transfer of personal data will present ongoing compliance challenges and complicate our business transactions as we negotiate and implement suitable arrangements with international customers and international and domestic vendors. As a result, our data transfers could require us to implement additional costly measures and require similar adjustments by our customers in order to continue utilizing our products and services. Failure to comply may lead to fines of up to €20 million or up to 4% of the annual global revenues of the infringer, whichever is greater. EU data protection laws and their interpretations continue to develop, and may be inconsistent from jurisdiction to jurisdiction, which may further impact our information processing activities.

Further, laws such as the EU's proposed e-Privacy Regulation are increasingly aimed at the use of personal information for marketing purposes, and the tracking of individuals' online activities. The currently proposed e-Privacy Regulation may change significantly before it is adopted, making its future scope and impact uncertain, and therefore require us to alter our current preparations for the GDPR. Once finalized, revised e-Privacy Regulation may impact our use of cookies and tracking technologies inside products and online, which could hamper our ability to collect and use data to monitor and improve the performance of our products and services. The final regulation may also change the rules around e-marketing and online tracking which could harm our ability to run promotions and effectively market our offerings. In addition, countries outside the EU are considering or have passed legislation that requires local storage and processing of data, which could increase the cost and complexity of delivering our services. Our current arrangements for the transfer of personal data will need to continue to adapt to future judicial decisions and regulatory activity as laws on privacy and the protection of personal data continue to evolve in the countries in which we do business.

If we fail to comply with our customer contracts or government contracting regulations, our business could be adversely affected.

Contracts with many of our customers include unique and specialized performance requirements. In particular, our contracts with federal, state, local and non-U.S. governmental customers and our arrangements with distributors and resellers who may sell directly to governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with provisions in our customer contracts or any violation of government contracting regulations could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business and affect our ability to compete for new contracts. In the ordinary course of business, we also receive inquiries from and have ongoing discussions with government entities regarding the compliance of our contracting and sales practices with laws and regulations. A failure in the future to comply with federal and state governmental contracting requirements could result in the termination of customer contracts, our suspension from government work, the imposition of fines or other government sanctions or an inability to compete for new contracts, any of which could adversely affect our business, operating results or financial condition.

Acquisitions and divestitures could harm our business and operating results.

We have acquired in the past, and plan to acquire in the future, other businesses, products or technologies. We also from time to time sell or divest businesses, products and technologies. For instance, in May 2017, we sold the VMware vCloud Air business ("vCloud Air") to OVH US LLC. Acquisitions and divestitures involve significant risks and uncertainties, which include:

- disrupting our ongoing operations, diverting management from day-to-day responsibilities, increasing our expenses, and adversely impacting our business, financial condition and operating results;
- failure of an acquired business to further our business strategy;

- uncertainties in achieving the expected benefits of an acquisition or disposition, including enhanced revenue, technology, human resources, cost savings, operating efficiencies and other synergies;
- reducing cash available for operations, stock repurchase programs and other uses and resulting in potentially dilutive issuances of equity securities or the incurrence of debt;
- incurring amortization expense related to identifiable intangible assets acquired that could impact our operating results;
- difficulty integrating the operations, systems, technologies, products and personnel of acquired businesses effectively;
- the need to provide transition services in connection with a disposition, such as the sale of vCloud Air, which may result in the diversion of resources and focus;
- difficulty achieving expected business results due to a lack of experience in new markets, products or technologies or the initial dependence on unfamiliar distribution partners or vendors;
- retaining and motivating key personnel from acquired companies;
- declining employee morale and retention issues affecting employees of businesses that we acquire or dispose of, which may result from changes in compensation, or changes in management, reporting relationships, future prospects or the direction of the acquired or disposed business;
- assuming the liabilities of an acquired business, including acquired litigation-related liabilities and regulatory compliance issues, and potential litigation or regulatory action arising from a proposed or completed acquisition;
- lawsuits resulting from an acquisition or disposition;
- maintaining good relationships with customers or business partners of an acquired business or our own customers as a result of any integration of operations or the divestiture of a business upon which our customers rely, such as our recent divestiture of our vCloud Air business;
- unidentified issues not discovered during the diligence process, including issues with the acquired or divested business's intellectual property, product quality, security, privacy practices, accounting practices, regulatory compliance or legal contingencies;
- maintaining or establishing acceptable standards, controls, procedures or policies with respect to an acquired business;
- risks relating to the challenges and costs of closing a transaction; and
- the need to later divest acquired assets at a loss if an acquisition does not meet our expectations.

If our goodwill or amortizable intangible assets become impaired, we may be required to record a significant charge to earnings.

We may not realize all the economic benefit from our business acquisitions, which could result in an impairment of goodwill or intangibles. As of May 4, 2018, goodwill and amortizable intangible assets were \$4,596 million and \$535 million, respectively. We review our goodwill and amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill for impairment at least annually. Factors that may lead to impairment include a substantial decline in stock price and market capitalization or cash flows, reduced future cash flow estimates related to the assets and slower growth rates in our industry. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, which would negatively impact our operating results.

Problems with our information systems could interfere with our business and could adversely impact our operations.

We rely on our information systems and those of third parties for processing customer orders, delivering products, providing services and support to our customers, billing and tracking our customer orders, fulfilling contractual

obligations, performing accounting operations and otherwise running our business. If our systems fail, our disaster and data recovery planning and capacity may prove insufficient to enable timely recovery of important functions and business records. Any disruption in our information systems and those of the third parties upon whom we rely could have a significant impact on our business.

In addition, we continuously work to enhance our information systems, such as our enterprise resource planning software. The implementation of these types of enhancements is frequently disruptive to the underlying business of an enterprise, which may especially be the case for us due to the size and complexity of our business. Implementation may disrupt internal controls and business processes and could introduce unintended vulnerability to error.

Additionally, our information systems may not support new business models and initiatives and significant investments could be required in order to upgrade them. For example, in February 2017 we implemented a change in our fiscal calendar, which required us to make adjustments to our critical business processes and data systems, and in February 2018 we implemented new revenue accounting software.

We may have exposure to additional tax liabilities, and our operating results may be adversely impacted by higher than expected tax rates.

As a multinational corporation, we are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the U.S. and various foreign jurisdictions. Our domestic and international tax liabilities are subject to the allocation of revenue and expenses in different jurisdictions and the timing of recognizing revenue and expenses. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are subject to income and indirect tax examinations. The Dell-owned EMC consolidated group is routinely under audit by the IRS. All U.S. federal income tax matters have been concluded for years through 2011, except for any matters under appeal. In addition, we are under corporate income tax audits in various states and non-U.S. jurisdictions. While we believe we have complied with all applicable income tax laws, a governing tax authority could have a different interpretation of the law and assess us with additional taxes. Any assessment of additional taxes could materially affect our financial condition and operating results.

Our future effective tax rate may be affected by such factors as changes in tax laws, changes in our business or statutory rates, changing interpretation of existing laws or regulations, the impact of accounting for stock-based compensation and the recognition of excess tax benefits and tax deficiencies within the income tax provision in the period in which they occur, the impact of accounting for business combinations, shifts in the amount of earnings in the U.S. compared with other regions in the world and overall levels of income before tax, changes in our international organization, as well as the expiration of statute of limitations and settlements of audits.

In addition, in the ordinary course of our global business, there are many intercompany transactions, including the transfer of intellectual property, where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable, the final determination of tax audits or tax disputes may differ from what is reflected in our historical income tax provisions and accruals.

Our effective tax rate in the future will depend upon the proportion of our income before provision for income taxes earned in the U.S. and in jurisdictions with a tax rate lower than the U.S. statutory rate. Our non-U.S. earnings are primarily earned by our subsidiaries organized in Ireland where the rate of taxation is lower than our U.S. tax rate, and as such, our annual effective tax rate can be significantly affected by the composition of our earnings in the U.S. and non-U.S. jurisdictions. Our During October 2014, Ireland announced revisions to its tax regulations that will require foreign earnings of our subsidiaries organized in Ireland to be taxed at higher rates. We will be impacted by the changes in tax laws in Ireland beginning in 2021. Prior to this date, we may proactively make structural changes in Ireland that may reduce the impact to our future tax rates. Currently, there are certain structural changes in Ireland that may be available to multi-national companies. However, due to the Dell Acquisition, we could be subject to higher tax obligations in the event we executed similar structural changes.

Any other significant changes to U.S. or international tax laws could have a material impact on our effective tax rate, financial condition, operating results and timing and amount of tax payments.

In addition, numerous other countries have recently enacted or are considering enacting changes to tax laws, administrative interpretations, decisions, policies and positions. These changes could adversely affect our effective tax rate or result in higher cash tax liabilities.

Catastrophic events or geo-political conditions could disrupt our business.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire, flood or other act of God, could have a material adverse impact on our business and operating results. Abrupt political change, terrorist activity and armed conflict pose a risk of general economic disruption in affected countries, and disease pandemics could temporarily sideline a substantial part of our or our customers' workforce at any particular time, any of which could disrupt our business. Furthermore, some of our new product initiatives and business functions are hosted and carried out by third parties that may be vulnerable to disruptions of these sorts, many of which may be beyond our control. Unanticipated disruptions in services provided through localized physical infrastructure, such as utility or telecommunication outages, can curtail the functioning of local offices as well as critical components of our information systems, and adversely affect our ability to process orders, provide services, respond to customer requests and maintain local and global business continuity. To the extent that such disruptions result in delays or cancellations of customer orders, or the deployment or availability of our products and services, our revenue would be adversely affected. Additionally, any such catastrophic event could cause us to incur significant costs to repair damages to our facilities, equipment and infrastructure.

Changes in accounting principles and guidance could result in unfavorable accounting charges or effects.

We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the U.S. These principles are subject to interpretation by the Securities and Exchange Commission and various bodies formed to create and interpret appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a material effect on our reported results, as well as our processes and related controls, and may retroactively affect previously reported results. For example, during February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, Leases (Topic 842), which requires a lessee to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The updated standard also requires additional disclosure regarding leasing arrangements. It is effective for interim and annual periods beginning after December 15, 2018 and requires a modified retrospective adoption, with early adoption permitted. VMware is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures, and expects that most of its lease commitments will be subject to the updated standard and recognized as lease liabilities and right-of-use assets upon adoption.

Risks Related to Our Relationship with Dell

Our stock price has fluctuated significantly following the announcement of the Dell Acquisition, and our relationship with Dell may adversely impact our business and stock price in the future.

Our stock price has fluctuated significantly following the announcement of Dell's acquisition of EMC, our parent company, in September 2016. Our stock price has been particularly volatile following press reports, subsequently confirmed by Dell in a Schedule 13D/A filing on February 2, 2018, and a subsequent filing by Dell on Form 8-K on May 17, 2018, that Dell is evaluating potential business opportunities, including a public offering of Dell, a potential business combination between Dell and VMware, or maintaining the status quo and that Dell is considering the conversion of its Class V common stock¹, that is intended to reflect our economic performance, into shares of its DHI common stock which it is considering offering to the public. Speculation regarding the outcome of Dell's evaluation creates uncertainty for our customers, partners and employees, which could negatively impact sales, make it difficult to attract and retain employees and distract management's focus from executing on other strategic initiatives.

A number of other factors relating to our future relationship with Dell could adversely affect our business or our stock price in the future, including:

- Dell is able to control matters requiring our stockholders' approval, including the election of a majority of our directors and the other matters over which EMC formerly had control, as described in the risk factors below.

¹ Class V common stock is a class of common stock that is issued by Dell Technologies and is a form of tracking stock. A tracking stock is a separate class or series of a company's common stock that is intended to reflect the economic performance of a defined set of assets and liabilities, usually consisting of a specific business or subsidiary. The Class V common stock is intended to track the performance of a portion of Dell Technologies' economic interest in the VMware business. Dell Technologies issued a number of shares of Class V common stock at the closing of the Dell-EMC merger.

- Dell could implement changes to our business, including changing our commercial relationship with Dell or taking other corporate actions that our other stockholders may not view as beneficial.
- We have arrangements with a number of companies that compete with Dell, and our relationship with Dell could adversely affect our relationships with these companies or other customers, suppliers and partners.
- Dell has a right to approve certain matters under our certificate of incorporation, including acquisitions or investments in excess of \$100 million, and Dell may choose not to consent to matters that our board of directors believes are in the best interests of VMware.
- We anticipate certain synergies and benefits from the Dell Acquisition that may not be realized.
- In connection with the Dell Acquisition, Dell issued a tracking stock to EMC shareholders, Class V common stock, that is intended to reflect our economic performance as partial consideration to the EMC shareholders. The Class V common stock tracks the performance of an approximately 50% economic interest in our business. The Class V common stock, while not a VMware issued security, increases the supply of publicly traded securities that track VMware's economic performance and may create the perception that the Class V common stock dilutes the holdings of our public stockholders, both of which may put downward pressure on our stock price. Prospective changes to the rights and privileges of the Class V common stock, such as a conversion to a different class of Dell common stock which Dell has disclosed it is considering per the Form 8-K filing referenced above, could also impact the market for Class V common stock. Any volatility in the market for Class V common stock could contribute to volatility in the price of VMware Class A common stock.
- Dell is highly leveraged and commits a substantial portion of its cash flows to servicing its indebtedness. Dell's significant debt could create the perception that Dell may exercise its control over us to limit our growth in favor of its other businesses or cause us to transfer cash to Dell. In addition, if Dell defaults, or appears in danger of defaulting, on its indebtedness, the trading price of the Class V common stock issued by Dell would be adversely affected, which could negatively impact the price of our Class A common stock, and uncertainty as to the impact of such a default on VMware could disrupt our business.
- Investor perceptions of Dell's performance, future plans and prospects could contribute to volatility in the price of our Class A common stock.
- Some of our products compete directly with products sold or distributed by Dell, which could result in reduced sales.

Holders of our Class A common stock have limited ability to influence matters requiring stockholder approval.

As of May 4, 2018, Dell controlled 30,679,000 shares of our Class A common stock and all 300,000,000 shares of our Class B common stock, representing 81.4% of the total outstanding shares of common stock or 97.6% of the voting power of outstanding common stock held by EMC. Through its control of the Class B common stock, which is generally entitled to 10 votes per share, Dell controls the vote to elect all of our directors and to approve or disapprove all other matters submitted to a stockholder vote.

Prior to a distribution by Dell to its stockholders under Section 355 of the Internal Revenue Code of 1986, as amended (a "355 Distribution"), shares of Class B common stock transferred to any party other than a successor-in-interest or a subsidiary of EMC automatically convert into Class A common stock. Dell's voting control over VMware will continue so long as the shares of Class B common stock it controls continue to represent at least 20% of our outstanding stock. If its ownership falls below 20% of the outstanding shares of our common stock, all outstanding shares of Class B common stock will automatically convert to Class A common stock. If Dell effects a 355 Distribution at a time when it holds shares of Class B common stock, its stockholders will receive Class B common stock. These shares will remain entitled to 10 votes per share, holders of these shares will remain entitled to elect 80% of the total number of directors on our board of directors and the holders of our Class A common stock will continue to have limited ability to influence matters requiring stockholder approval and have limited ability to elect members of our board of directors. Following a 355 Distribution, shares of Class B common stock may convert to Class A common stock if such conversion is approved by VMware stockholders after the 355 Distribution and we have obtained a private letter ruling from the Internal Revenue Service. In January 2014,

the IRS announced in Revenue Procedure 2014-3 that, generally, it would no longer issue private letter rulings on 355 Distributions.

Dell has the ability to prevent us from taking actions that might be in our best interest.

Under our certificate of incorporation and the master transaction agreement we entered into with EMC, we must (subject to certain exceptions) obtain the consent of EMC (which is controlled by Dell) or its successor-in-interest, as the holder of our Class B common stock, prior to taking specified actions, such as acquiring other companies for consideration in excess of \$100 million, issuing stock or other VMware securities, except pursuant to employee benefit plans (provided that we obtain Class B common stockholder approval of the aggregate annual number of shares to be granted under such plans), paying dividends, entering into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's or amending certain provisions of our charter documents. In addition, we have agreed that for so long as EMC or its successor-in-interest continues to own greater than 50% of the voting control of our outstanding common stock, we will not knowingly take or fail to take any action that could reasonably be expected to preclude the ability of EMC or its successor-in-interest (including Dell) to undertake a tax-free spin-off. Dell is entitled to exercise the voting control and contractual rights of EMC, and may do so in a manner that could vary significantly from EMC's historic practice. If Dell does not provide any requisite consent allowing us to conduct such activities when requested, we will not be able to conduct such activities. As a result, we may have to forgo capital raising or acquisition opportunities that would otherwise be available to us, and we may be precluded from pursuing certain growth initiatives.

By becoming a stockholder in our company, holders of our Class A common stock are deemed to have notice of and have consented to the provisions of our certificate of incorporation and the master transaction agreement with respect to the limitations that are described above.

Dell has the ability to prevent a change-in-control transaction and may sell control of VMware without benefiting other stockholders.

Dell's voting control and its additional rights described above give Dell the ability to prevent transactions that would result in a change of control of VMware, including transactions in which holders of our Class A common stock might otherwise receive a premium for their shares over the then-current market price. In addition, Dell is not prohibited from selling a controlling interest in us to a third party and may do so without the approval of the holders of our Class A common stock and without providing for a purchase of any shares of Class A common stock held by persons other than Dell. Accordingly, shares of Class A common stock may be worth less than they would be if Dell did not maintain voting control over us or if Dell did not have the additional rights described above.

If Dell's level of ownership significantly increases, Dell could unilaterally effect a merger of VMware into Dell without a vote of VMware stockholders or the VMware Board of Directors at a price per share that might not reflect a premium to then-current market prices.

As of May 4, 2018, Dell controlled 81.4% of VMware's outstanding common stock, and Dell's percentage ownership of VMware common stock could increase as a result of repurchases by VMware of its Class A common stock or purchases by Dell. Section 253 of the Delaware General Corporation Law permits a parent company, when it owns 90% or more of each class of a subsidiary's stock that generally would be entitled to vote on a merger of that subsidiary with the parent, to unilaterally effect a merger of the subsidiary into the parent without a vote of the subsidiary's board or stockholders. Accordingly, if Dell becomes the holder of at least 90% of VMware's outstanding stock, neither VMware's board of directors nor VMware's stockholders would be entitled to vote on a merger of VMware into Dell (the "short-form merger"). Moreover, a short-form merger is not subject to the stringent "entire fairness" standard and the parent company is not required to negotiate with a special committee of disinterested directors that would serve to approximate arm's length negotiations designed to ensure that a fair price is paid. Rather, a minority stockholder's sole remedy in the context of a short-form merger is to exercise appraisal rights under Delaware law. In such a proceeding, petitioning stockholders may be awarded more or less than the merger price or the amount they would have received in a merger negotiated between the parent and a disinterested special committee advised by independent financial and legal advisors. Dell is prohibited through September 7, 2018 under its charter from purchasing or otherwise acquiring any shares of common stock of VMware if such acquisition would cause the common stock of VMware to no longer be publicly traded on a U.S. securities exchange or VMware to no longer be required to file reports under Sections 13 and 15(d) of the Exchange

Act, in each case, unless such acquisition of VMware common stock is required in order for VMware to continue to be a member of the affiliated group of corporations filing a consolidated tax return with Dell.

We engage in related persons transactions with Dell that may divert our resources, create opportunity costs and prove to be unsuccessful.

We currently engage in a number of related persons transactions with Dell that include joint product development, go-to-market, branding, sales, customer service activities, real estate and various support services, and we expect to engage in additional related persons transactions with Dell to leverage the benefits of our strategic alignment. Additionally, in 2013 we contributed technology and transferred employees to Pivotal. We continue to hold a significant ownership interest in Pivotal which was converted from preferred stock to non-trading Class B common stock prior to Pivotal's initial public offering on April 20, 2018.

We believe that these related persons transactions provide us a unique opportunity to leverage the respective technical expertise, product strengths and market presence of Dell and its subsidiaries for the benefit of our customers and stockholders while enabling us to compete more effectively with competitors who are much larger than us. However, these transactions may prove not to be successful and may divert our resources or the attention of our management from other opportunities. Negotiating and implementing these arrangements can be time consuming and cause delays in the introduction of joint product and service offerings and disruptions to VMware's business. We cannot predict whether our stockholders and industry or securities analysts who cover us will react positively to announcements of new related persons transactions with Dell, and such announcements could have a negative impact on our stock price. Our participation in these transactions may also cause certain of our other vendors and ecosystem partners who compete with Dell and its subsidiaries to also view us as their competitors. Additionally, following Pivotal's initial public offering, VMware held a 24% voting interest in Pivotal, which was accounted for using the fair value option. The fair value of VMware's investment is determined primarily using the quoted market price of Pivotal's Class A common stock. Any volatility in Pivotal's publicly traded Class A common stock therefore introduces a degree of variability to our condensed consolidated balance sheets and statements of income, over which we have little control so long as we maintains our ownership interest.

Our business and Dell's businesses overlap, and Dell may compete with us, which could reduce our market share.

We and Dell are IT infrastructure companies providing products and services that overlap in various areas, including software-based storage, management, hyper-converged infrastructure and cloud computing. Dell competes with us in these areas now and may engage in increased competition with us in the future. In addition, the intellectual property agreement that we have entered into with EMC (which is controlled by Dell) provides EMC the ability to use our source code and intellectual property, which, subject to limitations, it may use to produce certain products that compete with ours. EMC's rights in this regard extend to its majority-owned subsidiaries, which could include joint ventures where EMC holds a majority position and one or more of our competitors hold minority positions.

Dell could assert control over us in a manner that could impede our growth or our ability to enter new markets or otherwise adversely affect our business. Further, Dell could utilize its control over us to cause us to take or refrain from taking certain actions, including entering into relationships with channel, technology and other marketing partners, enforcing our intellectual property rights or pursuing business combinations, other corporate opportunities (which EMC is expressly permitted to pursue under the circumstances set forth in our certificate of incorporation) or product development initiatives that could adversely affect our competitive position, including our competitive position relative to that of Dell in markets where we compete with Dell. In addition, Dell maintains significant partnerships with certain of our competitors, including Microsoft.

Dell's competition in certain markets may affect our ability to build and maintain partnerships.

Our existing and potential partner relationships may be negatively affected by our relationship with Dell. We partner with a number of companies that compete with Dell in certain markets in which Dell participates. Dell's control of EMC's majority ownership in us may affect our ability to effectively partner with these companies. These companies may favor our competitors because of our relationship with Dell.

Dell competes with certain of our significant channel, technology and other marketing partners, including IBM and Hewlett-Packard. Pursuant to our certificate of incorporation and other agreements that we have with EMC, EMC and Dell may have the ability to impact our relationship with those of our partners that compete with EMC

or Dell, which could have a material adverse effect on our operating results and our ability to pursue opportunities which may otherwise be available to us.

We could be held liable for the tax liabilities of other members of Dell's consolidated tax group, and compared to our historical results as a member of the EMC consolidated tax group, our tax liabilities may increase, fluctuate more widely and be less predictable.

We have historically been included in EMC's consolidated group for U.S. federal income tax purposes, as well as in certain consolidated, combined or unitary groups that include EMC Corporation or certain of its subsidiaries for state and local income tax purposes, and since the Dell Acquisition, we have been included in Dell's consolidated tax group. Effective as of the close of the Dell Acquisition, we amended our tax sharing agreement with EMC to include Dell. Although our tax sharing agreement provides that our tax liability is calculated primarily as though VMware were a separate taxpayer, certain tax attributes and transactions are assessed using consolidated tax return rules as applied to the Dell consolidated tax group and are subject to other specialized terms under the tax sharing agreement. Pursuant to our agreement, we and Dell generally will make payments to each other such that, with respect to tax returns for any taxable period in which we or any of our subsidiaries are included in Dell's consolidated group for U.S. federal income tax purposes or any other consolidated, combined or unitary group of Dell or its subsidiaries, the amount of taxes to be paid by us will be determined, subject to certain consolidated return adjustments, as if we and each of our subsidiaries included in such consolidated, combined or unitary group filed our own consolidated, combined or unitary tax return. Consequently, compared to our historical results as a member of the EMC consolidated tax group, the amount of our tax sharing payment compared to our separate return basis liability may increase, vary more widely from period to period and be less predictable. Additionally, the impact of the 2017 Tax Act upon consolidated groups is highly complex and uncertain and its impact must be further interpreted in the context of the tax sharing agreement to determine VMware's tax sharing payment. VMware and Dell are reviewing the tax sharing agreement in connection with the enactment of the 2017 Tax Act.

When we become subject to federal income tax audits as a member of Dell's consolidated group, the tax sharing agreement provides that Dell has authority to control the audit and represent Dell and our interests to the IRS. Accordingly, if we and Dell or its successor-in-interest differ on appropriate responses and positions to take with respect to tax questions that may arise in the course of an audit, our ability to affect the outcome of such audits may be impaired. In addition, if Dell effects a 355 Distribution or other transaction that is subsequently determined to be taxable, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our operating results and financial condition.

We have been included in the EMC consolidated group for U.S. federal income tax purposes since our acquisition by EMC in 2004, and will continue to be included in Dell's consolidated group for periods in which Dell or its successor-in-interest beneficially owns at least 80% of the total voting power and value of our outstanding stock. Each member of a consolidated group during any part of a consolidated return year is jointly and severally liable for tax on the consolidated return of such year and for any subsequently determined deficiency thereon. Similarly, in some jurisdictions, each member of a consolidated, combined or unitary group for state, local or foreign income tax purposes is jointly and severally liable for the state, local or foreign income tax liability of each other member of the consolidated, combined or unitary group. Accordingly, for any period in which we are included in the Dell consolidated group for U.S. federal income tax purposes or any other consolidated, combined or unitary group of Dell and its subsidiaries, we could be liable in the event that any income tax liability was incurred, but not discharged, by any other member of any such group.

Also, under the tax sharing agreement, if it is subsequently determined that the tracking stock issued in connection with the Dell Acquisition constitutes a taxable distribution, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our operating results and financial condition.

We have limited ability to resolve favorably any disputes that arise between us and Dell.

Disputes may arise between Dell and us in a number of areas relating to our ongoing relationships, including our reseller, technology and other business agreements with Dell, areas of competitive overlap, strategic initiatives, requests for consent to activities specified in our certificate of incorporation and the terms of our intercompany

agreements. We may not be able to resolve any potential conflicts with Dell, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

While we are controlled by Dell, we may not have the leverage to negotiate renewals or amendments to these agreements, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party, if at all.

Our CEO, our CFO and some of our directors have potential conflicts of interest with Dell.

Our CEO, our CFO and some of our directors received shares of Dell Class V common stock in partial consideration for their EMC common stock when the Dell Acquisition closed. In addition, some of our directors are executive officers or directors of Dell, and Dell, through its control of EMC, which is the sole holder of our Class B common stock, is entitled to elect 7 of our 8 directors and possesses sufficient voting control to elect the remaining director. Ownership of Dell Class V common stock by our directors and the presence of executive officers or directors of Dell on our board of directors could create, or appear to create, conflicts of interest with respect to matters involving both us and Dell that could have different implications for Dell than they do for us. Our Board has approved resolutions that address corporate opportunities that are presented to our directors or officers that are also directors or officers of Dell. These provisions may not adequately address potential conflicts of interest or ensure that potential conflicts of interest will be resolved in our favor. As a result, we may not be able to take advantage of corporate opportunities presented to individuals who are officers or directors of both us and Dell and we may be precluded from pursuing certain growth initiatives.

We are a “controlled company” within the meaning of the New York Stock Exchange rules and, as a result, are relying on exemptions from certain corporate governance requirements that provide protection to stockholders of companies that are not “controlled companies.”

Dell owns more than 50% of the total voting power of our common stock and, as a result, we are a “controlled company” under the New York Stock Exchange corporate governance standards. As a controlled company, we are exempt under the New York Stock Exchange standards from the obligation to comply with certain New York Stock Exchange corporate governance requirements, including the requirements:

- that a majority of our board of directors consists of independent directors;
- that we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- for an annual performance evaluation of the nominating and governance committee and compensation committee.

While we have voluntarily caused our Compensation and Corporate Governance Committee to currently be composed entirely of independent directors, reflecting the requirements of the New York Stock Exchange, we are not required to maintain the independent composition of the committee. As a result of our use of the “controlled company” exemptions, holders of our Class A common stock will not have the same protection afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

Dell’s ability to control our board of directors may make it difficult for us to recruit independent directors.

So long as Dell beneficially owns shares of our common stock representing at least a majority of the votes entitled to be cast by the holders of outstanding voting stock, Dell can effectively control and direct our board of directors.

Further, the interests of Dell and our other stockholders may diverge. Under these circumstances, it may become difficult for us to recruit independent directors.

Our historical financial information as a majority-owned subsidiary may not be representative of the results of a completely independent public company.

The financial information covering the periods included in this report does not necessarily reflect what our financial condition, operating results or cash flows would have been had we been a completely independent entity during those periods. In certain geographic regions where we do not have an established legal entity, we contract with Dell subsidiaries for support services and Dell personnel who are managed by us. The costs incurred by Dell on our behalf related to these employees are passed on to us and we are charged a mark-up intended to approximate costs that would have been charged had we contracted for such services with an unrelated third party. These costs are included as expenses on our condensed consolidated statements of income. Additionally, we engage with Dell in intercompany transactions, including agreements regarding the use of Dell's and our intellectual property and real estate, agreements regarding the sale of goods and services to one another and to Pivotal, and agreements for Dell to resell our products and services to third party customers. If Dell were to distribute its shares of our common stock to its stockholders or otherwise divest itself of all or a significant portion of its VMware shares, there would be numerous implications to us, including the fact that we could lose the benefit of these arrangements with Dell. There can be no assurance that we would be able to renegotiate these arrangements with Dell or replace them on the same or similar terms. Additionally, our business could face significant disruption and uncertainty as we transition from these arrangements with Dell. Moreover, our historical financial information is not necessarily indicative of what our financial condition, operating results or cash flows would be in the future if and when we contract at arm's length with independent third parties for the services we have received and currently receive from Dell. During the three months ended May 4, 2018, we recognized revenue of \$1,371 million and as of May 4, 2018, \$1,317 million of sales were included in unearned revenue from such transactions with Dell.

Risks Related to Owning Our Class A Common Stock

The price of our Class A common stock has fluctuated significantly in recent years and may fluctuate significantly in the future.

The trading price of our Class A common stock has fluctuated significantly in the past and could fluctuate substantially in the future due to the factors discussed in this Risk Factors section and elsewhere in this report. The trading market for Dell Class V common stock that was issued upon the closing of the Dell Acquisition that is expected to track the performance of VMware, as well as continuing volatility in technology company share prices, could also lead to volatility in our stock price.

Dell, which beneficially owned 81.4% of our outstanding stock as of May 4 2018, is not restricted from selling its shares and is entitled to certain registration rights. If a significant number of shares enters the public trading markets in a short period of time, the market price of our Class A common stock may decline. In addition, if our Class B common stock is distributed to Dell stockholders and remains outstanding, it would trade separately from and potentially at a premium to our Class A common stock, and could thereby contribute additional volatility to the price of our Class A common stock.

Broad market and industry factors may also decrease the market price of our Class A common stock, regardless of our actual operating performance. The stock market in general and technology companies in particular have often experienced extreme price and volume fluctuations. Our public float is also relatively small due to Dell's holdings, which can result in greater volatility in our stock compared to that of other companies with a market capitalization similar to ours. It is also uncertain what impact the trading of Dell Class V common stock, which represents approximately 50% of the economic interest in us, will have on the volatility and the liquidity of our Class A common stock and how the Dell Class V common stock will trade in relation to our Class A common stock over time. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted, including against us, and, if not resolved swiftly, can result in substantial costs and a diversion of management's attention and resources.

If securities or industry analysts change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our Class A common stock is influenced by the research and reports that industry or securities analysts publish about us, our business, our market or our competitors. If any of the analysts who cover

us or who cover the Dell Class V common stock change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline.

Anti-takeover provisions in Delaware law and our charter documents could discourage takeover attempts.

As VMware's controlling stockholder, Dell has the ability to prevent a change in control of VMware. Provisions in VMware's certificate of incorporation and bylaws may also have the effect of delaying or preventing a change of control or changes in VMware's management. These provisions include the following:

- the division of VMware's board of directors into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at any annual meeting;
- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors;
- following a 355 Distribution of Class B common stock by Dell to its stockholders, the restriction that a beneficial owner of 10% or more of our Class B common stock may not vote in any election of directors unless such person or group also owns at least an equivalent percentage of Class A common stock or obtains approval of our board of directors prior to acquiring beneficial ownership of at least 5% of Class B common stock;
- the prohibition of cumulative voting in the election of directors or any other matters, which would otherwise allow less than a majority of stockholders to elect director candidates;
- the requirement for advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon at a stockholders' meeting;
- the ability of the board of directors to issue, without stockholder approval, up to 100,000,000 shares of preferred stock with terms set by the board of directors, which rights could be senior to those of common stock; and
- in the event that Dell or its successor-in-interest no longer owns shares of our common stock representing at least a majority of the votes entitled to be cast in the election of directors, stockholders may not act by written consent and may not call special meetings of the stockholders.

In addition, we have elected to apply the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our certificate of incorporation and bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock.

GENERAL INFORMATION

Responsibility for Contents of the Prospectus

VMware, a corporation incorporated in the U.S. State of Delaware with principal executive offices located at 3401 Hillview Avenue, Palo Alto, California 94304, USA, assumes responsibility for the contents of this prospectus pursuant to section 5, paragraph 4 of the German Securities Prospectus Act (“*Wertpapierprospektgesetz*”) and declares that to the best of its knowledge the information given in this prospectus is correct and that no essential circumstances have been omitted.

Subject Matter of the Offering

This prospectus relates to the offering of VMware shares of Class A common stock, par value \$0.01 per share, under its ESPP. The total number of shares made available for purchase under the ESPP is 23,300,000.

Forward-Looking Statements

This prospectus contains forward-looking statements about VMware’s business and prospects. The forward-looking statements do not include the potential impact of future events, including any mergers, acquisitions, divestitures, securities offerings or business combinations or other developments in VMware’s business that may be announced or consummated after the date hereof. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “outlook,” “believes,” “plans,” “intends,” “expects,” “goals,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “predicts,” “estimates,” “anticipates,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. VMware’s future results may differ materially from its past results and from those projected in the forward-looking statements due to various uncertainties and risks, including those described in the section “Risk Factors” starting on page 27. The forward-looking statements speak only as of the date of this prospectus and undue reliance should not be placed on these statements. VMware disclaims any obligation to update any forward-looking statements contained herein after the date of this prospectus.

Currency References

In this prospectus and any documents included herein, unless otherwise indicated, all dollar amounts and references to “US\$” or “\$” are to U.S. Dollars.

Documents Available for Inspection

The Company’s internet address is <http://www.vmware.com>. The following documents, along with all other reports and amendments filed with or furnished to the SEC, are publicly available free of charge during the entire validity period of this prospectus on the Investor Relations section of VMware’s website at <http://ir.vmware.com/> in subsection “SEC Filings”:

- the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 2018
- the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2018 including its audited consolidated financial statements;
- the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 including its audited consolidated financial statements; and
- the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 including its audited consolidated financial statements.

These documents are also available on the SEC website at www.sec.gov. This prospectus can be downloaded on VMware’s website at: www.vmware.com/de/help/ESPP_Prospectus_Assets.html.

The Company’s amended and restated Certificate of Incorporation and amended and restated Bylaws are on file at the Company’s headquarters in Palo Alto, California. Both documents are also available publicly available free of charge during the entire validity period of this prospectus on the Investor Relations section of VMware’s website at <http://ir.vmware.com/> in subsection “Governance” and further “Governance Documents”.

THE OFFERING

VMware has decided to offer employees of its designated subsidiaries the opportunity to buy shares of VMware Class A common stock under the ESPP.

Information Concerning the Shares to be Offered

The shares offered under the ESPP are shares of VMware's Class A common stock, which is regulated by the 1933 Act and the U.S. Securities Exchange Act of 1934 (the "1934 Act"). The Class A common stock par value is \$0.01. When issued, Class A common stock must be fully paid. VMware's Class A common stock is listed on the NYSE, which is not a regulated market within the meaning of the Directive 2004/39/EC, and is quoted in U.S. Dollars. The International Securities Identification Number (ISIN) for VMware Class A common stock is US 9285634021, the U.S. security identification (CUSIP) number is 928563402, and its trading symbol at the NYSE is "VMW." In Germany, the stock is traded on the unofficial market segment ("*Freiverkehr*") on the exchanges in Frankfurt, Stuttgart, Munich and Berlin as well as on Tradegate. There are no plans that the shares offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market in the EU.

All of the outstanding shares of VMware Class A common stock are registered under the 1933 Act and the 1934 Act and freely transferable. As of the date of issuance, each share of Class A common stock entitles the holder to one vote on all matters for which Class A stockholders are entitled to vote in annual or special meetings of the Company. It should be noted that VMware also issues Class B common stock, although those shares are not the subject to the offer under this prospectus. Except that holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to 10 votes per share on all matters for which VMware's Class A stockholders are entitled to vote and except with respect to the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus, the holders of Class A common stock and Class B common stock have identical rights.

VMware is authorized to issue up to 3,500,000,000 shares of common stock. As of March 20, 2018, the number of shares of VMware's common stock, par value \$0.01 per share, outstanding was 405,290,870, of which 105,290,870 shares were Class A common stock and 300,000,000 were Class B common stock.

The total number of shares reserved for purchase under the ESPP is 23,300,000. As of July 19, 2018, the total number of shares available for purchase under the ESPP was 7,612,142. This should allow for the full purchase of the number of shares offered under this prospectus, which is 2,813,094.

A participant will have no interest or voting right in the shares covered by his or her purchase rights under the ESPP (referred to as "Options to Purchase Stock" in the ESPP) until such purchase right has been exercised.

Transferability

No purchase right granted under the ESPP will be assignable or transferable by a participant other than by will or by the laws of descent and distribution. The shares issued upon exercise of the purchase right are freely transferable so long as the shares so issued are registered pursuant to an effective registration statement under the 1933 Act.

Administration of the Plans

The ESPP is administered by VMware's Board or a committee appointed by VMware's Board ("the Compensation Committee"). The Board and/or the Compensation Committee has full power and authority, subject to the express provisions in the ESPP, to interpret the ESPP, to decide all questions and to resolve all disputes which may arise in relation to the ESPP. The Compensation Committee or the Board may establish rules or regulations necessary for the administration of the ESPP.

The ESPP's service provider assists the Company with administration of the ESPP. VMware has engaged E*TRADE Securities Inc. ("E*TRADE"), P.O. Box 1542, Merrifield, Virginia 22116-1542, USA, as the service provider for the ESPP. Individual participants will be notified if VMware selects a different service provider to help administer the participant's account.

The Offering under the ESPP

General Information

On June 5, 2007, the Company's Board adopted the ESPP. The ESPP was subsequently amended several times, most recently on November 14, 2013, and, with respect to the administration of the Plan, modified by the Compensation and Corporate Governance Committee of the Board of Directors of the Company most recently on June 8, 2017. The ESPP is intended to provide a method by which eligible employees of VMware and its subsidiaries may use voluntary, systematic payroll deductions to purchase VMware's Class A common stock and thereby acquire an interest in the future of VMware.

Currently, 23,300,000 shares of the Company's Class A common stock are authorized to be issued to VMware's employees under the ESPP.

As of July 19, 2018 approximately 7,612,142 common shares of Class A common stock remained available for issuance under ESPP.

Eligibility to Participate and Subscription

Only employees of VMware or its eligible subsidiaries that are employed on the first day of the applicable offering period (referred to as "Option Period" in the ESPP) and who were continuously employed by VMware or one of its eligible subsidiaries for two (2) months prior to the first day of the offering period (or any lesser number of months established by the Compensation Committee (if required under local law)) are eligible to participate in the ESPP. Only employees whose customary employment is more than 20 hours per week are eligible to participate in the ESPP (unless otherwise required under applicable law) and whose customary employment is for more than five months in any calendar year. Employees elect to participate in the ESPP by filing an enrollment form with VMware. The enrollment form must be submitted no later than one day before the offering period begins.

Contributions

Participants contribute a percentage of their compensation (subject to a maximum of \$7,500 per six-month embedded option period, and pro-rated for longer or shorter periods, at the Compensation Committee's discretion) towards the purchase of shares by way of payroll deductions. The maximum amount of contribution per offering may be reduced by any amount remaining in a participant's account that was rolled-over from the prior six-month embedded option period (related to fractional share amounts that were not used to purchase shares). At the time a participant files his or her enrollment form, he or she indicates the percentage of compensation to be contributed to the ESPP between two (2%) and fifteen percent (15%) of the employee's compensation (subject to the maximum described above). All payroll deductions authorized by a participant will be credited to his or her account under the ESPP. A participant may decrease or increase the rate of contributions by completing and filing with VMware (or its designated agent) a written notice at least one business day prior to the first day each option period of the offering period. Following delivery to VMware of any enrollment form or any election to change the contribution rate, appropriate payroll deductions or changes thereto will commence as soon as reasonably practicable.

Offering Periods

Offering periods are generally twelve months long but are subject to change at the discretion of the Board or the Compensation Committee. For the period covered by this prospectus, the enrollment of the offer begins August 1, 2018 and February 1, 2019, and the offering periods begin September 1, 2018 and March 1, 2019. The periods will consist two consecutive embedded six-month option periods. Shares are purchased at the end of each embedded option period using employee contributions made by way of payroll deductions during the embedded option period. The participant's right to purchase Class A common stock under the ESPP will be exercised automatically on the last day of the respective option period, with respect to the amounts credited to the participant's ESPP account.

Purchase Price

For a participant's first embedded option period, the purchase price of each share is eighty-five percent (85%) of the Class A common stock's fair market value on either the first or last trading day of the offering period, whichever price is lower, provided, however, that each offering period will expire early (on the first day of the second embedded option period) if the fair market value of the Company's Class A common stock on the first day

of the second embedded option period is lower than the fair market value of the Company's Class A common stock on the first day of the first embedded option period, and all participants in the expired offering period will automatically be granted a new offering period commencing on the same day that the second embedded option period was scheduled to commence. If the offering period does not expire early, for a participant's second embedded option period, the purchase price is eighty-five percent (85%) of the Class A common stock's fair market value (i) at the first trading day of the second embedded option period or (ii) at the last trading day of the second embedded option period or (iii) at the first trading day of the first embedded option period, whichever price is the lowest. The fair market value will generally be the closing price on the NYSE for the applicable date or, if there is no such sale on the relevant date, then on the last previous day on which a sale was reported. The final purchase price and the total amount issued will be published in a manner admissible under § 14 para. 2 WpPG (*Wertpapierprospektgesetz*) without undue delay after determination and will be filed to the Bundesanstalt für Finanzdienstleistungsaufsicht on the day of publication.

Purchase Limitations

Participants may contribute no more than fifteen percent (15%) of their eligible compensation toward the purchase of stock under the ESPP. In addition, participants may purchase no more than \$25,000 worth of stock (determined at the time the purchase rights are granted) per calendar year and any purchase right granted to an employee will be limited so that immediately after the grant, such employee would not own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of VMware or of any participating subsidiary of VMware (including shares which the employee may purchase under outstanding purchase rights and shares, the ownership of which is attributed to the employee under Section 424(d) of the U.S. Internal Revenue Code of 1986).

In no event will the number of shares that a participant may purchase during any six-month embedded option period exceed 750 shares of Class A common stock (as prorated for longer and shorter periods, at the Compensation Committee's discretion). Further, no purchase right may be granted that would permit a participant to withhold more than \$7,500 in each six-month embedded option period (as prorated for longer or shorter periods, at the Compensation Committee's discretion).

If the number of shares available under the ESPP is not sufficient to satisfy the participation in any offering period, the Company will make a pro rata allocation of the shares remaining.

Delivery

At the end of each six-month embedded option period, the purchase of shares of Class A common stock will be exercised automatically for the number of whole shares which the accumulated contributions in each participant's account could purchase at the applicable purchase price. The first purchase date under this prospectus will be on the last day of the embedded option period ending on July 31, 2018. The second purchase date under this prospectus is expected to be February 28, 2019. As promptly as practicable after the last day of each embedded option period the purchased shares will be delivered to and will be registered in the street name in the participant's account at E*TRADE.

The account information is given to each employee via an email from E*TRADE after the account is established. Once the shares are purchased and posted to the participants' E*TRADE account, the employee can then log into the E*TRADE system to view the shares. Shares of Class A common stock are generally available to the employees on the ninth (9th) or tenth (10th) business day following the end of the embedded option period, although the timing may vary.

Termination of Participation

Participation is voluntary and employees may withdraw from participation in the ESPP at any time but no later than by 31 days before the last day of an embedded option period by submitting a written notice to VMware (or such other date as specified by the Compensation Committee). All of the participant's funds credited to his or her ESPP account will be returned as soon as reasonably possible upon receipt of notice of withdrawal and no shares will be purchased. No further payroll deductions will be made until such employee re-enrolls in the ESPP by submitting a new subscription agreement for a subsequent offering period. Withdrawal from an option period will not affect an employee's ability to choose to participate in future periods under the ESPP.

Termination of Eligibility

If a participant terminates employment with VMware or its eligible subsidiaries for any reason, his or her participation in the ESPP will be immediately terminated and any accumulated contributions to the ESPP will be returned to the terminated employee.

Amendment and Termination of the ESPP

The Board may at any time amend or terminate the ESPP, provided that no amendment will adversely affect a participant's outstanding purchase rights during an offering period without his or her consent. Stockholder approval may be required for certain amendments. Whether stockholder approval is required will be determined by the Board or the Compensation Committee and consistent with the rules and laws in effect at the time the ESPP amendment becomes effective. In case of termination, all of the participant's funds credited to his or her ESPP account will be returned promptly and no shares will be purchased. No further contributions will be made. The ESPP has no set termination date, but will terminate automatically upon termination by the Board or upon purchase of all the shares authorized for purchase under the ESPP.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Purpose of the ESPP

The ESPP is intended to provide a method by which eligible employees of the Company and its subsidiaries may purchase shares of VMware's Class A common stock and therefore acquire an interest in the future of the Company.

Proceeds and Use of Proceeds

As of May 1, 2018, shares under the ESPP are offered to approximately 21,474 eligible employees worldwide. The maximum amount of accumulated contributions for which employees may purchase shares may not exceed \$7,500 per six-month embedded option period (as pro rated for longer or shorter periods at the Compensation Committee's discretion). Assuming that each of the approximately 21,474 eligible employees purchased the maximum amount of shares under the ESPP offered pursuant to this prospectus, that is, a total of \$15,000 each, and on the basis of whole shares, then the gross proceeds of VMware in connection with the offer under the ESPP pursuant to this prospectus would be \$321,248,302.

In this context there are other limits on contributions including a 15% maximum of each employee's eligible compensation, a 750 maximum share purchase limit and a \$25,000 purchase limit for each calendar year in which the purchase right is outstanding. This calculation assumes that none of these other limitations are triggered.

The costs of this offering consist of legal expenses in an amount approximately \$50,000. After deduction of such costs the net proceeds, based on the above assumptions, would be approximately \$321,198,302.

The Company may use the proceeds from the exercise of the purchase rights for any corporate purpose.

DILUTION

The book value of the stockholders' equity of the Company (defined as total assets less total liabilities) as reflected in the consolidated financial statements in accordance with the accounting principles generally accepted in the United States ("GAAP") amounted to approximately \$9,660,427,879 as of May 4, 2018. This is equivalent to approximately \$23.77 per share (calculated on the basis of Class A and Class B shares totaling 406,433,613 outstanding shares as of May 4, 2018).

If the Company had obtained net proceeds in the amount of \$321,198,302 as of May 4, 2018, the book value of the shareholders' equity at that time would have been approximately \$9,981,626,181 or \$24.39 per share (based on the increased number of shares after the purchase of 2,813,094 shares and assuming a purchase price of \$114.20, which is eighty-five percent of the stock's fair market value (\$134.35) as of May 4, 2018. Consequently, under the above-mentioned assumptions, the implementation of the offering would lead to a direct increase in the book value of shareholders' equity of approximately \$321,198,302 or \$0.62 (equaling to approx. 3%) per share for the existing shareholders and an average dilution of approximately \$89.81 per share for the eligible employee who purchased the shares and, thus, investors who acquire shares at the purchase price of \$114.20 are diluted by about 79%.

DIVIDEND POLICY

Subsequent to VMware's IPO in August 2007, the Company has not declared or paid cash dividends on its common stock. On July 1, 2018, the Board of Directors of VMware declared a conditional \$11 billion one-time special cash dividend pro-rata to holders of VMware common stock. The one-time special dividend is payable in connection with the closing of a transaction pursuant to which VMware's parent company, Dell Technologies, will eliminate shares of Dell stock that was designed to track the performance of VMware, and Class C common stock of Dell Technologies will become publicly traded. The record date for the dividend will follow approval by Dell stockholders of the Dell transaction and the dividend will be paid in connection with the consummation of the Dell transaction. Payment of the dividend is subject to approval by Dell stockholders of the Dell transaction and fulfillment of other legal requirements. The Company's current expectations relating to the special dividend are forward-looking in nature and subject to risks, and actual results could differ materially from these expectations. Any future determination to declare cash dividends will be made at the discretion of the Company's Board, subject to the consent of the holders of VMware Class B common stock pursuant to its certificate of incorporation. Holders of VMware Class A common stock and VMware Class B common stock will share equally on a per share basis in any dividend declared on VMware's common stock by the Company's Board.

CAPITALIZATION

Capitalization and Indebtedness

As of May 4, 2018, the Company's indebtedness was as follows (in millions, except per share amounts; the information is derived from the Company's condensed consolidated financial statements for the fiscal quarter ended May 4, 2018):

Total current debt	
Guaranteed ⁽¹⁾	\$0
Secured ⁽²⁾	\$0
Unguaranteed/Unsecured ⁽³⁾	\$4,637
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed ⁽¹⁾	\$0
Secured ⁽²⁾	\$0
Unguaranteed/Unsecured ⁽⁴⁾	\$7,791
Shareholders' equity:	
Share Capital	\$942
Legal Reserves	\$0
Other Reserves	\$0
Total	\$13,370

(1) Unaudited; as of May 4, 2018 the Issuer did not have any guaranteed debt.

(2) Unaudited; as of May 4, 2018 the Issuer did not have any secured debt.

(3) Shown as "Total current liabilities" in the Issuer's condensed consolidated financial statements for the fiscal quarter ended May 4, 2018.

(4) Amount represents non-current liabilities, derived as follows: Total liabilities of \$12,428 less current liabilities of \$4,637.

Net indebtedness in the short term and the medium-long term as of May 4, 2018 (in millions of \$; the information is derived from the Company's condensed consolidated financial statements for the fiscal quarter ended May 4, 2018):

A. Cash	\$ 413
B. Cash equivalents	\$ 6,688
C. Trading Securities	\$ 5,529
D. Liquidity (A)+(B)+(C)⁽¹⁾	\$ 12,360
E. Current financial receivable⁽²⁾	\$ 1,001
F. Current bank debt ⁽³⁾	\$ 0
G. Current portion of non-current debt ⁽⁴⁾	\$ 4,637
H. Other current financial debt ⁽⁵⁾	\$ 0
I. Current financial debt (F)+(G)+(H)⁽⁶⁾	\$ 4,637
J. Net current financial indebtedness (I)-(E)-(D)^{(7) (8)}	\$ (8,724)
K. Non-current bank loans ⁽⁹⁾	\$ 0
L. Bonds issued ⁽¹⁰⁾	\$ 0
M. Other non-current loans ⁽¹¹⁾	\$ 7,791
N. Non-current financial indebtedness (K)+(L)+(M)⁽¹²⁾	\$ 7,791
O. Net financial indebtedness (J)+(N)⁽¹³⁾⁽⁸⁾	\$ (933)

- (1) Shown as “Total cash, cash equivalents and short-term investments” in the Issuer’s condensed consolidated financial statements for the fiscal quarter ended May 4, 2018.
- (2) Shown as “Accounts receivable, net of allowance for doubtful accounts of \$2” in the Issuer’s condensed consolidated financial statements for the fiscal quarter ended May 4, 2018.
- (3) As of May 4, 2018 the Issuer did not have any Current bank debt.
- (4) Shown as “Total current liabilities” in the Issuer’s condensed consolidated financial statements for the fiscal quarter ended May 4, 2018.
- (5) As of May 4, 2018 the Issuer did not have any Other current financial debt.
- (6) Derived from unaudited positions (F) and (H) and audited position (G) as follows: (F)+(G)+(H).
- (7) Derived from unaudited position (I) and audited positions (E) and (D) as follows: (I)-(E)-(D).
- (8) Amount in brackets indicates negative indebtedness, i.e. positive capitalization.
- (9) As of May 4, 2018 the Issuer did not have any Non-current bank loans.
- (10) As of May 4, 2018 the Issuer did not have any Bonds issued.
- (11) Amount represents non-current liabilities, derived as follows: Total liabilities of \$12,428 less current liabilities of \$4,637.
- (12) Derived from unaudited positions as follows: (K)+(L)+(M).
- (13) Derived from unaudited positions as follows: (J)+(N).

Commitments and Contingencies

Litigation

Regarding commitments and contingencies in relation to legal and arbitration proceedings please refer to “Legal, Arbitration and Administrative Proceedings.”

Operating Leases and Other Contractual Commitments

VMware leases office facilities and equipment under various operating arrangements. Rent expense for the years ended February 2, 2018, December 31, 2016, and December 31, 2015 was \$116 million, \$112 million and \$105 million respectively. VMware’s minimum future lease commitments and other contractual commitments at February 2, 2018 total \$405 million through 2023.

The amount of the future lease commitments after fiscal 2023 is primarily for the ground leases on VMware’s Palo Alto, California headquarter facilities, which expire in fiscal 2047. As several of VMware’s operating leases are payable in foreign currencies, the operating lease payments may fluctuate in response to changes in the exchange rate between the U.S. dollar and the foreign currencies in which the commitments are payable.

In addition to the amounts above, \$270 million of notes payable to Dell was outstanding as of May 4, 2018 and reflected on the consolidated balance sheets.

Guarantees and Indemnification Obligations

VMware enters into agreements in the ordinary course of business with, among others, customers, distributors, resellers, system vendors and systems integrators. Most of these agreements require VMware to indemnify the other party against third-party claims alleging that a VMware product infringes or misappropriates a patent, copyright, trademark, trade secret, and/or other intellectual property right. Certain of these agreements require VMware to indemnify the other party against certain claims relating to property damage, personal injury, or the acts or omissions of VMware, its employees, agents, or representatives.

VMware has agreements with certain vendors, financial institutions, lessors and service providers pursuant to which VMware has agreed to indemnify the other party for specified matters, such as acts and omissions of VMware, its employees, agents, or representatives.

VMware has procurement or license agreements with respect to technology that it has obtained the right to use in VMware’s products and agreements. Under some of these agreements, VMware has agreed to indemnify the supplier for certain claims that may be brought against such party with respect to VMware’s acts or omissions relating to the supplied products or technologies.

VMware has agreed to indemnify the directors and executive officers of VMware, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer. VMware’s by-laws and charter also provide for indemnification of directors and officers of VMware and VMware subsidiaries to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer. VMware also

indemnifies certain employees who provide service with respect to employee benefits plans, including the members of the Administrative Committee of the VMware 401(k) Plan, and employees who serve as directors or officers of VMware's subsidiaries.

In connection with certain acquisitions, VMware has agreed to indemnify the former directors and officers of the acquired company in accordance with the acquired company's by-laws and charter in effect immediately prior to the acquisition or in accordance with indemnification or similar agreements entered into by the acquired company and such persons. VMware typically purchases a "tail" directors and officers insurance policy, which should enable VMware to recover a portion of any future indemnification obligations related to the former officers and directors of an acquired company.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the Company's limited history with prior indemnification claims and the unique facts and circumstances involved in each particular situation. Historically, payments made by the Company under these agreements have not had a material effect on the Company's consolidated results of operations, financial position, or cash flows.

Working Capital Statement

VMware believes that its working capital (i.e. its ability to access cash and other available liquid resources in order to meet its liabilities as they fall due) is sufficient to meet its present requirements for at least the next twelve months from the date of this prospectus.

SELECTED CONSOLIDATED FINANCIAL DATA

Selected Consolidated Financial Data

The following selected financial data is derived from the Company's audited consolidated financial statements for the fiscal years ended February 2, 2018, December 31, 2016 and December 31, 2015, and for the transition period of January 1 to February 3, 2017, as published in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2018 and from the Company's unaudited condensed consolidated financial statements as published in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 4, 2018, each of which can be accessed as described in the section "Documents Available for Inspection" of this prospectus. The Company's consolidated financial statements were prepared in accordance with GAAP.

Please note the following significant events:

- Effective September 7, 2016, Dell acquired EMC. As a result, EMC became a wholly-owned subsidiary of Dell and VMware became an indirectly-held, majority-owned subsidiary of Dell.
- As described in section B.3 above and in the General Information on VMware section below on page 67, the Company's fiscal year was changed to align with Dell's fiscal year.
- Net income for the quarter ended May 4, 2018 of \$942 million increased from the \$245 million reported for the quarter ended May 5, 2017. The increase was primarily related to VMware's ownership interest and voting interest in Pivotal, which was adjusted to its fair value of \$801 million due to Pivotal's initial public offering on April 20, 2018. As a result, VMware recognized a gain of \$781 million in other income (expense), net and a discrete tax impact of \$179 million related to its book and tax basis difference on the investment in Pivotal, net of the reversal of the previously recorded valuation allowance.
- Net income of \$570 million for the year ended February 2, 2018 decreased from \$1,186 million reported for the year ended December 31, 2016. VMware's annual effective income tax rate was 68.4% and 19.5% for fiscal 2018 and 2016, respectively. The effective income tax rate in fiscal 2018 was substantially higher primarily due to approximately \$970 million relating to the estimated effects of the U.S. Tax Cuts and Jobs Act enacted on December 22, 2017.
- On July 1, 2018, VMware declared a special conditional dividend of \$11 billion (please see the Dividend Policy section on page 57 for more details).

Other than the above, there are no significant changes to VMware's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

The amounts in the table are in millions, except per share amounts, and shares in thousands.

	Three Months Ended			For the Year Ended		Transition Period January 1 to February 3, 2017
	May 4, 2018	May 5, 2017 ⁽¹⁾	February 2,2018	December 31, 2016	December 31, 2015	
Results of Operations:						
Revenue:						
License	\$ 774	\$ 641	\$ 3,195	\$ 2,794	\$ 2,720	\$ 125
Services	\$ 1,234	\$ 1,124	\$ 4,727	\$ 4,299	\$ 3,927	\$ 371
GSA Settlement	\$ -	\$ -	\$ -	\$ -	\$ (76)	\$ -
Total revenue	\$ 2,008	\$ 1,765	\$ 7,922	\$ 7,093	\$ 6,571	\$ 496
Operating income	\$ 382	\$ 261	\$ 1,689	\$ 1,439	\$ 1,197	\$ (41)
Net income	\$ 942	\$ 245	\$ 570	\$ 1,186	\$ 997	\$ (8)
Net income per weighted average share, basic, for Classes A and B	\$ 2.33	\$ 0.60	\$ 1.40	\$ 2.82	\$ 2.35	\$ (0.02)
Net income per weighted average share, diluted, for Classes A and B	\$ 2.29	\$ 0.59	\$ 1.38	\$ 2.78	\$ 2.34	\$ (0.02)
Weighted average shares, basic, for Classes A and B	404,968	408,431	406,738	420,520	424,003	408,625
Weighted average shares, diluted, for Classes A and B	410,932	414,018	413,368	423,994	426,547	408,625
Cash Flow Data:						
Net cash provided by operating activities	\$ 1,095	\$ 777	\$ 3,211	\$ 2,381	\$ 1,899	\$ 361

(1) Adjusted to reflect the adoption of Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers.

**Balance Sheet
Data:**

	As of					
	May 4, 2018	February 2,2018 ⁽²⁾	February 3, 2017	December 31, 2016	December 31, 2015	31,
Cash, cash equivalents and short-term investments	\$ 12,630	\$ 11,653	\$ 8,393	\$ 7,985	\$ 7,509	
Working capital	\$ 9,464	\$ 9,026	\$ 5,562	\$ 5,781	\$ 5,231	
Total assets	\$ 22,088	\$ 21,206	\$ 16,397	\$ 16,643	\$ 15,746	
Total unearned revenue	\$ 5,756	\$ 5,839	\$ 5,340	\$ 5,624	\$ 5,076	
Long-term obligations ⁽³⁾⁽⁴⁾	\$ 4,236	\$ 4,234	\$ 1,500	\$ 1,500	\$ 1,500	
Total stockholders' equity	\$ 9,660	\$ 8,624	\$ 8,216	\$ 8,097	\$ 7,923	

- (2) Adjusted to reflect the adoption of ASC 606, Revenue from Contracts with Customers.
- (3) On January 21, 2014, in connection with VMware's agreement to acquire A.W.S. Holding, LLC, the sole member and equity holder of AirWatch LLC, VMware entered into a note exchange agreement with Dell (formerly EMC Corporation) providing for the issuance of three promissory notes in the aggregate principal amount of \$1,500 million. The total debt of \$1,500 million includes \$450 million that was exchanged for the \$450 million promissory note outstanding in prior years.
- (4) On August 21, 2017, VMware issued three series of unsecured senior notes pursuant to a public debt offering in an aggregate amount of \$4,000 million, which consisted of outstanding principal due on the following dates: \$1,250 million due August 21, 2020, \$1,500 million due August 21, 2022 and \$1,250 million due August 21, 2027. Upon closing, a portion of the net proceeds from the offering was used to repay two of the notes payable to Dell due May 1, 2018 and May 1, 2020 in the aggregate principal amount of \$1,230 million.

LEGAL, ARBITRATION AND ADMINISTRATIVE PROCEEDINGS

Significant Legal, Arbitration and Administrative Proceedings within the last 12 months:

On August 10, 2015, the Company received a subpoena from the California Attorney General's office ("California AG"), following the Company's settlement with the Department of Justice and the General Services Administration during June 2015. In this matter, the California AG is investigating the accuracy of the Company's sales practices with departments and agencies within the State of California. The Company held an initial meeting with the California AG's representatives on November 5, 2015, and thereafter provided certain requested documents to the California AG. The Company did not receive any further communications from the California AG until the fall of 2017. Since then, the California AG and the Company have exchanged communications regarding the legal bases for the allegations, and the Company has provided additional information requested by the California AG. In January 2018, the California AG advised the Company that it was ready to further discuss the matter. The Company is unable at this time to reasonably assess whether or to what extent it may be found liable and believes a loss is not considered probable and is not estimable.

On March 27, 2015, Phoenix Technologies ("Phoenix") filed a complaint against VMware in the U.S. District Court for the Northern District of California asserting claims for breach of contract and copyright infringement relating to a version of Phoenix's BIOS software that the Company licensed from Phoenix. The jury trial ran from May 30, 2017, through June 12, 2017, ending with a jury verdict on June 12, 2017, finding that VMware did not infringe on any of the four bases asserted by Phoenix. The Court subsequently entered judgment in VMware's favor, following which the parties filed various post-trial motions. On February 12, 2018, the Court denied Phoenix's post-trial motion seeking a judgment as a matter of law and a new trial, as well as the Company's motion for attorneys' fees pursuant to the federal copyright statute. Neither party filed a notice of appeal. As a result, the only remaining open issue is the Company's Bill of Costs, which has been fully briefed by the parties and awaits a ruling from the Court.

On March 4, 2015, Christoph Hellwig, a software developer who alleged that software code he wrote is used in a component of the Company's vSphere product, filed a lawsuit against VMware in the Hamburg Regional Court in Germany alleging copyright infringement for failing to comply with the terms of an open source General Public License v.2 ("GPL v.2"). On July 8, 2016, the German court issued a written decision dismissing Mr. Hellwig's lawsuit. Mr. Hellwig has appealed this decision and both parties have filed their initial opening appellate briefs. The appellate court has advised the parties that it intends to schedule a hearing for Fall 2018, and the parties are working with the appellate court to finalize the hearing date. The Company intends to continue vigorously defending itself against this lawsuit.

While VMware believes that it has valid defenses against each of the above legal matters, given the unpredictable nature of legal proceedings, an unfavorable resolution of one or more legal proceedings, claims, or investigations could have a material adverse effect on VMware's consolidated financial statements.

On November 17, 2015, Francis M. Ford, a VMware Class A stockholder, filed an action in the Delaware Chancery Court against certain current and former VMware directors, among others (collectively, the "Defendants"), alleging that the Defendants breached their fiduciary duties in connection with the Dell Acquisition, and the proposed issuance of tracking stock that is intended to track the performance of VMware. The plaintiff did not assert claims directly against VMware, but purported to bring class claims on behalf of other VMware Class A stockholders and derivative claims on behalf of VMware. On May 2, 2017, the Delaware Chancery Court granted Defendants' motion to dismiss without leave to amend, dismissing all claims against all Defendants. The time limitation for the plaintiff to file an appeal lapsed on June 1, 2017.

Former employee Dane Smith filed a lawsuit against the Company alleging (i) wrongful retaliation in violation of the False Claims Act and (ii) wrongful termination in violation of public policy. As of May 2, 2017, the parties had completed an arbitration hearing. The results of the arbitration hearing were immaterial to VMware's consolidated financial statements.

VMware accrues for a liability when a determination has been made that a loss is both probable and the amount of the loss can be reasonably estimated. If only a range can be estimated and no amount within the range is a better estimate than any other amount, an accrual is recorded for the minimum amount in the range. Significant judgment is required in both the determination that the occurrence of a loss is probable and is reasonably estimable. In making such judgments, VMware considers the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter. Legal costs are generally recognized as expense when incurred.

VMware is also subject to other legal, administrative and regulatory proceedings, claims, demands and investigations in the ordinary course of business or in connection with business mergers and acquisitions, including claims with respect to commercial, contracting and sales practices, product liability, intellectual property, employment, corporate and securities law, class action, whistleblower and other matters. From time to time, VMware also receives inquiries from and has discussions with government entities and stockholders on various matters. As of February 2, 2018, amounts accrued relating to these other matters arising as part of the ordinary course of business were considered not material. VMware does not believe that any liability from any reasonably foreseeable disposition of such claims and litigation, individually or in the aggregate, would have a material adverse effect on its consolidated financial statements.

SHAREHOLDINGS AND STOCK OPTIONS OF MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The following table sets forth information, as of May 4, 2018, about the beneficial ownership of Class A common stock and Class B common stock by (i) Dell Technologies Inc. (“Dell”), (ii) each person who is known by VMware to own beneficially more than 5% of either class of VMware’s common stock, (iii) each of VMware’s directors and nominees for director, (iv) each of VMware’s executive officers and (v) all directors and executive officers of VMware as a group.

Applicable percentage ownership is based on 106,433,613 shares of Class A common stock and 300,000,000 shares of Class B common stock outstanding at May 4, 2018. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, the Company deemed outstanding shares of common stock subject to options, warrants, rights or conversion privileges related to securities beneficially owned by that person that are currently exercisable or exercisable within 60 days of May 4, 2018. The Company did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is c/o VMware, Inc., 3401 Hillview Avenue, Palo Alto, California, 94304.

Name of Beneficial Owner	Class A Shares Beneficially Owned ⁽¹⁾ (#)	Outstanding Class A Shares (%)	Class B Shares Beneficially Owned (#)	Outstanding Class B Shares (%)	Total Vote ⁽²⁾ (%)
Principal Stockholders:					
Dell Technologies Inc. ⁽³⁾	30,678,605	28.8	300,000,000	100	97.6
Michael Dell ⁽⁴⁾	30,678,605	28.8	300,000,000	100	97.6
SLP investment funds ⁽⁵⁾	30,678,605	28.8	300,000,000	100	97.6
Other 5% Beneficial Owners:					
T. Rowe Price Associates, Inc. ⁽⁶⁾	7,422,517	7.0	—	**	**
Other Directors and Executive Officers:					
Anthony Bates ⁽⁷⁾	9,087	**	—	**	**
Michael Brown* ⁽⁷⁾	50,099	**	—	**	**
Maurizio Carli ⁽⁸⁾	46,804	**	—	**	**
Donald Carty ⁽⁷⁾	9,502	**	—	**	**
Egon Durban	—	**	—	**	**
Karen Dykstra*	6,742	**	—	**	**
Patrick Gelsinger* ⁽⁹⁾	435,151	**	—	**	**
Amy Olli	—	**	—	**	**
Sanjay Poonen ⁽¹⁰⁾	242,972	**	—	**	**
Rangarajan (Raghu) Raghuram ⁽¹¹⁾ ..	209,757	**	—	**	**
Rajiv Ramaswami ⁽¹²⁾	99,316	**	—	**	**
Zane Rowe	19,107	**	—	**	**
Paul Sagan ⁽⁷⁾	12,972	**	—	**	**
All directors and executive officers as a group (14 persons)⁽¹³⁾	31,820,811	29.9	300,000,000	100	97.6

- * Nominee for director
- ** Represents less than 1%

- (1) All amounts shown in this column include shares obtainable upon exercise of stock options currently exercisable or exercisable within 60 days of May 4, 2018 and shares underlying RSUs vesting within 60 days of May 4, 2018. In addition to the amounts shown, each share of Class B Stock may be converted to one share of Class A Stock upon election of the holder. To VMware’s knowledge, except as noted above, no other person or entity is the beneficial owner of more than 5% of either the Class A Stock or the Class B Stock.
- (2) Percentage of total voting power represents voting power with respect to all shares of Class A Stock and Class B Stock, as a single class, calculated on the basis of 10 votes per share of Class B Stock and one vote per share of Class A Stock. Each holder of Class B Stock is entitled

to 10 votes per share of Class B Stock, and each holder of Class A Stock is entitled to one vote per share of Class A Stock on all matters submitted to VMware's stockholders for a vote, with the exception of the election of Class I, Group II directors, in which Class A Stock and Class B Stock are each entitled to one vote per share. Additionally, following a Distribution, (i) Class B stockholders are entitled to only one vote per share on any proposal to require the conversion of all then-outstanding shares of Class B Stock to Class A Stock; and (ii) Class B stockholders may not vote in elections for the Board without obtaining the prior consent of the Board if they have acquired 10% or more of the then-outstanding shares of Class B Stock other than through the Distribution and do not also hold an equivalent percentage of shares of the then-outstanding Class A Stock, in each case as further set forth in VMware's certificate of incorporation.

- (3) As of May 4, 2018, EMC is the holder of record of 240,000,000 shares of Class B Stock and 10,149,359 shares of Class A Stock reported as beneficially owned by Dell, VMW Holdco LLC, a direct wholly owned subsidiary of EMC, is the holder of record of 20,000,000 of the shares of Class A Stock and 60,000,000 of the shares of Class B Stock reported as beneficially owned by Dell, and EMC Equity Assets LLC is the record holder of 529,246 of the shares of Class A Stock reported as beneficially owned by Dell. EMC is indirectly wholly owned by Dell through its directly and indirectly held wholly owned subsidiaries, consisting of Denali Intermediate Inc., a Delaware corporation, and Dell Inc., a Delaware corporation. Dell, and each such subsidiary in the chain of subsidiaries through which Dell owns EMC (collectively, the "**Dell Entities**"), by reason of its ownership of the voting securities of the subsidiary below it in the chain, has the right to elect or appoint the members of the governing body of that subsidiary and, therefore, to direct the management and policies of that subsidiary. As a result, each Dell Entity shares, or has the right to acquire, voting and investment power over the Class A Stock and Class B Stock held of record by EMC, EMC Equity Assets LLC and VMW Holdco LLC. As reported in a Schedule 13G filed on April 13, 2017, VMW Holdco LLC has pledged 20,000,000 shares of Class A Common Stock and 60,000,000 shares of Class B Stock owned by it to certain financial institution lenders to secure margin loan agreement and security agreements, each dated as of April 12, 2017. The address for each of EMC, Dell, EMC Equity Assets LLC and VMW Holdco LLC is c/o Dell Inc., One Dell Way, Round Rock, Texas 78682.
- (4) As described in this proxy statement, Mr. Dell is the Chairman and CEO of Dell. Mr. Dell beneficially owns voting securities of Dell representing a majority of the total voting power of the outstanding shares of all outstanding classes of common stock of Dell and has the power to elect directors who control a majority of the total votes entitled to be cast on the Dell board of directors. As a result, Mr. Dell may be deemed to be the beneficial owner of all of the shares of Class A Stock and Class B Stock beneficially owned by Dell. Mr. Dell's address is c/o Dell Inc., One Dell Way, Round Rock, Texas 78682.
- (5) The SLP investment funds consist of Silver Lake Partners III, L.P., Silver Lake Technology Investors III, L.P., Silver Lake Partners IV, L.P., Silver Lake Technology Investors IV, L.P. and SLP Denali Co-Invest, L.P. The SLP investment funds have the right, under an agreement with Dell and other Dell stockholders, to approve the sale by Dell or specified subsidiaries of Dell of any shares of Class A Stock and Class B Stock held by them. As a result, the SLP investment funds may be deemed to share beneficial ownership of all of the shares of Class A Stock and Class B Stock owned by Dell and its specified subsidiaries. The general partner of each of Silver Lake Partners III, L.P. and Silver Lake Technology Investors III, L.P. is Silver Lake Technology Associates III, L.P., and the general partner of Silver Lake Technology Associates III, L.P. is SLTA III (GP), L.L.C. ("**SLTA III**"). The general partner of SLP Denali Co-Invest, L.P. is SLP Denali Co-Invest GP, L.L.C., and the managing member of SLP Denali Co-Invest GP, L.L.C. is Silver Lake Technology Associates III, L.P. The general partner of each of Silver Lake Partners IV, L.P. and Silver Lake Technology Investors IV, L.P. is Silver Lake Technology Associates IV, L.P., and the general partner of Silver Lake Technology Associates IV, L.P. is SLTA IV (GP), L.L.C. ("**SLTA IV**"). The managing member of SLTA III and SLTA IV is Silver Lake Group, L.L.C. As such, Silver Lake Group, L.L.C. may be deemed to have beneficial ownership of the securities beneficially owned by the SLP investment funds. The managing members of Silver Lake Group, L.L.C. are Michael Bingle, Egon Durban, Kenneth Hao and Gregory Mondre. The address for each of the SLP investment funds and entities named above is 2775 Sand Hill Road, Suite 100, Menlo Park, California 94025.
- (6) Based solely upon a Schedule 13G filed with the SEC on May 10, 2018 by T. Rowe Price Associates, Inc. The address for T. Rowe Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (7) Includes 697 shares of Class A Stock issuable under RSUs that will vest within 60 days of May 4, 2018.
- (8) Includes 13,526 shares of Class A Stock subject to options exercisable within 60 days of May 4, 2018 and 3,999 shares of Class A Stock issuable under RSUs that will vest within 60 days of May 4, 2018.
- (9) Includes 180,376 shares of Class A Stock subject to options exercisable within 60 days of May 4, 2018.
- (10) Includes 181,411 shares of Class A Stock subject to options exercisable within 60 days of May 4, 2018.
- (11) Includes 55,869 shares of Class A Stock subject to options exercisable within 60 days of May 4, 2018.
- (12) Includes 63,948 shares of Class A Stock issuable under RSUs that will vest within 60 days of May 4, 2018.
- (13) Includes 71,432 shares of Class A Stock issuable to all executive officers and directors as a group under RSUs that will vest within 60 days of May 4, 2018.

GENERAL INFORMATION ON VMWARE

Company Name

The Company's legal and commercial name is VMware, Inc.

General Information about VMware, Inc. and its Business

In the opinion of the issuer, VMware pioneered the development and application of virtualization technologies with x86 server-based computing, separating application software from the underlying hardware. Information technology driven innovation is disrupting markets and industries. Technologies emerge faster than organizations can absorb, creating increasingly complex environments. To take on this challenge, businesses need a flexible and secure digital foundation. VMware provides compute, cloud, mobility, networking and security infrastructure software to businesses that provides a flexible digital foundation for the applications that empower businesses to serve their customers globally.

VMware continues to broaden its product and solution offerings beyond compute virtualization to include offerings that allow organizations to manage IT resources across private clouds and complex multi-cloud, multi-device environments by leveraging synergies across three product categories: Software-Defined Data Center, Hybrid Cloud Computing and End-User Computing. VMware's portfolio supports and addresses the four key IT priorities of its customers: modernizing data centers, integrating public clouds, empowering digital workspaces and transforming security. VMware creates solutions that enable digital transformation its customers need as they ready their applications, infrastructure and devices for their future business needs.

VMware incorporated in Delaware in 1998, was acquired by EMC in 2004 and conducted its initial public offering of its Class A common stock in August 2007. Effective September 7, 2016, Dell acquired EMC. As a result, EMC became a wholly-owned subsidiary of Dell and VMware became an indirectly-held, majority-owned subsidiary of Dell. As of February 2, 2018, Dell controlled approximately 81.9% of VMware's outstanding common stock, including 31 million shares of VMware's Class A common stock and all of VMware's Class B common stock. (VMware is considered a "controlled company" under the rules of the New York Stock Exchange.)

Effective January 1, 2017, VMware's fiscal year changed from a fiscal year ending on December 31 of each calendar year to a fiscal year consisting of a 52- or 53-week period ending on the Friday nearest to January 31 of each year. The period that began on January 1, 2017 and ended on February 3, 2017 is reflected as a transition period. VMware's first full fiscal year under the revised fiscal calendar began on February 4, 2017 and ended on February 2, 2018. VMware refers to its fiscal year which will end February 1, 2019 as "fiscal 2019", and its fiscal years ended February 2, 2018 and December 31, 2016 as "fiscal 2018" and "fiscal 2016," respectively.

Total revenue in fiscal 2018 increased 12% to \$7,922 million. Total revenue is comprised of license revenue of \$3,195 million and services revenue of \$4,727 million. While sales of the Company's VMware vSphere product have remained strong, the majority of the Company's license sales originate from solutions across its broad portfolio beyond its compute products.

Revenue by geographic area for the fiscal years ended February 2, 2018, December 31, 2016 and 2015, and for the Transition Period of January 1 to February 3, 2017, were as follows (table in millions):

	For the Year Ended			Transition Period January 1 to February 3, 2017
	February 2, 2018	December 31, 2016	December 31, 2015	
United States	\$ 3,911	\$ 3,588	\$ 3,311	\$ 248
International	\$ 4,011	\$ 3,505	\$ 3,260	\$ 248
Total	\$ 7,922	\$ 7,093	\$ 6,571	\$ 496

VMware is a corporation incorporated and existing under the laws of Delaware and is registered with the Delaware Department of State, under registration number 2853894. The mailing address of the Company's principal executive offices is 3401 Hillview Avenue, Palo Alto, California 94304, USA, and the Company's telephone number is (001) 650-427-5000. The IRS Employer Identification Number is 94-3292913.

Auditors

The Company's independent registered public accounting firm is PricewaterhouseCoopers LLP ("PwC"), 488 Almaden Boulevard, Suite 1800, San Jose, California 95110, USA.

PwC is an independent public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB"). PwC has been the Company's independent auditors since 2007. PwC audited the consolidated financial statements for the year ended February 2, 2018, the period from January 1, 2017 to February 3, 2017, and for each of the years ended December 31, 2015 and December 31, 2016. The audits were performed by auditors licensed with the California Board of Accountancy who qualify as certified public accountants.

DESCRIPTION OF THE SECURITIES

Type and the Class of the Securities being Offered, including the Securities Identification Code

As of February 2, 2018, VMware's authorized capital stock consisted of 2,500,000,000 shares of Class A common stock (non-bearer shares), par value of \$0.01 and 1,000,000,000 shares of Class B common stock (non-bearer shares), par value of \$0.01 per share.

VMware common stock is listed on the NYSE under the symbol "VMW." The U.S. security identification (CUSIP) number of the shares is 928563402. The CUSIP number is the U.S. equivalent of the international security identification number (ISIN) being US9285634021.

Stock Repurchase Programs

VMware purchases stock from time to time in open market transactions, subject to market conditions. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including VMware's stock price, cash requirements for operations and business combinations, corporate, legal and regulatory requirements and other market and economic conditions. VMware is not obligated to purchase any shares under its stock repurchase programs. Purchases can be discontinued at any time VMware believes additional purchases are not warranted. From time to time, VMware also purchases stock in private transactions, such as those with Dell. All shares repurchased under VMware's stock repurchase programs are retired.

During January 2017, VMware's board of directors authorized the repurchase of up to \$1,200 million of VMware's Class A common stock through the end of fiscal 2018. During August 2017, VMware's board of directors authorized the repurchase of up to an additional \$1,000 million of Class A common stock through August 31, 2018. As of February 2, 2018, the cumulative authorized amount remaining for stock repurchase was \$876 million.

While VMware has temporarily suspended its stock repurchase program in light of the Schedule 13D/A filed by Dell on February 2, 2018 (the "13D/A"), VMware continues to see stock repurchases as a key component of its capital allocation program. The 13D/A stated that Dell's board of directors is evaluating potential business opportunities that include continuing with their existing ownership structure, a public offering of Dell Common Stock, or a business combination with VMware.

The following table summarizes stock repurchase authorizations approved by VMware's board of directors, which were open or completed during the years ended February 2, 2018, December 31, 2016 and December 31, 2015 (amounts in table in millions):

Authorization Date	Amount Authorized	Expiration Date	Status
August 14, 2017	\$1,000	August 31, 2018	Open
January 26, 2017	\$1,200	February 2, 2018	Completed in fiscal 2018
April 18, 2016	\$1,200	December 31, 2016	Completed in fiscal 2016
January 27, 2015	\$1,000	December 31, 2017	Completed in fiscal 2016
August 6, 2014	\$1,000	December 31, 2016	Completed in fiscal 2015

The following table summarizes stock repurchase activity, including shares repurchased from Dell, during the periods presented (aggregate purchase price in millions, shares in thousands):

	For the Year Ended		
	February 2, 2018	December 31, 2016	December 31, 2015
Aggregate purchase price ⁽¹⁾	\$ 1,449	\$ 1,575	\$ 1,125
Class A common shares repurchased	13,977	21,281	13,495
Weighted-average price per share	\$ 103.66	\$ 73.99	\$ 83.36

(1) The aggregate purchase price of repurchased shares includes commissions and is classified as a reduction to additional paid-in capital.

VMware did not repurchase any shares of its Class A common stock during the Transition Period.

VMware Shares Repurchased for Tax Withholdings

During the years ended February 2, 2018, December 31, 2016 and December 31, 2015 and the Transition Period, VMware repurchased and retired or withheld 3.3 million, 2.6 million, 2.6 million and 0.1 million shares, respectively, of Class A common stock, for \$348 million, \$167 million, \$173 million and \$7 million, respectively, to cover tax withholding obligations in connection with such equity awards. These amounts may differ from the amounts of cash remitted for tax withholding obligations on the consolidated statements of cash flows due to the timing of payments. Pursuant to the respective award agreements, these shares were withheld in conjunction with the net share settlement upon the vesting of restricted stock and restricted stock units (including PSUs) during the period. The value of the withheld shares, including restricted stock units, was classified as a reduction to additional paid-in capital.

Legislation under which the Securities have been Created/Regulation of the Shares

The shares of stock were established in accordance with the DGCL. Except as otherwise expressly required under the laws of a country, the ESPP and all rights thereunder will be governed by and construed in accordance with the laws of the U.S. State of Delaware.

VMware's common stock is regulated by the 1934 Act.

Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

In general, shareholders hold shares of the Company's common stock in book-entry form. The records are kept by the Company's transfer agent, American Stock Transfer & Trust Company, who serves as the depository agent for the purpose of this offer if the shareholders decide to register as record holder and hold physical certificates. The address of the depository agent is 59 Maiden Lane, Plaza Level, New York 10038, USA and the telephone number is +1-212-936-5100.

The Company's designated ESPP service provider is E*TRADE. The shares issuable under the ESPP to Eligible Employees participating in the ESPP are deposited into a designated brokerage account at E*TRADE. Participants may obtain information about their accounts online at <http://www.etrade.com/stockplans> or by calling an E*TRADE ESPP representative at +1(800) 838-0908 (from within the U.S.) or +1(650) 599-0125 (from outside the U.S.). Individual participants will be notified if VMware selects a different service provider to help administer the participant's account.

VMware does not currently engage a paying agent as it has not declared a cash dividend since its IPO and it does not anticipate declaring dividends in the foreseeable future.

Commission

E*TRADE has a commission fee of \$19.99 per transaction.

Currency of the Securities Issue

The United States Dollar is the currency of the security issue.

Rights attached to the Securities

No participating employee will have any voting, dividend, or other shareholder rights with respect to any offering under the ESPP until the purchase rights or the options have been exercised and the shares have been purchased and delivered to the participating employee. Following such purchase and delivery, the participating employee will be entitled to the rights attached to the shares, as further described below:

Classes of Common Stock

VMware has two classes of authorized common stock: Class A common stock and Class B common stock. Class A common stock is publicly traded on the New York Stock Exchange. Class A stockholders are entitled to one vote per share on all matters on which they are entitled to vote. Class B common stock is not registered for public sale. Class B stockholders are entitled to ten votes per share on all matters on which they are entitled to vote, except with respect to the election of Class I, Group II directors on which they are entitled to one vote per share. Additionally, Class B stockholders have certain consent rights that are detailed in the Company's Certificate of Incorporation. Only Class A common stock is the subject of this prospectus.

Dividend Rights

Subsequent to its IPO, VMware has not declared or paid cash dividends on its common stock and has no present intention to do so.

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of VMware's Class A common stock and Class B common stock are entitled to receive dividends, out of assets legally available, sharing equally in all such dividends on a per share basis, at the times and in the amounts that VMware's Board may determine from time to time. Dividend rights attach when shares of common stock are issued. However, stockholders do not become entitled to dividends until (and if) the Board declares a dividend. If dividends are declared, all stockholders of record as of a certain date set forth by the Board will be entitled to such dividends. If someone is not a stockholder of record on such date, he or she will not be entitled to any dividend payments.

Under §1197 of Title 12 of the Delaware Code, dividends that are unclaimed for three years escheat to the State of Delaware. Specifically, dividends become subject to escheat after a period of dormancy which is the full and continuous period of three years during which an owner has ceased, failed or neglected to assert a right of ownership or possession.

There are no dividend restrictions and no special procedures for stockholders resident in the EU and the EEA.

Conversion Rights for Class B common stock

Each share of Class B common stock is convertible while held by EMC or its successor-in-interest at the option of EMC or its successor-in-interest into one share of Class A common stock.

If VMware's Class B common stock is distributed to security holders of EMC (which is controlled by Dell) in a transaction (including any distribution in exchange for shares of EMC's or its successor-in-interest's common stock or other securities) intended to qualify as a distribution under Section 355 of the Internal Revenue Code, or any corresponding provision of any successor statute, shares of VMware's Class B common stock will no longer be convertible into shares of Class A common stock. Prior to any such distribution, all shares of Class B common stock will automatically be converted into shares of Class A common stock upon the transfer of such shares of Class B common stock by EMC other than to any of EMC's successors or any of its subsidiaries (excluding VMware). If such a distribution has not occurred, each share of Class B common stock will also automatically convert at such time as the number of shares of common stock owned by EMC or its successor-in-interest falls below 20% of the outstanding shares of VMware's common stock. Following any such distribution, VMware may submit to its stockholders a proposal to convert all outstanding shares of Class B common stock into shares of Class A common stock, provided that VMware has received a favorable private letter ruling from the Internal Revenue Service satisfactory to EMC to the effect that the conversion will not affect the intended tax treatment of the distribution. In a meeting of VMware stockholders called for this purpose, the holders of VMware Class A

common stock and VMware Class B common stock will be entitled to one vote per share and, subject to applicable law, will vote together as a single class, and neither class of common stock will be entitled to a separate class vote.

All conversions will be effected on a share-for-share basis.

Voting Rights

Except that holders of Class A common stock are entitled to one vote per share while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by VMware's stockholders and except with respect to the election of directors, conversion, certain actions that require the consent of holders of Class B common stock and other protective provisions as set forth in this prospectus, the holders of Class A common stock and Class B common stock have identical rights.

The holders of VMware Class B common stock, voting separately as a class, are entitled to elect 80% of the total number of directors on VMware's Board which it would have if there were no vacancies on the Board at the time.

Subject to any rights of any series of preferred stock to elect directors, the holders of VMware Class A common stock and the holders of VMware Class B common stock, voting together as a single class, are entitled to elect the remaining directors, which at no time will be less than one director. In any such election, the holders of Class A common stock and the holders of Class B common stock are entitled to one vote per share.

In the event that the rights of any series of preferred stock would preclude the holders of VMware Class A common stock and the holders of VMware Class B common stock, voting together as a single class, from electing at least one director, the Board will increase the number of directors prior to the issuance of that preferred stock to the extent necessary to allow these stockholders to elect at least one director.

Generally, all other matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast at a meeting by all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock.

Additionally, following a distribution of VMware Class B common stock to security holders of EMC, any person or group that beneficially owns 10% or more of the Class B common stock will not have any right to vote their shares of Class B common stock in the election of directors unless that person or group of persons also beneficially owns at least an equivalent percentage of VMware Class A common stock with two exceptions:

- where such person or group obtains the consent of VMware's Board prior to acquiring beneficial ownership of at least 5% of VMware's common stock; or
- where such person or group acquires beneficial ownership of at least 5% of VMware's common stock solely as a result of a distribution of Class B common stock to EMC stockholders and, prior to acquiring one additional share of Class B common stock, such person or group obtains the consent of VMware's Board.

No Preemptive or Redemption Rights

VMware's Class A common stock and Class B common stock are not entitled to preemptive rights to acquire shares of the Company's common stock and are not subject to redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon VMware's liquidation, dissolution or winding-up, the holders of VMware's Class A common stock and Class B common stock are entitled to share equally in all of VMware's assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock.

Approval Rights of Holders of Class B Common Stock

In addition to any other vote required by law or by VMware's certificate of incorporation, until the first date on which EMC (which is controlled by Dell) ceases to beneficially own 20% or more of the outstanding shares of VMware's common stock, the prior affirmative vote or written consent of EMC as the holder of the Class B common stock is required (subject in each case to certain exceptions) in order to authorize VMware to:

- adopt any shareholder rights plan or similar takeover defense measure;
- consolidate or merge with any other entity;
- acquire the stock or assets of another entity in excess of \$100 million;
- issue any stock or securities except to VMware's subsidiaries or pursuant to this offering or VMware's employee benefit plans;
- dissolve, liquidate or wind VMware up;
- declare dividends on VMware's stock;
- enter into any exclusive or exclusionary arrangement with a third party involving, in whole or in part, products or services that are similar to EMC's; and
- amend, terminate or adopt any provision inconsistent with certain provisions of VMware's certificate of incorporation or bylaws.

Preferred Stock

Subject to the approval of the Class B stockholders, and subject to any requirements of the NYSE, or any applicable national securities exchange, VMware's series preferred stock may be issued from time to time in one or more series, with such terms as VMware's Board may determine. Currently no preferred stock has been issued.

Change of Shareholders' Rights

The rights of holders of the Company's common stock may be changed only by a formal amendment of the Company's Certificate of Incorporation or Bylaws, except that the Company's Board may issue preferred stock from time to time in one or more series and may fix the rights, preferences, privileges and restrictions of each series of preferred stock. Any or all of the rights and preferences selected by the Company's Board for any series of preferred stock may be greater than the rights of the common stock. Some of the rights and preferences that the Board may designate include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and sinking fund terms.

Transferability

The offering of shares under the ESPP has been registered with the SEC on a registration statement on Form S-8 and the issued and outstanding shares of common stock are generally freely transferable.

The ESPP is intended to provide shares for investment. The Company does not, however, intend to restrict or influence any employee in the conduct of his or her own affairs. A participant, therefore, may sell shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws, insider trading policies and applicable blackout periods. The participant assumes the risk of any market fluctuations in the price of the shares.

Applicable Squeeze-Out and Sell-Out Rules

Under Section 253 of the Delaware General Corporation Law, a corporation owning at least 90% of the outstanding shares of each class of the stock of a subsidiary corporation may effect a "short form" merger in which the shares of the subsidiary held by minority stockholders are converted into cash, stock or other property and the subsidiary becomes wholly-owned by the parent corporation. A short form merger pursuant to Section 253 may be authorized by the board of directors of the parent corporation without a vote of the stockholders of the subsidiary corporation. The minority stockholders of the subsidiary corporation are, however, entitled to seek judicial appraisal of their shares in connection with short form merger transactions in accordance with Section 262 of the Delaware General Corporation Law.

Stock Based Compensation Plans

Beside the ESPP, VMware offers its Amended and Restated 2007 Equity and Incentive Plan (the "2007 Plan"). As of February 2, 2018, the number of authorized shares under the 2007 Plan was 121.6 million. The number of shares underlying outstanding equity awards that VMware assumes in the course of business acquisitions are also

added to the 2007 Plan reserve on an as-converted basis. VMware has assumed 5.6 million shares, which accordingly have been added to authorized shares under the 2007 Plan reserve.

Awards under the 2007 Plan may be in the form of stock-based awards, such as restricted stock units, or stock options. VMware's Compensation and Corporate Governance Committee determines the vesting schedule for all equity awards. Generally, restricted stock grants made under the 2007 Plan have a three-year to four-year period over which they vest and vest 25% the first year and semi-annually thereafter. The exercise price for a stock option awarded under the 2007 Plan shall not be less than 100% of the fair market value of VMware Class A common stock on the date of grant. Most options granted under the 2007 Plan vest 25% after the first year and monthly thereafter over the following three years and expire between six and seven years from the date of grant. VMware utilizes both authorized and unissued shares to satisfy all shares issued under the 2007 Plan. As of February 2, 2018, there were an aggregate of 15.8 million shares of common stock available for issuance pursuant to future grants under the 2007 Plan.

VMware Restricted Stock

VMware's restricted stock primarily consists of restricted stock unit ("RSU") awards granted to employees. The value of RSU grants is based on VMware's stock price on the date of grant. The shares underlying the RSU awards are not issued until the RSUs vest. Upon vesting, each RSU converts into one share of VMware Class A common stock.

VMware's restricted stock also includes performance stock unit ("PSU") awards, which have been granted to certain VMware executives and employees. The PSU awards include performance conditions and, in certain cases, a time-based vesting component. Upon vesting, each PSU award will convert into VMware's Class A common stock at various ratios ranging from 0.5 to 2.0 shares per PSU, depending upon the degree of achievement of the performance target designated by each individual award. If minimum performance thresholds are not achieved, then no shares will be issued.

The following table summarizes restricted stock activity since January 1, 2015 (units in thousands):

	Number of Units	Weighted-Average Grant Date Fair Value (per unit)
Outstanding, January 1, 2015	12,585	\$ 88.88
Granted	12,787	72.42
Vested	(4,855)	90.72
Forfeited	(1,824)	87.39
Outstanding, December 31, 2015	18,693	77.29
Granted	12,742	60.90
Vested	(7,188)	77.18
Forfeited	(3,381)	75.93
Outstanding, December 31, 2016	20,866	67.54
Vested	(256)	77.07
Forfeited	(159)	68.11
	-	
	-	
Outstanding, February 3, 2017	20,451	67.41
Granted	7,838	93.84
Vested	(9,070)	67.89
Forfeited	(1,859)	72.68
Outstanding, February 2, 2018	17,360	78.62

As of February 2, 2018, the 17.4 million units outstanding included 16.7 million of RSUs and 0.7 million of PSUs. The above table includes RSUs issued for outstanding unvested RSUs in connection with business combinations.

The restricted stock that is expected to vest as of February 2, 2018 was as follows (units in thousands, aggregate intrinsic value in millions):

	Number of Units	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value⁽¹⁾
Expected to vest	15,115	2.51	\$ 1,855

(1) The aggregate intrinsic values represent the total pre-tax intrinsic values based on VMware's closing stock price of \$122.72 as of February 2, 2018, which would have been received by the RSU holders had the RSUs been issued as of February 2, 2018.

The aggregate vesting date fair value of VMware restricted stock that vested during the years ended February 2, 2018, December 31, 2016 and December 31, 2015 and the Transition Period was \$946 million, \$468 million, \$379 million and \$21 million, respectively. As of February 2, 2018, restricted stock representing 17.4 million shares of VMware's Class A common stock were outstanding, with an aggregate intrinsic value of \$2,130 million based on VMware's closing stock price as of February 2, 2018.

Except for the ESPP, the 2007 Plan does not trigger a prospectus requirement under the European Prospectus Directive. Therefore neither those awards nor the underlying shares for such awards form the subject matter of this prospectus. Such awards are not discussed in this prospectus.

VMware Stock Options

The following table summarizes option activity since January 1, 2015 for VMware stock options (shares in thousands):

	VMware Stock Options		EMC Stock Options	
	Number of Shares	Weighted-Average Exercise Price (per share)	Number of Shares	Weighted-Average Exercise Price (per share)
Outstanding, January 1, 2015	5,869	\$ 50.54	1,271	\$ 16.08
Options relating to employees transferred (to) from EMC	—	—	8	20.23
Granted	21	54.23	—	—
Forfeited	(322)	70.42	(1)	19.37
Expired	—	—	(14)	14.21
Exercised	(2,404)	29.44	(201)	13.96
Outstanding, December 31, 2015	3,164	64.56	1,063	16.54
Options relating to employees transferred (to) from EMC	—	—	19	15.90
Granted	66	6.53	—	—
Forfeited	(259)	77.42	—	—
Expired	(476)	80.52	(17)	14.44
Exercised	(418)	13.41	(1,065)	16.56
Outstanding, December 31, 2016	2,077	67.75	—	—
Forfeited	(9)	79.45	—	—
Exercised	(77)	23.72	—	—
Outstanding, February 3, 2017	1,991	69.38	—	—
Granted	745	13.79	—	—
Forfeited	(36)	55.44	—	—
Expired	(3)	93.87	—	—
Exercised	(1,050)	53.50	—	—
Outstanding, February 2, 2018	1,647	54.63	—	—

The above table includes stock options granted in conjunction with unvested stock options assumed in business combinations. As a result, the weighted-average exercise price per share may vary from the VMware stock price at time of grant.

The stock options outstanding as of February 2, 2018 had an aggregate intrinsic value of \$112 million based on VMware's closing stock price as of February 2, 2018.

Options outstanding that are exercisable and that have vested and are expected to vest as of February 2, 2018 were as follows:

	VMware Stock Options			
	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value ⁽¹⁾
Exercisable	1,020	\$ 73.60	3.34	\$ 50
Vested and expected to vest	1,644	54.56	5.11	112

⁽¹⁾The aggregate intrinsic values represent the total pre-tax intrinsic values based on VMware's closing stock price of \$122.72 as of February 2, 2018, which would have been received by the option holders had all in-the-money options been exercised as of that date.

The total fair value of VMware stock options that vested during the years ended February 2, 2018, December 31, 2016 and December 31, 2015 was \$32 million, \$29 million and \$60 million, respectively, and was not material during the Transition Period.

The options exercised during the years ended February 2, 2018, December 31, 2016 and December 31, 2015 had a pre-tax intrinsic value of \$62 million, \$22 million and \$136 million, respectively, and was not material during the Transition Period.

The pre-tax intrinsic value of EMC stock options held by VMware employees that were exercised during the years ended December 31, 2016 and December 31, 2015 was \$13 million and \$3 million, respectively.

INFORMATION ON THE GOVERNING BODIES OF VMWARE

VMware's Board of Directors is divided into two groups, Group I and Group II. The holder of Class B common stock, voting separately as a class, is entitled to elect directors representing a minimum of 80% of the total number of the directors constituting the Board, without vacancies (Group I directors). Holders of Class A common stock and Class B common stock, voting together as a single class, are entitled to elect the remaining number of directors (Group II directors).

The Board is also divided into three classes, with each class serving for a staggered three-year term. The Board consists of three Class I directors, three Class II directors and two Class III directors. At each annual meeting of stockholders, a class of directors is elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the Class I directors, Class II directors and Class III directors expire upon the election and qualification of successor directors at the Annual Meetings held during the calendar years 2020, 2018 and 2019, respectively.

VMware's Directors as of the Date of this Prospectus

Anthony Bates

Class I, Group II

Term expires: 2020 Annual Meeting

Mr. Bates, age 51, has served as a director of VMware since February 2016. Mr. Bates has served as the CEO, Growth Equity at Social Capital, an investment firm, since June 2017. From June 2014 until December 2016, Mr. Bates served as President of GoPro, Inc., a maker of video and photo capture devices. From June 2013 until March 2014, Mr. Bates was Executive Vice President, Business Development and Evangelism of Microsoft Corporation, a software company. Mr. Bates was CEO of Skype Inc. from October 2010 until its acquisition by Microsoft in 2011, subsequent to which Mr. Bates served as President of Microsoft's Skype Division until June 2013. From 1996 to October 2010, Mr. Bates served in various roles at Cisco Systems, Inc., most recently as Senior Vice President and General Manager of Enterprise, Commercial and Small Business. Mr. Bates currently serves on the board of directors of GoPro and eBay Inc.

Michael Brown

Class II, Group I

Term expires: 2018 Annual Meeting

Mr. Brown, age 72, has served as a director of VMware since April 2007. Mr. Brown was a director of EMC from August 2005 until May 2016. From August 1994 until his retirement in July 1997, Mr. Brown served as Vice President and Chief Financial Officer ("CFO") of Microsoft Corporation. He was Vice President, Finance of Microsoft from April 1993 to August 1994. He joined Microsoft in December 1989. After retiring from Microsoft, Mr. Brown served as Chair of the NASDAQ Stock Market board of directors and as a past governor of the National Association of Securities Dealers. Prior to joining Microsoft, Mr. Brown spent 18 years with Deloitte & Touche LLP in various positions. Mr. Brown was a director of Insuperity, Inc. from 1997 to June 2017. He is a director of Stifel Financial Corp, where he chairs the audit committee.

Donald Carty
Class III, Group I
Term expires: 2019 Annual Meeting

Mr. Carty, age 71, has served as a director of VMware since December 2015. Mr. Carty is currently a private investor. Mr. Carty served as a director of EMC from January 2015 until September 2016 when Dell, a provider of scalable IT systems, acquired EMC, VMware's parent company (the "**Dell Acquisition**"). Mr. Carty served as Chairman of Virgin America Inc. from February 2006 to December 2016, when Virgin was acquired by Alaska Air Group, Inc. He served as Vice Chairman and CFO of Dell, Inc. from January 2007 to June 2008, and as Chairman and CEO of AMR Corporation and American Airlines from May 1998 to April 2003. Mr. Carty is currently a director of Hawaiian Holdings, Inc., the parent company of Hawaiian Airlines, Inc., where he serves on the audit committee, compensation committee and executive committee, and is a director of Canadian National Railway Company, where he chairs the audit committee and serves on the corporate governance and nominating committee, the environment, safety and security committee, the human resources and compensation committee, and the strategic planning committee.

Michael Dell
Class I, Group I
Term expires: 2020 Annual Meeting

Mr. Dell, age 53, has served as a director and Chairman of the Board ("**Chairman**") of VMware since the Dell Acquisition in September 2016. Mr. Dell serves as Chairman and CEO of Dell. Mr. Dell has held the title of Chairman of Dell Inc. since he founded the company in 1984. Mr. Dell also served as CEO of Dell Inc. from 1984 until July 2004 and resumed that role in January 2007. In 1998, Mr. Dell formed MSD Capital, L.P. for the purpose of managing his and his family's investments, and, in 1999, he and his wife established the Michael & Susan Dell Foundation to provide philanthropic support to a variety of global causes. Mr. Dell serves as a director and non-executive Chairman of the board of SecureWorks Corp. ("**SecureWorks**"), a majority owned subsidiary of Dell, and serves on the board of directors of Pivotal Software, Inc., an indirect majority-owned subsidiary of Dell in which VMware has an ownership interest ("**Pivotal**").

Egon Durban
Class I, Group I
Term expires: 2020 Annual Meeting

Mr. Durban, age 44, has served as a director of VMware since the Dell Acquisition in September 2016. Mr. Durban has been a member of the boards of directors of Dell and Dell Inc. since the closing of Dell Inc.'s going-private transaction in October 2013. Mr. Durban is a Managing Partner and Managing Director of Silver Lake, a global private equity firm. Mr. Durban joined Silver Lake in 1999 as a founding principal. Mr. Durban also serves on the board of directors of Motorola Solutions, Inc., Pivotal and SecureWorks.

Karen Dykstra
Class II, Group I
Term expires: 2018 Annual Meeting

Ms. Dykstra, age 59, has served as a director of VMware since March 2016. Ms. Dykstra served as CFO and Administrative Officer of AOL, Inc., a global media technology company, from November 2013 until July 2015, and as Executive Vice President and CFO of AOL from September 2012 until November 2013. Ms. Dykstra served on the board of directors of AOL from 2009 until September 2012, including service as Chair of the Audit Committee during her last two years on the AOL board. From January 2007 until December 2010, Ms. Dykstra was a Partner of Plainfield Asset Management LLC ("**Plainfield**"), and she served as Chief Operating Officer ("**COO**") and CFO of Plainfield Direct LLC, Plainfield's business development company, from May 2006 to 2010, and as a director from 2007 to 2010. She previously spent over 25 years with Automatic Data Processing, Inc., from 1981 through 2006, serving most recently as CFO from January 2003 to May 2006, and previously as Vice President—Finance, Corporate Controller and in other capacities. Ms. Dykstra is currently a director of Gartner, Inc., where she serves on the audit committee, and is a director of Boston Properties, Inc., where she also serves on the audit committee.

Patrick Gelsinger
Class II, Group I
Term expires: 2018 Annual Meeting

Mr. Gelsinger, age 57, has served as Chief Executive Officer (“CEO”) and a director of VMware since September 2012. Prior to joining VMware, he served as President and COO, EMC Information Infrastructure Products at EMC from September 2009 to August 2012. Mr. Gelsinger joined EMC from Intel Corporation, where he was Senior Vice President and Co-General Manager of Intel Corporation’s Digital Enterprise Group from 2005 to September 2009 and served as Intel’s Senior Vice President, Chief Technology Officer from 2002 to 2005. Prior to that, Mr. Gelsinger led Intel’s Desktop Products Group.

Paul Sagan
Class III, Group I
Term expires: 2019 Annual Meeting

Mr. Sagan, age 59, has served as a director of VMware since April 2014 and was elected VMware’s Lead Director in February 2015. Mr. Sagan has been a Managing Director at General Catalyst Partners, a venture capital firm, since January 2018, and previously served there as an Executive In Residence (XIR) since January 2014. Mr. Sagan was a director of EMC from December 2007 until the Dell Acquisition in September 2016. From April 2005 to January 2013, Mr. Sagan served as CEO of Akamai Technologies, Inc. (“Akamai”), a provider of services for accelerating the delivery of content and applications over the Internet, and was President from May 1999 to September 2010 and from October 2011 to December 2012. Mr. Sagan joined Akamai in October 1998 as Vice President and COO. Mr. Sagan was a member of the President Obama’s National Security Telecommunications Advisory Committee from December 2010 until January 2017. From July 1997 to August 1998, Mr. Sagan was Senior Advisor to the World Economic Forum. Previously, Mr. Sagan held senior executive positions at global media and entertainment companies Time Warner Cable and Time Inc., affiliates of Time Warner, Inc., as well as at CBS, Inc. Mr. Sagan is also a director of Akamai.

VMware’s Executive Officers as of the Date of this Prospectus

The names of VMware’s executive officers and their ages as of March 20, 2018, are as follows:

Name	Age	Position(s)
Patrick Gelsinger	57	Chief Executive Officer and Director
Zane Rowe	47	Chief Financial Officer and Executive Vice President
Maurizio Carli	59	Executive Vice President, Worldwide Sales
Amy Fliegelman Olli	54	Senior Vice President, General Counsel and Secretary
Sanjay Poonen	48	Chief Operating Officer, Customer Operations
Rangarajan (Raghu) Raghuram	56	Chief Operating Officer, Products and Cloud Services
Rajiv Ramaswami	52	Chief Operating Officer, Products and Cloud Services

Patrick Gelsinger has served as Chief Executive Officer and a director of VMware since September 2012. Prior to joining VMware, he served as President and Chief Operating Officer, EMC Information Infrastructure Products at EMC from September 2009 to August 2012. Mr. Gelsinger joined EMC from Intel Corporation, where he was Senior Vice President and Co-General Manager of Intel Corporation’s Digital Enterprise Group from 2005 to September 2009 and served as Intel’s Senior Vice President, Chief Technology Officer from 2002 to 2005. Prior to this, Mr. Gelsinger led Intel’s Desktop Products Group.

Zane Rowe has served as VMware’s Chief Financial Officer and Executive Vice President since March 2016. Prior to joining VMware, he was EMC’s Executive Vice President and Chief Financial Officer from October 2014 until February 2016. Prior to joining EMC, Mr. Rowe was Vice President of North American Sales of Apple Inc., a technology company that designs, develops, and sells consumer electronics, computer software, online services, and personal computers, from May 2012 until May 2014. He was Executive Vice President and Chief Financial Officer of United Continental Holdings, Inc., an airline holdings company, from October 2010 until April 2012 and was Executive Vice President and Chief Financial Officer of Continental Airlines from August 2008 to September 2010. Mr. Rowe joined Continental in 1993. Mr. Rowe currently serves on the board

of Sabre Corporation and Pivotal Software, Inc., an indirect majority-owned subsidiary of VMware's parent company, Dell Technologies, and in which VMware has an ownership interest.

Maurizio Carli has served as VMware's Executive Vice President, Worldwide Sales and Services since February 2017. Mr. Carli previously served as VMware's Executive Vice President, Worldwide Sales since April 2016, Corporate Senior Vice President and General Manager, Americas from April 2015 to March 2016, and as Senior Vice President and General Manager, EMEA from December 2008 to April 2015. Before joining VMware, Mr. Carli held executive sales management positions at Google Inc., where he served as Managing Director, Enterprise Business, EMEA from June 2008 to November 2008; Business Objects S.A., where he served as Senior Vice President & General Manager, EMEA from December 2002 to December 2007; and at IBM Corporation, where he spent 19 years, from 1984 to 2002, serving in a variety of sales, marketing and leadership positions, including Vice President Software Group from 2000 to 2002 and General Manager and Vice President Tivoli EMEA from 1998 to 2000.

Amy Fliegelman Olli joined VMware as Senior Vice President and General Counsel in August 2017, and was appointed as Secretary in October 2017. Prior to joining VMware, Ms. Fliegelman Olli served as Senior Vice President and General Counsel of Avaya, Inc., a provider of contact center, unified communications and networking products, from June 2014 through August 2017. Previously, she was the General Counsel of CA, Inc., from September 2006 to June 2014 where her responsibilities covered all legal, governance, compliance, internal audit, security, risk management and controls matters. Ms. Fliegelman Olli also spent 18 years with IBM Corporation, ultimately serving as Vice President and General Counsel for the Americas and Europe.

Sanjay Poonen has served as VMware's Chief Operating Officer, Customer Operations since October 2016. Prior to that he served as Executive Vice President and General Manager, End-User Computing, Head of Global Marketing from April 2016 to October 2016. He joined VMware as Executive Vice President and General Manager, End-User Computing in August 2013. Prior to joining VMware, he spent more than seven years at SAP AG, an enterprise application software and services company, serving as President and Corporate Officer of Platform Solutions and the Mobile Division from April 2012 to July 2013, prior to that as President of Global Solutions from November 2010 to March 2012, as Executive Vice President of Performance Optimization Apps from June 2008 to September 2009 and Senior Vice President of Analytics from April 2006 to May 2008. Mr. Poonen's over 20 years of technology industry experience also included executive-level positions with Symantec and Veritas, and product management and engineering positions with Alphablox Corporation, Apple, Inc. and Microsoft Corporation.

Rangarajan (Raghu) Raghuram has served as VMware's Chief Operating Officer, Products and Cloud Services since October 2016. Prior to that he served as Executive Vice President, Software-Defined Data Center Division from April 2012 to October 2016. Mr. Raghuram joined VMware in 2003 and has held multiple product management and marketing roles. Mr. Raghuram served as Senior Vice President and General Manager, Cloud Infrastructure and Management, Virtualization and Cloud Platforms, and Enterprise Products, from December 2009 through March 2012. Mr. Raghuram previously served as Vice President of VMware's Server Business Unit and of Product and Solutions Marketing from September 2003 through December 2009. Prior to VMware, Mr. Raghuram held product management and marketing roles at Netscape Communications Corporation and Bang Networks, Inc.

Rajiv Ramaswami has served as VMware's Chief Operating Officer, Products and Cloud Services since October 2016. Mr. Ramaswami joined VMware in April 2016 and served as VMware's Executive Vice President and General Manager of its Networking and Security business. Prior to joining VMware, he was Executive Vice President and General Manager of the Infrastructure & Networking Group of Broadcom Corporation, a semiconductor company, from 2010. Prior to that he was Vice President and General Manager of the Cloud Services and Switching Technology Group at Cisco Systems, Inc., where he also served as Vice President and General Manager for a variety of business units in Optical, Switching and Storage Networking. Prior to joining Cisco, he served in various technical and leadership positions at Xros, Tellabs Inc. and IBM's Thomas J. Watson Research Center. Mr. Ramaswami is a member of the board of directors of NeoPhotonics Corporation.

Good Standing of Directors and Executive Officers

For at least the previous five years none of the directors or executive officers of VMware has been associated with any bankruptcy, receivership or liquidation of a company when acting in their capacity as members of the administrative, management or supervisory board or senior manager of this company or has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated

professional bodies). None of the directors or executive officers of the Company has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer or has been convicted in relation to fraudulent offences.

The Company's directors and executive officers may be contacted at the Company's business address, 3401 Hillview Avenue, Palo Alto, California 94304, USA.

Any Arrangement or Understanding with Major Shareholders pursuant to which a Director of VMware was selected as a Member of the Board

As described under "VMware's Directors as of the date of the prospectus" starting on page 77, the chairman of VMware's Board, Michael Dell, is the Chairman of the Board and Chief Executive Officer of Dell Technologies, and a member of VMware's board. Mr. Durban, a director of VMware is also a director of Dell Technologies. See "Description of Securities – Rights attached to the Securities – Voting Rights" for more information regarding the voting rights of Class A common stock and Class B common stock in the election of directors.

Potential Conflicts between any Duties to the Issuer of Directors or Executive Officers of VMware and their Private Interests and/or Other Duties

Potential Conflicts between any duties to the Issuer of directors or executive officers of VMware and their private interests and/or other duties are described in the risk factor "VMware's CEO, VMware's CFO and some of VMware's directors have potential conflicts of interest with Dell." on page 47. Other than this, the Issuer is not aware of any potential conflicts between any duties to the issuer of directors or executive officers of VMware and their private interests and/or other duties.

In addition to the above disclosure of potential conflicts of interest, the information provided below includes a summary of the transactions entered into with Dell and Dell's consolidated subsidiaries, including EMC (collectively, "Dell") from the effective date of the Dell Acquisition through February 2, 2018. Transactions prior to the effective date of the Dell Acquisition reflect transactions only with EMC and its consolidated subsidiaries.

Transactions with Dell

VMware engaged with Dell in the following ongoing intercompany transactions, which resulted in revenue and receipts and unearned revenue for VMware:

- Pursuant to OEM and reseller arrangements, Dell integrates or bundles VMware's products and services with Dell's products and sells them to end users. Dell also acts as a distributor, purchasing VMware's standalone products and services for resale to end-user customers through VMware-authorized resellers. Revenue under these arrangements is presented net of related marketing development funds and rebates paid to Dell.
- Dell purchases products and services from VMware for internal use.
- VMware provides professional services to end users based upon contractual agreements with Dell.
- Pursuant to an ongoing distribution agreement, VMware acts as the selling agent for certain products and services of Pivotal Software, Inc. ("Pivotal"), a subsidiary of Dell, in exchange for an agency fee. Under this agreement, cash is collected from the end user by VMware and remitted to Pivotal, net of the contractual agency fee.
- VMware provides various services to Pivotal. Support costs incurred by VMware are reimbursed to VMware and are recorded as a reduction to the costs incurred by VMware.

Dell purchases VMware's products and services directly from VMware, as well as through VMware's channel partners. Information about VMware's revenue and receipts from such arrangements during the periods presented consisted of the following (table in millions):

Unearned Revenue						
	January 1 to			Transition	February 2, 2018	
	February 2, 2018	December 2016	December 2015	As of February 3, 2017	February 2, 2018	February 3, 2017
Reseller revenue	\$ 1,220	\$ 508	\$ 301	\$ 44	\$ 1,248	\$ 616
Internal-use revenue	40	35	17	7	10	18
Professional services revenue	105	115	100	3	—	—
Agency fee revenue	2	4	6	—	—	—
Reimbursement for services to Pivotal	—	1	4	—	n/a	n/a

VMware engaged with Dell in the following ongoing intercompany transactions, which resulted in costs to VMware:

- VMware purchases and leases products and purchases services from Dell.
- From time to time, VMware and Dell enter into agreements to collaborate on technology projects, and VMware pays Dell for services provided to VMware by Dell related to such projects.
- In certain geographic regions where VMware does not have an established legal entity, VMware contracts with Dell subsidiaries for support services and Dell personnel who are managed by VMware. The costs incurred by Dell on VMware's behalf related to these employees are charged to VMware with a mark-up intended to approximate costs that would have been incurred had VMware contracted for such services with an unrelated third party. These costs are included as expenses on VMware's consolidated statements of income (loss) and primarily include salaries, benefits, travel and occupancy expenses. Dell also incurs certain administrative costs on VMware's behalf in the U.S. that are recorded as expenses on VMware's consolidated statements of income (loss).
- From time to time, VMware invoices end users on behalf of Dell for certain services rendered by Dell. Cash related to these services is collected from the end user by VMware and remitted to Dell.

Information about VMware's costs from such arrangements during the periods presented consisted of the following (table in millions):

	For the Year Ended			Transition
	February 2, 2018	December 31, 2016	December 31, 2015	Period January 1 to February 3, 2017
Purchases and leases of products and purchases of services	\$ 142	\$ 97	\$ 63	14
Collaborative technology project costs	—	—	5	—
Dell subsidiary support and administrative costs	123	\$ 105	\$ 100	13

VMware also purchases Dell products through Dell's channel partners. Purchases of Dell products through Dell's channel partners were not significant during the periods presented.

From time to time, VMware and Dell also enter into joint marketing and development arrangements, for which both parties may incur costs.

During the second quarter of fiscal 2018, VMware acquired Wavefront. Upon closing of the acquisition, Dell was paid \$20 million in cash for its non-controlling ownership interest in Wavefront.

Dell Financial Services (“DFS”)

DFS provided financing to certain of VMware's end customers based on the customer's discretion. Upon acceptance of the financing arrangement by both VMware's end customer and DFS, amounts classified as trade accounts receivable are reclassified to due from related parties, net on the consolidated balance sheets. Revenue recognized on transactions financed through DFS was recorded net of financing fees, which were \$25 million during fiscal 2018 and were not significant during fiscal 2016 and the Transition Period.

EMC Equity Awards Held by VMware Employees

In connection with the Dell Acquisition, vesting was accelerated for all outstanding EMC stock options and restricted stock units and stock options were automatically exercised on the last trading day prior to the effective date of the merger. VMware's portion of the expense associated with accelerated EMC equity awards held by VMware employees was \$7 million and was included within stock-based compensation expense on the consolidated statements of income (loss) during fiscal 2016.

Due To/From Related Parties, Net

Amounts due to and from related parties, net as of February 2, 2018 and February 3, 2017 consisted of the following (table in millions):

	February 2, 2018	February 3, 2017
Due (to) related parties	\$ (106)	\$ (85)
Due from related parties	638	178
Due from related parties, net	<u>\$ 532</u>	<u>\$ 93</u>

Amounts included in due from related parties, net, excluding DFS and tax obligations, are generally settled in cash within 60 days of each quarter-end.

Stock Purchase Arrangements with Dell

From time to time, VMware enters into stock purchase arrangements with Dell. The following table summarizes purchases of VMware's Class A common stock from Dell, pursuant to stock purchase agreements entered into on December 15, 2016 and March 29, 2017 (aggregate purchase price in millions, shares in thousands):

	February 2, 2018	For the Year Ended Transition Period January 1 – February 3, 2017	December 31, 2016
Aggregate purchase price	\$ 725	\$	\$ 375
Class A common shares repurchased ⁽¹⁾	7,572		4,775
Weighted-average price per share	\$ 95.75	\$	\$ 78.53

⁽¹⁾ The aggregate number of shares purchased was determined based upon a volume-weighted average price during a defined period, less an agreed upon discount.

VMware did not repurchase any shares of its Class A common stock from Dell during the Transition Period.

Notes Payable to Dell

On January 21, 2014, VMware entered into a note exchange agreement with Dell providing for the issuance of three promissory notes in the aggregate principal amount of \$1,500 million, which consisted of outstanding principal due on the following dates: \$680 million due May 1, 2018, \$550 million due May 1, 2020 and \$270 million due December 1, 2022.

On August 21, 2017, VMware repaid two of the notes payable to Dell in the aggregate principal amount of \$1,230 million, representing repayment of the note due May 1, 2018 at par value and repayment of the note due May 1, 2020 at a discount. During fiscal 2018, VMware recognized a gain on extinguishment of debt of \$6 million, which was recorded in other income (expense), net on the consolidated statements of income (loss). The remaining note payable of \$270 million due December 1, 2022 may be prepaid without penalty or premium.

Interest is payable quarterly in arrears, at the annual rate of 1.75%. During fiscal years 2018, 2016 and 2015, interest expense of \$16 million, \$26 million and \$26 million, respectively, was recognized. Interest expense during the Transition Period was not significant.

Pivotal

In April 2016, VMware contributed \$20 million in cash to Pivotal in exchange for additional preferred equity interests in Pivotal. VMware's ownership interest in Pivotal was 20% and 21% as of February 2, 2018 and February 3, 2017, respectively. This strategic investment is accounted for using the cost method.

Disposal Restrictions agreed by the Company's Directors and Officers

VMware does not allow directors and officers to trade VMware securities while they are in possession of material non-public information other than pursuant to a trading plan compliant with Rule 10b5-1 under the 1934 Act and are not allowed to engage in hedging transaction in VMware securities. Directors and officers who are subject to Section 16 of the 1934 Act must pre-clear any transactions in VMware securities. VMware's directors and officers are not allowed to trade shares around the end of each fiscal quarter until the Company announces its earnings for that quarter, unless pursuant to a Rule 10b5-1 trading plan.

TAXATION IN GENERAL

VMware, Inc. is generally not subject to U.S. federal tax withholding (and does not assume responsibility for any withholding of taxes at the source) in respect of non-U.S. tax resident employees of non-U.S. subsidiaries. However, if VMware, Inc., in its discretion, declares a dividend, non-U.S. tax resident shareholders (including participating employees) may be subject to local tax on any dividends received, and will also be subject to U.S. federal tax withheld at source but may be entitled to a local tax credit for any U.S. federal tax withheld or the U.S. federal tax withheld may be reduced or exempt if stipulated in a relevant income tax treaty. Set forth below are summaries of relevant local tax treatment of the ESPP in certain member states where the offering under this prospectus is being made.

TAXATION IN AUSTRIA

The following summary is based on the laws in effect in Austria as of April 2018. However, laws are complex and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares.

The following applies to participants who are subject to Austrian tax. If the participant is a citizen or resident of another country for local law purposes or if the participant moves, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations that may apply, nor their impact on each participant's particular tax or financial situation. VMware is not in a position to assure any participant of any particular tax result. The participant should consult his or her personal tax advisor to address any particular questions.

Enrollment in the ESPP

The participant is not subject to tax when he or she enrolls in the ESPP or when a new purchase offering begins.

Purchase of Shares

The participant will be subject to income tax on the difference (or discount) between the fair market value of the shares on the date of purchase and the actual purchase price and transaction cost paid by the participant. Social contributions will also apply to the extent the participant's applicable annual contribution ceiling has not been met. The decisive date for the determination of the fair market value of shares for tax purposes is the date on which legal ownership or, if differing, beneficial ownership (*wirtschaftliches Eigentum*) in the Shares is transferred to the participant; for simplification purposes the date on which the shares are debited from the Company's or agent's account can be regarded as the date of transfer.

Sale of Shares

Any gain realized from sale of shares is subject to a flat rate tax on investment income irrespective of the holding period of the shares. The capital gain will be taxed at a flat rate of 27.5%. The participant may in certain circumstances elect a personal assessment to apply the participant's personal income tax rate if the flat rate exceeds the participant's personal income tax rate. The participant has to declare the capital gain in his or her personal income tax return as taxable income and pay the resulting tax.

Withholding and Reporting

The participant's employer will withhold income tax, if applicable, on the discount upon the purchase of shares. In any event, it is the participant's responsibility, in his annual income tax declaration, to report any income from the acquisition of shares at a discount and to pay any taxes exceeding withheld tax amounts. It is also the participant's responsibility to report therein any taxes applicable when the participant sells shares acquired under the ESPP and when the participant receives dividends. The issuer does not assume responsibility for any withholding of taxes at the source.

TAXATION IN BULGARIA

The following summary is based on the laws in effect in Bulgaria as of April 2018. However, laws are complex and dynamic and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares.

The following applies only to participants who are Bulgarian tax residents. If the participant is a citizen or resident of another country for local law purposes, or if the participant moves, or if the participant is subject to tax in more than one jurisdiction, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations, that may apply nor their impact on each participant's particular tax or financial situation. VMware is not in a position to assure any participant of any particular tax result.

The participant should consult his or her personal tax advisor to address any particular questions.

ESPP

Enrollment in the ESPP

The participant will not be subject to tax when he or she enrolls in the ESPP or when a new offering period begins.

Purchase of Shares

When shares are purchased under the ESPP the participant likely will not be subject to income tax or social contributions on the difference (or discount) between the market value of the shares on the purchase date and the purchase price. However, Bulgarian tax law is not clear on this subject, and the participant is advised to consult with his or her personal tax advisor with regard to any income tax or social security and health contributions which may be due.

Sale of Shares

When the participant sells shares acquired under the ESPP, he or she may be subject to tax unless specific tax exemptions apply by law. The total taxable base is calculated by aggregating all profits from securities transactions realized by the participant during the year and subtracting all losses from such transactions during the same period. The resulting amount, if positive, is included in the annual taxable income of the participant and subject to a 10% flat rate tax. The profit or loss on each separate securities transaction is determined as the difference between the sale price and the documentarily evidenced acquisition price of the securities (in the case of the ESPP, the purchase price).

Withholding and Reporting

The participant's employer will not withhold or report any income tax or social security and health insurance contributions at purchase. It is the participant's responsibility to report and pay any and all taxes applicable, including arising from the sale of shares or receipt of any dividends in accordance with Bulgarian law. In addition, the participant must report the acquisition of shares in his or her annual tax return for the year of purchase and in any subsequent annual tax return while he or she owns those shares. The issuer does not assume responsibility for any withholding of taxes at the source.

TAXATION IN FRANCE

The following summary is based on the laws in effect in France as of April 2018. However, laws are complex and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares.

The following applies only to participants who are subject to French tax. If the participant is a citizen or resident of another country for local law purposes or if the participant moves, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations that may apply, nor their impact on each participant's particular tax or financial situation. VMware is not in a position to assure any participant of any particular tax result.

The participant should consult his or her personal tax advisor to address any particular questions.

Enrollment in the ESPP

The participant will not be subject to tax when he or she enrolls in the ESPP or a when new offering period begins.

Purchase of Shares

When shares are purchased under the ESPP, the participant will be subject to income tax on the difference (or discount) between the market value of the shares on the purchase date and the purchase price, less any tax-deductible social contributions. The discount will be treated as a salary and the participant will be subject to income tax on this amount at his or her marginal tax rate.

The participant will also be subject to social contributions on the discount (which includes the general social insurance contribution ("CSG") and the contribution for the reimbursement of social insurance debt ("CRDS")) when shares are purchased under the ESPP.

Sale of Shares

When the participant sells shares acquired under the ESPP, he or she will be subject to capital gains tax. The taxable amount will be calculated as the sale price less the market value of the shares on the purchase date and certain broker's fees. Any capital gain the participant realizes on the disposal of shares acquired as of January 1, 2018 should be subject to a flat tax of 30% (including 17.2% social taxes).

If the participant realizes a capital loss, it may be offset against capital gains arising from the sale of securities realized by the participant and his or her household during the same year or during the ten following years. This capital loss may not be offset against other types of income.

Surtax

An additional 3% surtax applies on all types of income exceeding €250,000 for a single person and 4% for income exceeding €500,000. For a couple filing jointly, the taxation thresholds are €500,000 and €1 million, respectively. This surtax applies to all types of income received in a year (including the ESPP discount, capital gain at sale of the shares, and dividends, if any). Certain reductions may be available.

Withholding and Reporting

For French tax residents, the participant's employer is currently not required to withhold income tax at the time the shares are purchased or sold.

The discount will be characterized as additional salary under French law and the participant's employer will therefore report the discount on its annual declaration of salaries which is filed with the tax and labor authorities, report it on the participant's monthly pay slip and withhold and pay employee's applicable social insurance contributions. It is the participant's responsibility to report and pay any taxes resulting from the purchase of shares in 2018 or the sale of shares, or the receipt of any dividends. The issuer does not currently assume responsibility for any withholding of taxes at the source. As from 1 January 2019, income tax on employment income should be withheld on a monthly basis by the payor for all resident taxpayers.

TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following summary is based on the laws in effect in Germany as of May 2018. However, laws are complex and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares, or exercises stock options.

The following applies to participants who are subject to German tax. If the participant is a citizen or resident of another country for local law purposes or if the participant moves, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations that may apply nor their impact on each participant's particular tax or financial situation. VMware is not in a position to assure any participant of any particular tax result.

The participant should consult his or her personal tax advisor to address any particular questions.

Enrollment in the ESPP

The participant is not subject to tax when he or she enrolls in the ESPP or when a new purchase offering begins.

Purchase of Shares

The participant will be subject to income tax, solidarity surcharge and church tax, if applicable, on the difference (or discount) between the fair market value of the shares on the date of their acquisition and the actual purchase price and transaction cost paid by the participant.

A minimum threshold of 360 EUR of a discount from a purchase in any given calendar year might be tax exempt if the ESPP meets certain requirements. The availability of the tax exemption i.a. requires that the participation in the ESPP is offered to all employees of the German subsidiary, who have been employed for one year or more at the time when the participation in the ESPP is offered. The Company recommends that the participant confirms the availability of deduction with the participant's tax advisor.

The participant also will be subject to social insurance contributions on the discount to the extent he or she has not already exceeded the applicable contribution ceilings.

Sale of Shares

Generally and subject to the participant acquiring legal and beneficial title to the shares upon the purchase any gain realized from sale of shares which have been acquired after December 31, 2008 is subject to a flat rate tax on investment income irrespective of the holding period of the shares. The capital gain will be taxed at a flat rate of 25% (plus solidarity surcharge and church tax, if applicable) unless, theoretically, the employee has directly or indirectly held one percent or more of the share capital of VMware at any point in time during the last five years.

A withholding at source, however, only applies in the former case if the shares are held in a deposit of securities at a German bank or other German financial institution. VMware does not assume any responsibility to withhold German income tax, etc. on the capital gain. A limited tax exempt amount will be deducted from the entire investment income (including dividend income and capital gains from the sale of shares acquired after December 31, 2008 or other capital income from bonds, etc.) earned in the particular fiscal year. The participant may elect to submit the gain to the participant's personal income tax rate if the flat rate exceeds the participant's personal income tax rate. If the capital gain is not subject to the withholding tax on investment income, e.g. because the shares are not held in a deposit of securities at a German bank or other German financial institution, the participant has to declare the capital gain in his or her personal income tax return as taxable income and pay the resulting tax at the same flat tax rate as if withholding had been applied or, if lower, at the participant's personal income tax rate.

In the latter case, a different tax regime applies, providing for a 40% tax exemption and, potentially, a 100% exempt entry threshold, and taxation of the residual gain at general rates. Such taxation regime translates economically into a maximum individual tax rate of 27% (plus solidarity surcharge and church tax, if applicable).

Withholding and Reporting

The participant's employer will withhold income tax, solidarity surcharge and church tax, if applicable on the discount upon the purchase of shares (to the extent the cash wage allows for such withholding). It is the participant's responsibility to report any income from the acquisition at a discount and to pay any taxes exceeding

withheld tax amounts (where amounts which can be withheld by the employer are not sufficient to fund the withholding tax), which are potentially deriving from the acquisition at a discount because of the participant's personal tax characteristics in its annual income tax declaration. It is also the participant's responsibility to report therein any taxes attracted when the participant sells shares acquired under the ESPP and when the participant receives dividends. The issuer does not assume responsibility for any withholding of taxes at the source.

TAXATION IN IRELAND

The following summary is based on the laws in effect in Ireland as of April 2018. However, laws are complex and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares.

The following applies only to participants who are subject to Irish tax. If the participant is a citizen or resident of another country for local law purposes or if the participant moves, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations that may apply nor their impact on each participant's particular tax or financial situation, and VMware is not in a position to assure any participant of any particular tax result.

The participant should address any particular questions to a specialized advisor.

Enrollment in the ESPP

The participant will not be subject to tax when he or she enrolls in the ESPP or a when new offering period begins.

Purchase of Shares

When shares are purchased under the ESPP, the participant will be subject to income tax on the difference (or discount) between the market value of the shares on the purchase date and the purchase price. The participant will also be subject to a Universal Social Charge ("USC") and employee Pay Related Social Insurance ("PRSI") on the discount at purchase.

Income tax payable is calculated based on the higher marginal income tax rate in effect for the year of purchase. The participant may apply to Revenue in advance to make a payment at the lower rate if he or she is a lower rate taxpayer. However, if the participant does not receive permission by the time the tax payments are due (within 30 days from the purchase date), the participant must pay income tax at the higher rate and seek a refund on any overpayment. USC and PRSI must be paid at the applicable marginal rate. The participant must account for all taxes due (income tax, USC and employee PRSI) within 30 days of the purchase date along with the prescribed tax return, Form RTSO1.

Sale of Shares

When the participant sells shares acquired under the ESPP, he or she may be subject to capital gains tax. The taxable amount will be calculated as the sale price less the sum of (i) the purchase price for the shares (ii) the amount on which taxes were paid at purchase and (iii) broker's fees. This amount is subject to capital gains tax to the extent it exceeds the participant's annual capital gains tax exemption amount.

Withholding and Reporting

The participant's employer is currently not required to withhold income tax, USC or PRSI at the time the shares are purchased or sold. However, the participant's employer will report the grant of purchase rights and the purchase of shares under the ESPP to the Revenue Commissioners. The participant is solely responsible for paying the income tax, USC and PRSI within 30 days of purchase along with Form RTSO1. The participant will also be responsible for filing a tax return for the year in which shares are purchased under the ESPP and for reporting any income or gains arising in connection with the sale of shares or the receipt of any dividends, as well as paying the related taxes due in accordance with self-assessment rules for capital gains tax and income tax. The issuer does not assume responsibility for any withholding of taxes at the source.

TAXATION IN THE UNITED KINGDOM

The following general summary is based on the laws in effect in the United Kingdom as of April 2018. However, tax laws and their interpretation are complex and can change frequently. As a result, the information below may be out of date at the time the participant enrolls in the ESPP or purchases or sells shares.

The following applies only to participants who are resident and domiciled in the United Kingdom only and will remain so up to the date shares they received pursuant to any stock based award are sold. If the participant is a citizen or resident of another country for local law purposes or if the participant moves, or if they are not treated as resident and domiciled in the United Kingdom, the information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws and interpretations that may apply, nor their impact on each participant's particular circumstances, tax or financial situation, and therefore VMware is not in a position to assure them of any particular tax result. This summary does not constitute tax advice.

The participants are strongly advised to consult their own independent personal tax advisor as to how the tax or other laws in the United Kingdom apply to their specific situation.

Enrollment in the ESPP

The participant is not subject to income tax or NICs when he or she enrolls in the ESPP or when a new offering period begins.

Purchase of Shares

When shares are purchased under the ESPP, the participant will be subject to income tax on the difference (or discount) between the market value of the shares on the purchase date and the purchase price. In addition, the participant will be required to pay employee NICs on this amount. The participant will be liable for the employer NICs, if this is provided for in the participant's ESPP enrollment documents. If the shares are subject to restrictions, the participant may wish to elect (within 14 days of the purchase of the shares) to be taxed by reference to the market value of the shares without any restrictions. The effect of any such election is that any gain made on a future disposal of those shares should be treated entirely as a capital gain for tax purposes. A participant is strongly advised to take independent advice before deciding whether to make such an election.

The participant's employer will calculate the income tax and NICs due when shares are purchased under the ESPP and will account for these amounts to HM Revenue & Customs on the participant's behalf. The employer will be required to withhold income tax and NICs when shares are purchased for the participant under the ESPP, by deductions from the participant's salary or by any other method permitted in the participant's ESPP enrollment documents. Such methods could include withholding from other payments due to the participant from the employer or the sale of shares. However, the participant is ultimately responsible for the payment of any income tax and NICs due.

In the event there is no such withholding, the participant is required to reimburse the employer for the income tax and employee NICs due (in excess of the amount withheld from the participant's salary or covered by the sale of shares, if any). The reimbursement must be made before the date that falls 90 days after the end of the tax year in which the shares are purchased. If the participant fails to pay this amount to the employer within that time limit, the participant may be treated as having received a deemed benefit in kind equal to the amount of tax not paid to the employer and the participant may have to pay further tax and employee NICs on this benefit. In such case, the employer is not required to withhold tax on the benefit in kind, and the participant must report this benefit on his or her self-assessment tax return for the tax year in which the purchase occurs and pay the applicable taxes directly to HM Revenue & Customs and reimburse his or her employer for any employee NICs due on this benefit.

Sale of Shares

When the participant subsequently sells the shares acquired under the ESPP, any capital gain (*broadly* the difference between the sale price and the market value of the shares on the purchase date) may be subject to capital gains tax to the extent that the total capital gain realized for the tax year exceeds the annual personal exempt amount (which can vary each year). The specific capital gains tax rate will depend on the participant's income level. The participant will be personally responsible for reporting any taxable capital gains arising upon the sale or disposition of the shares through his or her self-assessment tax return and paying the applicable taxes directly to HM Revenue & Customs. The participant's employer has no responsibility in respect of the participant's capital gains tax liabilities. The capital gains tax and employee income tax rules are complex and their impact will vary according to the participant's own circumstances. It is also possible, in certain circumstances, for an element of

any disposal proceeds to be treated as employee income tax (with obligations on the employer to make withholding on account of any related income tax and NIC). The participant should obtain independent tax advice prior to any acquisition or sale of shares.

Withholding and Reporting

As mentioned above, the participant's employer will report and withhold income tax and NICs on the taxable amount when shares are purchased under the ESPP. If the amount withheld is not sufficient to cover the participant's actual liability, the participant will be responsible for paying the difference and should do so before the date that falls 90 days after the end of the tax year in which the purchase of the shares under the ESPP took place to avoid further tax consequences (as discussed above). The participant's employer is also required to report the details of the grant of purchase rights and the acquisition of shares pursuant to the ESPP to HM Revenue & Customs for the applicable tax year. The participant will be personally responsible for paying and reporting any taxes due as a result of the sale of shares acquired under the ESPP.

RECENT DEVELOPMENTS AND OUTLOOK

Recent Developments

There has not been any significant change in the financial or trading position of VMware that has occurred since the quarter ended May 4, 2018.

Trend Information

Since the quarter ended May 4, 2018 and until the date of this prospectus (see cover page), the trend information is as follows. The virtualization, cloud computing, end-user computing and software-defined data center industries are inter-related and rapidly evolving, and the Company faces intense competition across all the markets for its products and services. The Company faces competition from, among others, providers of public cloud infrastructure and SaaS-based offerings. As businesses increasingly utilize public cloud and SaaS-based offerings, they are building more of their new compute workloads off-premises and may also shift some of their existing workloads. As a result, the demand for on-premises IT resources is expected to slow, and the Company's products and services will need to increasingly compete for customers' IT workloads with off-premises public cloud and SaaS-based offerings. The Company also faces competition from large, diversified enterprise software and hardware companies, companies offering competing platforms based on open source technologies, other industry alliances and its partners and members of its developer and technology partner ecosystem. The Company believes that the key factors in its ability to successfully compete include the level of reliability, interoperability and new functionality of its product and service offerings; the ability of its product offerings to support multiple hardware platforms, operating systems, applications frameworks and public cloud platforms; its ability to anticipate customer needs in rapidly evolving markets for IT resources; the pricing of its product and service offerings; the ability to integrate open source technologies that are critical in private and public cloud computing architectures; the ability to attract and retain key employees; and the ability to maintain and expand its ecosystem of technology partners, service providers and sales channel partners. Although VMware has launched, and is continuing to develop products to extend its vSphere-based SDDC offerings to the public cloud, due to its product concentration a significant decrease in demand for its server virtualization products would adversely affect its operating results.

Following the completion of Dell Technologies' acquisition of EMC Corporation, VMware's majority stockholder, in September 2016, VMware has continued to and expects to continue to engage in transactions with Dell that include joint product development, go-to-market, branding, marketing, sales, customer service activities, real estate and various support services, and to engage in additional related persons transactions with Dell to leverage the benefits of the strategic alignment. VMware believes that these related persons transactions provide the Company a unique opportunity to leverage the respective technical expertise, product strengths and market presence of Dell and its subsidiaries for the benefit of VMware's customers and stockholders while enabling VMware to compete more effectively with competitors who are much larger. These transactions may not prove to be successful and VMware may not realize the full benefit the anticipated Dell-related synergies.

Outlook

As technologies emerge faster than organizations can absorb, creating increasingly complex environments, VMware provides compute, cloud, mobility, networking and security infrastructure software to businesses that provides a flexible digital foundation for the applications that empower businesses to serve their customers globally. The Company's offerings extend beyond compute virtualization to include offerings that allow organizations to manage information technology resources across private clouds and complex multi-cloud, multi-device environments by leveraging synergies across three product categories of Software-Defined Data Center ("SDDC"), Hybrid Cloud Computing and End-User Computing ("EUC"). VMware's portfolio supports and addresses the four key IT priorities of its customers: modernizing data centers, integrating public clouds, empowering digital workspaces and transforming security.

A significant portion of VMware's revenue is derived, and will for the foreseeable future continue to be derived, from VMware's server virtualization products. As more and more businesses achieve high levels of virtualization in their data centers, the market for VMware vSphere product continues to mature. Additionally, as businesses increasingly utilize public cloud and SaaS-based offerings, they are building more of their new compute workloads off-premises and are increasingly shifting some of their existing and many of their new workloads to public cloud providers, thereby limiting growth, and potentially reducing, the market for on-premises deployments of VMware vSphere. Although sales of VMware vSphere have declined as a portion of VMware's overall business, and the Company expects this trend to continue, VMware vSphere remains key to

VMware's future growth, as it serves as the foundation for its newer SDDC, network virtualization and the Company's newer cloud and SaaS offerings.

As the market for VMware's server virtualization products continues to mature, and the scale of its business has increased, the Company's rate of revenue growth increasingly depends upon the success of its newer product and service offerings.

VMware's success depends on its current and future customers perceiving technological and operational benefits and cost savings associated with adopting its private and hybrid cloud solutions and its client virtualization and mobile device management solutions.

Software-Defined Data Center (SDDC)

During the fiscal quarter ended May 4, 2018, VMware continued to see broad-based strength of its SDDC solutions; and sales of its management products increased, but future sales growth rates may fluctuate period to period, depending largely upon the extent to which management products are included in particular larger EAs;

Hybrid Cloud Computing

VMware's overarching cloud strategy contains three key components: (i) continue to expand beyond compute virtualization in the private cloud; (ii) extend the private cloud into the public cloud; and (iii) connect and secure endpoints across a range of public clouds. During the fiscal quarter ended May 4, 2018, revenue growth in our Hybrid Cloud Computing offerings (which were primarily comprised of VCPP and VMware Cloud Services) was primarily driven by our VCPP offerings. VMware Cloud on AWS is currently available in certain geographies, and we expect to continue expanding into additional regions.

End-User Computing (EUC)

VMware's EUC solution consists of VMware Workspace ONE ("Workspace ONE"), our digital workspace platform, which includes VMware AirWatch and VMware Horizon. VMware's AirWatch business model includes an on-premises solution that we offer through the sale of perpetual licenses and software-as-a-service solutions. Workspace ONE continued to be the primary growth driver within the EUC product group during the fiscal quarter ended May 4, 2018.

License Revenue

During the fiscal quarter ended May 4, 2018 compared to the fiscal quarter ended May 5, 2017, license revenue benefited from broad-based growth across VMware's diverse portfolio including its core SDDC solutions driven in part by strength in its management products and continued growth of its VMware Cloud Provider Program ("VCP") offering, and in all geographies; and strength in VMware's renewal business, including enterprise agreements ("EAs"), also contributed to license revenue growth.

Services Revenue

During the fiscal quarter ended May 4, 2018, software maintenance revenue continued to benefit from strong renewals of VMware's EAs, and professional services revenue increased as compared to the to the fiscal quarter ended May 5, 2017. The Company has continued to focus on solution deployments, including its products such as NSX products, which contributed to the increase in professional services revenue. VMware's professional services revenue may vary as VMware continues to enable and leverage its partners to deliver profession services for its solutions, and the timing of service engagements will also impact the amount of professional services revenue VMware recognizes in a fiscal period.

Cost of Services Revenue and Operating Expenses

VMware's cost of services revenue and operating expenses primarily reflected increasing cash-based employee-related expenses, driven by incremental growth in salaries and headcount across most of VMware's income statement expense categories during the fiscal quarter ended May 4, 2018. VMware expects increases in cash-based employee-related expenses to continue.

Research and Development

VMware has made, and expects to continue to make, significant investments in research and development. The Company has assembled an experienced group of developers with systems management, public and private cloud, desktop, digital mobility, security, applications, software-as-a-service, networking, storage and open source software expertise. It also has strong ties to leading academic institutions around the world, and it invests in joint research with academia.

Sales and Marketing

The Company raises awareness of its company and brands, markets its products and generates sales leads through VMware and industry events, public relations efforts, marketing materials, advertising, direct marketing, social media initiatives, free downloads and its website. VMware has invested in multiple online communities that enable customers and partners to share and discuss sales and development resources, best practices implementation, and industry trends among other topics. VMware's annual user conference, VMworld, is held in both the U.S. and Europe, while VMware's APJ vForum events are held in the Asia Pacific and Japan region. The Company also offers management presentations, seminars, and webinars on its products of virtualization, end-user computing and cloud services. VMware believes the combination of these activities strengthens its brand and enhances its leading positions in the Company's industry.

U.S. Tax Cuts and Jobs Act

The United States ("U.S.") Tax Cuts and Jobs Act enacted on December 22, 2017 (the "2017 Tax Act") introduced significant changes to U.S. income tax law, including a reduction of the U.S. statutory corporate income tax rate from 35% to 21%. During December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which allows recognition of provisional tax amounts during a measurement period not to extend beyond one year of the enactment date. Due to the timing of the enactment and the complexity involved in applying the provisions of the 2017 Tax Act, VMware has made reasonable estimates for these effects and recorded provisional amounts on its condensed consolidated financial statements for the fiscal quarter ended May 4, 2018. The Company expects to complete its analysis within the measurement period permitted under SAB 118.

The Global Intangible Low-Taxed Income ("GILTI") provisions of the 2017 Tax Act require VMware to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. VMware has not elected its accounting policy as to the implementation of the GILTI provisions but plans to do so within the measurement period permitted under SAB 118. VMware recognized the tax impacts associated with GILTI as a current expense on its condensed consolidated statements of income during the fiscal quarter ended May 4, 2018.

Tax Rates

VMware's future effective tax rate may be affected by such factors as changes in tax laws, changes in VMware's business or statutory rates, changing interpretation of existing laws or regulations, the impact of accounting for stock-based compensation and the recognition of excess tax benefits and tax deficiencies within the income tax provision in the period in which they occur, the impact of accounting for business combinations, changes in the composition of earnings in the U.S. compared with other regions in the world and overall levels of income before tax, changes in VMware's international organization, as well as the expiration of statute of limitations and settlements of audits.

VMware's future effective tax rate will depend upon the proportion of its income before provision for income taxes earned in the U.S. and in jurisdictions with a tax rate lower than the U.S. statutory rate. VMware's non-U.S. earnings are primarily earned by its subsidiaries organized in Ireland where the rate of taxation is lower than its U.S. tax rate, and as such, its annual effective tax rate can be significantly affected by the composition of our earnings in the U.S. and non-U.S. jurisdictions. During October 2014, Ireland announced revisions to its tax regulations that will require foreign earnings of the Company's subsidiaries organized in Ireland to be taxed at higher rates. The Company will be impacted by the changes in tax laws in Ireland beginning in 2021. Prior to this date, the Company may proactively make structural changes in Ireland that may reduce the impact to VMware's future tax rates. Currently, there are certain structural changes in Ireland that may be available to multi-national companies. However, due to the Dell Acquisition, VMware could be subject to higher tax obligations in the event VMware executed similar structural changes.

Any other significant changes to U.S. or international tax laws could have a material impact on VMware's effective tax rate, financial condition, operating results and timing and amount of tax payments.

In addition, numerous other countries have recently enacted or are considering enacting changes to tax laws, administrative interpretations, decisions, policies and positions. These changes could adversely affect the Company's effective tax rate or result in higher cash tax liabilities.

The Company is subject to income and indirect tax examinations. The Dell-owned EMC consolidated group is routinely under audit by the Internal Revenue Service (the "IRS"). All U.S. federal income tax matters have been concluded for years through 2011, except for any matters under appeal. In addition, the Company is under corporate income tax audits in various states and non-U.S. jurisdictions. While the Company believes it has complied with all applicable income tax laws, a governing tax authority could have a different interpretation of the law and assess the Company with additional taxes. Any assessment of additional taxes could materially affect the Company's financial condition and operating results.

Accounting Principles

During May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). In 2016, the FASB issued ASU 2016-08, ASU 2016-10 and ASU 2016-12, which provide interpretive clarifications on the new guidance in Topic 606 (collectively, "Topic 606"). The updated revenue standard replaced all existing revenue recognition guidance under GAAP and established common principles for recognizing revenue for all industries. It also provided guidance on the accounting for costs to fulfill or obtain a customer contract. The core principle underlying the updated standard is the recognition of revenue based on consideration expected to be entitled from the transfer of goods or services to a customer. VMware adopted Topic 606 effective February 3, 2018 using retrospective application. As part of the adoption, certain prior period amounts have been adjusted or reclassified within the condensed consolidated financial statements.

Palo Alto, California 94304, USA
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VMware, Inc.