

CARBON BLACK, INC.

Filed by
VMWARE, INC.

FORM SC TO-T/A

(Amended tender offer statement by Third Party)

Filed 10/07/19

Address	1100 WINTER ST. WALTHAM, MA, 02451
Telephone	617-393-7400
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

SCHEDULE TO

**Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934
(Amendment No. 4)**

CARBON BLACK, INC.

(Name of Subject Company)

CALISTOGA MERGER CORP.

(Offeror)

(Names of Filing Persons)

VMWARE, INC.

(Parent of Offeror)

(Names of Filing Persons)

Common stock, par value \$0.001 per share
(Title of Class of Securities)

14081R103

(CUSIP Number of Class of Securities)

**Patrick Gelsinger
Chief Executive Officer
VMware, Inc.**

**3401 Hillview Avenue
Palo Alto, CA
(650) 427-5000**

(Name, address and telephone numbers of person authorized to receive notices and communications on behalf of filing persons)

With a copy to:

**Brandon C. Parris
Michael G. O'Bryan
Morrison & Foerster LLP
425 Market Street
San Francisco, CA 94105-2482
(415) 268-7000**

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$2,102,212,897	\$254,789***

* Calculated solely for purposes of determining the filing fee. The transaction value was calculated by adding (a) 74,931,471 shares of issued and outstanding common stock, par value \$0.001 per share (the "Shares"), of Carbon Black, Inc., a Delaware corporation ("Carbon Black"), multiplied by the offer price of \$26.00 per Share and (b) 7,396,477 Shares issuable pursuant to outstanding vested options to acquire Shares from Carbon Black with an exercise price less than the offer price of \$26.00 per share, multiplied by \$20.82, which is the offer price of \$26.00 per Share less the weighted-average exercise price for such options of \$5.18 per Share.

** The filing fee was calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory No. 1 for fiscal year 2019, effective October 1, 2018, by multiplying the transaction value by 0.0001212.

*** Previously paid.

☒ Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$254,789
Form or Registration No.: Schedule TO

Filing Party: Calistoga Merger Corp. and VMware, Inc.
Date Filed: September 6, 2019

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- ☒ third-party tender offer subject to Rule 14d-1.
- ☐ issuer tender offer subject to Rule 13e-4.
- ☐ going-private transaction subject to Rule 13e-3.
- ☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- ☐ Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 - ☐ Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)
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This Amendment No. 4 (this “**Amendment**”) amends and supplements the Tender Offer Statement on Schedule TO (as amended and together with any subsequent amendments and supplements thereto, the “**Schedule TO**”), filed with the Securities and Exchange Commission (“**SEC**”) on September 6, 2019, by Calistoga Merger Corp. (“**Purchaser**”), a Delaware corporation and a wholly owned subsidiary of VMware, Inc. (“**Parent**”), a Delaware corporation. The Schedule TO relates to the tender offer by Purchaser for all of the outstanding shares of common stock, par value \$0.001 per share (“**Shares**”), of Carbon Black, Inc. (“**Carbon Black**”), at a price of \$26.00 per Share, without interest, net to the seller in cash, and subject to any required withholding of taxes, upon the terms and subject to the conditions set forth in the offer to purchase, dated September 6, 2019 (the “**Offer to Purchase**”), a copy of which is attached as Exhibit (a)(1)(A), and in the related letter of transmittal (the “**Letter of Transmittal**”, a copy of which is attached as Exhibit (a)(1)(B), and which, together with the Offer to Purchase and other related materials, as each may be amended or supplemented from time to time, constitutes the “**Offer**”).

The information set forth in the Offer to Purchase, including Schedule I thereto, is incorporated by reference to the extent stated herein in response to Items 1 through 9 and Item 11 of the Schedule TO, and is supplemented by the information specifically provided in this Amendment.

Capitalized terms used and not otherwise defined in this Amendment shall have the meanings assigned to such terms in the Offer to Purchase or in the Schedule TO.

Amendments to the Offer to Purchase

Items 1 through 9 and Item 11.

1. The information set forth in the Offer to Purchase under “The Tender Offer—Section 10—Background of the Offer; Past Contacts or Negotiations with Carbon Black” and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such Items incorporate by reference the information contained in the Offer to Purchase, are hereby further amended and supplemented as follows:

The following paragraph replaces the first paragraph under the heading “*Future Arrangements with Carbon Black Executives*” on page 32 of the Offer to Purchase:

In connection with the Merger Agreement, Parent entered into offer letters with Messrs. Morley, Hansen, the Chief Operating Officer of Carbon Black, Polk, the Chief Product Officer of Carbon Black, Viscuso, the Chief Strategy Officer of Carbon Black and Webber, the Chief Financial Officer of Carbon Black, setting forth the terms and conditions of these executive officers’ continued employment with Parent from and after the closing of the Merger. The offer letters for Messrs. Morley, Hansen and Polk have been executed as of the date of this Offer to Purchase. The offer letters for Messrs. Viscuso and Webber were executed on October 3, 2019. The effectiveness of Parent offer letters is contingent on the closing of the Merger. The Carbon Black Board approved the retention of outside legal counsel to represent the executive officers in connection with these Parent offer letter negotiations.

The following paragraph replaces the second and third paragraphs under the heading “*Future Arrangements with Carbon Black Executives*” on page 32 of the Offer to Purchase:

The Parent offer letters for Messrs. Morley, Hansen, Polk, Viscuso and Webber supersede their existing employment arrangements described in the Schedule 14D-9 (each, an “**Existing Employment Agreement**”) and provide that, following the closing of the Merger, Messrs. Morley’s, Hansen’s, Polk’s, Viscuso’s and Webber’s annual base salary will be \$515,000, \$500,000, \$380,000, \$325,000 and \$430,000 respectively, and target bonus opportunity will be 75%, 60%, 50%, 40% and 60%, respectively, of the executive’s base salary. The offer letters modify the definitions of “cause” and “good reason” for any accelerated vesting of Substituted Options (as defined below) and Parent RSUs (as defined below) held by the executives and severance rights and generally preserve only severance entitlements in the Existing Employment Arrangements triggered upon a qualifying termination within the 12 months following the Merger. Namely, the offer letters provide that in the event the applicable executive is terminated by Parent without “cause” (as such term is newly defined in the applicable offer letter) or the applicable executive resigns for “good reason” (as such term is newly defined in the applicable offer letter), in each case within 12 months following the closing of the Merger, subject to the execution and effectiveness of a release agreement, the executive will be entitled to the following, which are substantially the same benefits that the executive would have been entitled to receive under his Existing Employment Arrangement: (i) an amount equal to 18 months in the case of Mr. Morley, 12 months in the case of Mr. Hansen, 9 months in the case of Messrs. Polk and Viscuso and 12 months in the case of Mr. Webber, of the applicable executive’s base salary, payable in substantially equal installments over the same period (except Mr. Webber’s cash severance, which is paid over 6 months); (ii) an amount equal to 150% in the case of Mr. Morley, 100% in the case of Messrs. Hansen and Polk, 75% in the case of Mr. Viscuso and 100% in the case of Mr. Webber, of the applicable executive’s annual target bonus for the year of termination, payable in substantially equal installments over 18 months in the case of Mr. Morley, 12 months in the case of Mr. Hansen, 9 months in the case of Messrs. Polk and Viscuso and 6 months in the case of Mr.

Webber; (iii) if the executive is participating in Parent's group health plan immediately prior to his termination and elects COBRA health continuation, a lump sum, taxable amount equal to COBRA Premiums for 18 months in the case of Mr. Morley, 12 months in the case of Mr. Hansen, 9 months in the case of Messrs. Polk and Viscuso and 6 months in the case of Mr. Webber; and (iv) immediate acceleration of vesting of all then-outstanding Substitute Options and Parent RSUs (other than any Retention RSUs (as defined below)) held by the executive.

The following paragraph replaces the sixth paragraph under the heading "*Future Arrangements with Carbon Black Executives*" on page 33 of the Offer to Purchase:

As a condition of employment with Parent, Messrs. Morley, Hansen, Polk, Viscuso and Webber are each subject to Parent's standard restrictive covenants agreement, including, without limitation, assignment of intellectual property rights and non-disclosure of proprietary and confidential information covenants. Mr. Webber will also be subject to the non-solicitation of customers and employees covenant in his existing restrictive covenants agreement with Carbon Black. In addition, Mr. Morley entered into a non-competition agreement with Parent.

2. The information set forth in the Offer to Purchase under "The Tender Offer—Section 16—Certain Legal Matters; Regulatory Approvals" and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such Items incorporate by reference the information contained in the Offer to Purchase, are hereby further amended and supplemented as follows:

The following paragraphs replace the seventh paragraph under the subsection titled "*Securityholder Litigation*" on page 60 of the Offer to Purchase:

On September 17, 2019, Daniel Frey, a purported stockholder of Carbon Black, filed a lawsuit against Carbon Black and the Carbon Black Board in the United States District Court for the District of Colorado, captioned Frey v. Carbon Black, Inc. et al, case number 1:19-cv-02659 (the "**Frey Complaint**"). The complaint alleges, among other things, that the defendants violated Section 14(e) and 14(d)(4) of the Exchange Act by causing a Schedule 14D-9 Recommendation Statement to be filed with the SEC on September 6, 2019 that omits and/or misrepresents material information and against the Carbon Black Board under Section 20(a) of the Exchange Act as control persons. As relief, the complaint seeks, among other things, an injunction preventing consummation of the proposed transaction, rescission of the proposed transaction or rescissory damages in the event it is consummated, declaration that defendants violated certain sections of the Exchange Act and rules promulgated thereunder, and the award of attorneys' fees and expenses.

On September 27, 2019, Robert Lowinger, a purported stockholder of Carbon Black, filed a class action lawsuit against Carbon Black, the Carbon Black Board, Purchaser and Parent in the United States District Court for the Eastern District of New York, captioned Lowinger v. Carbon Black, Inc. et al, case number 1:19-cv-05493 (the "**Lowinger Complaint**", and together with the Winkler Complaint, the Bayles Complaint, the Bushansky Complaint, the Grobman Complaint, the Wolf Complaint, the Jacques Complaint, and the Frey Complaint, collectively, the "**Securities Complaints**"). The complaint alleges, among other things, that the defendants violated Section 14(e) of the Exchange Act by causing a materially incomplete and misleading Schedule 14D-9 Recommendation Statement to be filed with the SEC on September 6, 2019, and against the Carbon Black Board under Section 20(a) of the Exchange Act as control persons. As relief, the complaint seeks, among other things, an injunction preventing the amendment of the Schedule 14D-9 Recommendation Statement, an injunction preventing consummation of the proposed transaction, rescission of the proposed transaction or rescissory damages in the event it is consummated, an accounting by defendants for all damages caused to the plaintiff and the class, and the award of attorneys' fees and expenses.

The following paragraph replaces the second paragraph under the subsection titled "*Antitrust in Austria*" on page 60 of the Offer to Purchase:

"At 6:00 p.m., New York City Time, on October 4, 2019, the four-week waiting period contemplated by the Austrian Cartel Act expired. The termination of the waiting period under the Austrian Cartel Act satisfies the last of the Regulatory Conditions necessary for the Offer.

On October 4, 2019, Parent and Carbon Black issued a joint press release announcing the expiration of the waiting period contemplated by the Austrian Cartel Act. The full text of the press release is attached as Exhibit (a)(5)(S) hereto and is incorporated by reference."

3. The information set forth in the Offer to Purchase and Items 1 through 9 and Item 11 of the Schedule TO, to the extent such Items incorporate by reference the information contained in the Offer to Purchase, is hereby amended and supplemented as follows:

American Stock Transfer & Trust Company, LLC, the depositary for the Offer, has advised Parent that, as of 5:39 p.m., New York City Time, on October 4, 2019, approximately 30,570,985 Shares of Carbon Black had been validly tendered and received, and not validly withdrawn, pursuant to the Offer, representing approximately 41% of Carbon Black's outstanding Shares.

Item 12.

Item 12 of the Schedule TO is hereby amended and supplemented by adding the following exhibits:

<u>Exhibit No.</u>	<u>Description</u>
(a)(5)(S)	Joint Press Release issued by VMware, Inc. and Carbon Black, Inc., dated October 4, 2019.
(d)(8)	Michael Viscuso Offer Letter.
(d)(9)	Stephen Webber Offer Letter.

EXHIBIT INDEX

Exhibit No.	Description
(a)(1)(A)*	Offer to Purchase, dated September 6, 2019.
(a)(1)(B)*	Letter of Transmittal, dated September 6, 2019.
(a)(1)(C)*	Notice of Guaranteed Delivery, dated September 6, 2019.
(a)(1)(D)*	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated September 6, 2019.
(a)(1)(E)*	Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated September 6, 2019.
(a)(1)(F)*	Summary Advertisement, as published in the <i>New York Times</i> on September 6, 2019.
(a)(5)(A)	Press Release of VMware, Inc., dated August 22, 2019 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by VMware, Inc. on August 22, 2019).
(a)(5)(B)	Q&A, dated August 22, 2019 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(C)	Blog Post by VMware, Inc., dated August 22, 2019 (incorporated by reference to Exhibit 99.2 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(D)	Blog Post by Dell Inc., dated August 22, 2019 (incorporated by reference to Exhibit 99.3 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(E)	E-mails to employees, dated August 22, 2019 (incorporated by reference to Exhibit 99.4 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(F)	Talking Points, distributed August 22, 2019 (incorporated by reference to Exhibit 99.5 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(G)	Customer Presentation, dated August 22, 2019 (incorporated by reference to Exhibit 99.6 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(H)	Earnings Conference Call Slides, dated August 22, 2019 ((incorporated by reference to Exhibit 99.7 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(I)	Earnings Call Transcript, dated August 22, 2019 (incorporated by reference to Exhibit 99.8 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(J)	Carbon Black Town Hall Meeting Talking Points (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(K)	Social Media Posts (incorporated by reference to Exhibit 99.2 to the Schedule TO-C filed by VMWare, Inc. on August 23, 2019).
(a)(5)(L)	Internal Blog to Dell Sales Community by Dell dated August 26, 2019 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 26, 2019).
(a)(5)(M)	Customer Communication (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 28, 2019).
(a)(5)(N)	Transcript of VMworld Strategy Session with VMware, Carbon Black and Pivotal Executives, August 28, 2019 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 29, 2019).
(a)(5)(O)	Supplemental Slides from VMworld Strategy Session with VMware, Carbon Black and Pivotal Executives, August 28, 2019 (incorporated by reference to Exhibit 99.2 to the Schedule TO-C filed by VMWare, Inc. on August 29, 2019).
(a)(5)(P)	Transcript of Dell, Inc. Investor Call, August 29, 2019 (incorporated by reference to Exhibit 99.1 to the Schedule TO-C filed by VMWare, Inc. on August 30, 2019).
(a)(5)(Q)*	Joint Press Release issued by VMware, Inc. and Carbon Black, Inc., dated September 10, 2019.
(a)(5)(R)*	Sanjay Poonen Interview on CNBC.

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- (a)(5)(S) Joint Press Release issued by VMware, Inc. and Carbon Black, Inc., dated October 4, 2019.
- (b) Not applicable.
- (c) Not applicable.
- (d)(1) Agreement and Plan of Merger, dated as of August 22, 2019, by and among VMware, Inc., Calistoga Merger Corp. and Carbon Black, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by VMware, Inc. on August 22, 2019).
- (d)(2)* Confidentiality/Nondisclosure Agreement, dated July 23, 2019, by and between Carbon Black, Inc. and VMware, Inc.
- (d)(3) Form of Tender and Support Agreement, dated as of August 22, 2019, by and among VMware, Inc., Calistoga Merger Corp. and certain Carbon Black stockholders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by VMware, Inc. on August 22, 2019).
- (d)(4)* Exclusivity Agreement, dated as of August 12, 2019, by and among VMware, Inc. and Carbon Black, Inc.
- (d)(5)* Thomas Hansen Offer Letter.
- (d)(6)* Patrick Morley Offer Letter.
- (d)(7)* Ryan Polk Offer Letter.
- (d)(8) Michael Viscuso Offer Letter.
- (d)(9) Stephen Webber Offer Letter.
- (e) Not applicable.
- (f) Not applicable.
- (g) Not applicable.
- (h) Not applicable.

* Previously filed.

SIGNATURES

After due inquiry and to the best of their knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

CALISTOGA MERGER CORP.

By: /s/ Craig Norris

Name: Craig Norris

Title: President and Secretary

VMWARE, INC.

By: /s/ Craig Norris

Name: Craig Norris

Title: Vice President, Deputy General Counsel and
Assistant Secretary

Dated: October 4, 2019

VMware and Carbon Black Announce Satisfaction of the Remaining Regulatory Condition for Tender Offer

PALO ALTO, Calif., Oct. 4, 2019 – VMware, Inc. (NYSE: VMW) and Carbon Black, Inc. (NASDAQ: CBLK) today announced that the required waiting period under the Austrian Cartel Act applicable to VMware's Tender Offer (as defined below) for Carbon Black has expired. The termination of the waiting period under the Austrian Cartel Act satisfies the last of the regulatory conditions necessary for the consummation of the pending acquisition.

American Stock Transfer & Trust Company, LLC, the depositary for the Tender Offer, has advised VMware that, as of 5:39 p.m., New York City Time, on October 4, 2019, approximately 30,570,985 Shares of Carbon Black had been validly tendered and received, and not validly withdrawn, pursuant to the Tender Offer, representing approximately 41% of Carbon Black's outstanding Shares.

As previously announced, VMware's wholly owned subsidiary, Calistoga Merger Corp., commenced a cash tender offer to purchase all of the outstanding shares of common stock of Carbon Black for a price of \$26 per share (the "Tender Offer"). The Tender Offer and withdrawal rights thereunder are scheduled to expire at 5:00 p.m., New York City Time, on October 7, 2019, unless the offer is extended. The consummation of the Tender Offer remains subject to customary conditions, including the tender of at least a majority of the shares of Carbon Black.

About Carbon Black

Carbon Black (NASDAQ: CBLK) is a leader in cloud-native endpoint protection dedicated to keeping the world safe from cyberattacks. The CB Predictive Security Cloud® (PSC) consolidates endpoint protection and IT operations into an endpoint protection platform (EPP) that prevents advanced threats, provides actionable insight and enables businesses of all sizes to simplify operations. By analyzing billions of security events per day across the globe, Carbon Black has key insights into attackers' behaviors, enabling customers to detect, respond to and stop emerging attacks.

More than 5,600 global customers, including approximately one third of the Fortune 100, trust Carbon Black to protect their organizations from cyberattacks. The company's partner ecosystem features more than 500 MSSPs, VARs, distributors and technology integrations, as well as many of the world's leading IR firms, who use Carbon Black's technology in more than 500 breach investigations per year.

Carbon Black and CB Predictive Security Cloud are registered trademarks or trademarks of Carbon Black, Inc. in the United States and other jurisdictions.

About VMware

VMware software powers the world's complex digital infrastructure. The company's cloud, networking and security, and digital workspace offerings provide a dynamic and efficient digital foundation to customers globally, aided by an extensive ecosystem of partners. Headquartered in Palo Alto, California, VMware is committed to being a force for good, from its breakthrough innovations to its global impact. For more information, please visit <https://www.vmware.com/company.html>.

Forward-Looking Statements

This press release contains forward-looking statements including, among other things, statements regarding the proposed acquisition of Carbon Black by VMware, such as: the amount and type of consideration expected to be paid for the acquisition and the expected timing for the tender offer. These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to: (1) the satisfaction or waiver of the conditions to closing the proposed acquisition in the anticipated timeframe or at all; (2) uncertainties as to how many of Carbon Black's stockholders will tender their shares in the tender offer; (3) the possibility that the acquisition does not close; (4) the possibility that competing offers may be made; (5) risks related to obtaining the requisite consents to the acquisition, including, for example,

the timing (including possible delays); (6) risks related to the ability to realize the anticipated benefits of the proposed acquisition, including the possibility that the expected benefits from the proposed acquisition will not be realized or will not be realized within the expected time period; (7) the risk that the business will not be integrated successfully; (8) disruption from the transaction making it more difficult to maintain business and operational relationships; (9) negative effects of this announcement or the consummation of the tender offer on the market price of VMware's common stock, credit ratings and operating results; (10) the risks related to ongoing and potential litigation and regulatory actions related to the proposed acquisition; (11) other business effects, including the effects of industry, market, economic, political or regulatory conditions; and (12) other unexpected costs or delays in connection with the acquisition. These forward-looking statements are made as of the date of this press release, are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including VMware's and Carbon Black's most recent reports on Form 10-K and Form 10-Q and current reports on Form 8-K that we may file from time to time, which could cause actual results to vary from expectations. VMware and Carbon Black assume no obligation to, and do not currently intend to, update any such forward-looking statements after the date of this release.

Additional Information about the Carbon Black Tender Offer and Where to Find It

This communication is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell Carbon Black securities, nor is it a substitute for the tender offer materials that VMware and its acquisition subsidiary have filed with the SEC. The solicitation and offer to buy Carbon Black stock is being made only pursuant to the Offer to Purchase and related tender offer materials on Schedule TO. THE TENDER OFFER MATERIALS (INCLUDING AN OFFER TO PURCHASE, A RELATED LETTER OF TRANSMITTAL AND CERTAIN OTHER TENDER OFFER DOCUMENTS) AND THE SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 CONTAIN IMPORTANT INFORMATION. CARBON BLACK STOCKHOLDERS ARE URGED TO READ THESE DOCUMENTS CAREFULLY BECAUSE THEY CONTAIN IMPORTANT INFORMATION THAT HOLDERS OF CARBON BLACK SECURITIES SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING TENDERING THEIR SECURITIES. The Offer to Purchase, the related Letter of Transmittal and certain other tender offer documents, as well as the Solicitation/Recommendation Statement, are available to all holders of Carbon Black stock at no expense to them. The tender offer materials and the Solicitation/Recommendation Statement are available for free at the SEC's website at www.sec.gov. Additional copies may be obtained for free by contacting VMware or Carbon Black. Copies of the documents filed with the SEC by Carbon Black are available free of charge on Carbon Black internet website at <https://investors.carbonblack.com/financial-information/sec-filings> or by contacting Carbon Black's Investor Relations Department at 646-277-1251. Copies of the documents filed with the SEC by VMware are available free of charge on VMware's internet website at <https://ir.vmware.com/overview/sec-filings/default.aspx> or by contacting VMware's Investor Relations Department at (650) 427-4631.

In addition to the Offer to Purchase, the related Letter of Transmittal and certain other tender offer documents, as well as the Solicitation/Recommendation Statement, VMware and Carbon Black each file annual, quarterly and current reports and other information with the SEC. VMware's and Carbon Black's filings with the SEC are available to the public on the SEC's website at <http://www.sec.gov>.

Contacts

Paul Ziots
VMware Investor Relations
pziots@vmware.com
650-427-3267

Michael Thacker
VMware Global PR
mthacker@vmware.com
650-427-4454



October 3, 2019

Michael Viscuso

Dear Michael,

We are pleased to offer you a position with VMware, Inc. ("**VMware**") in connection with the closing of VMware's proposed acquisition (the "**Proposed Acquisition**") of Carbon Black, Inc. ("**Carbon Black**") as described below. This offer is contingent on the closing of the Proposed Acquisition (which will be your hire date at VMware). If the Proposed Acquisition is not completed, this employment offer will automatically terminate, and VMware will have no employment or other obligations to you under this employment offer.

Your position will be VP, Strategy, Security Business Unit. You will report to Patrick Morley. Your annual base salary will be \$325,000 and will be paid semi-monthly in accordance with VMware's normal payroll procedures ("**Base Salary**"). VMware, in its sole discretion, may modify your job title, job duties and managers from time to time as it deems necessary, subject to your right to terminate your employment for "Good Reason" as set forth herein. Upon the closing of the Proposed Acquisition (which is your hire date at VMware) you will be eligible to participate in VMware's benefit plans and programs, which may be amended from time to time in VMware's sole discretion, and you will no longer be eligible under any Carbon Black bonus, vacation, commission plans, or any other incentive or benefit plans other than your prorated 2019 Carbon Black bonus (the "**CB Bonus**"), which will be paid to you in the normal course (as already agreed by VMware and Carbon Black) on or prior to the next payroll that is on or after January 31, 2020 (the "**CB Bonus Payment Date**"). If, prior to the CB Bonus Payment Date, you are terminated other than for "Cause" or you terminate for "Good Reason," the payment of the CB Bonus shall be at such earlier time as when you receive your final paycheck, but in no event later than the CB Bonus Payment Date.

Exhibits A-C and Schedule I set forth additional terms and conditions applicable during your employment with VMware.

Non-Accrual Time Off Policy

Upon commencement of your employment with VMware, you will be subject to VMware's Non-Accrued Vacation Policy applicable to all exempt U.S. VMware employees.

Bonus Eligible

You will be eligible to participate in VMware's bonus program as it may be amended from time to time. You will be eligible for an annual target bonus opportunity of 40% of your base salary. Under the terms and conditions set forth in VMware's bonus plan, any bonus for which you become eligible will be measured and funded on an annual basis, with the actual payout based on achievement of VMware financial goals and your individual performance, as approved by management. Any bonus payment for your initial period of employment (i.e., from the closing of the Proposed Acquisition to January 31, 2020, which is the end of VMware's current fiscal year) will be prorated based on your actual start date and in all cases (except in connection with payment of the Severance Consideration set forth in **Exhibit B**), payment is subject to your employment with VMware at the time of payment in accordance with the terms of VMware's bonus plan. VMware reserves the right to modify or discontinue your bonus opportunity at any time.

Rollover Equity and Carbon Black Employment Agreement

Under the terms of the merger agreement governing the Proposed Acquisition, VMware will substitute Carbon Black stock options and restricted stock units granted and outstanding prior to August 22, 2019 and that are outstanding and unvested as of the closing date (collectively “**Substituted Equity**”) for VMware stock options and restricted stock units on substantially the same terms, except that, in consideration of this offer of employment, you agree that the definitions of “Cause” and “Good Reason” for all purposes, including any accelerated vesting of Substituted Equity are hereby amended to the definitions of Cause and Good Reason set forth on **Exhibit A** of this offer letter, and that any incentive stock options will be converted to non-qualified stock options. For the avoidance of doubt, there will be no acceleration of vesting of your Substituted Equity as a result of your acceptance of this offer letter or the closing of the Proposed Acquisition.

On the closing date of the Proposed Acquisition, your Employment Agreement with Carbon Black, dated January 1, 2016, as amended January 1, 2018 (the “**Carbon Black Agreement**”) will terminate. Your severance benefits are outlined in **Exhibit B**. After you have completed 12 months of employment with VMware, your severance benefits will be limited to those provided in the VMware Involuntary Separation Plan then in effect, provided you meet the eligibility requirements of that Involuntary Separation Plan.

Section 409A

It is intended that the payments and other compensation contemplated by this offer letter satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”), provided under Treasury Regulation Section 1.409A-1(b)(4) or comply with Code Section 409A, and that this offer letter will be so interpreted and administered. Notwithstanding the foregoing, if VMware determines that payments and other compensation pursuant to this offer letter may not either be exempt from or compliant with Code Section 409A, VMware may, with your prior written consent, adopt such amendments to this offer letter or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that VMware determines are necessary or appropriate to (i) exempt such payments and other compensation from Code Section 409A and/or preserve the intended tax treatment of such payments and other compensation, or (ii) comply with the requirements of Code Section 409A, except that there is no obligation on the part of VMware to adopt any such amendment, policy or procedure or take any such other action, and in any event, no such action will reduce the amount of payments or other compensation that is owed to you under this offer letter without your prior written consent.

Other Matters

You should be aware that your employment with VMware is for no specified period and constitutes at will employment. As a result, you are free to resign at any time, for any reason or for no reason, subject to the Good Reason process outlined herein (should that be applicable). Similarly, VMware is free to conclude its employment relationship with you at any time, with or without Cause, and with or without notice.

On your first day of employment you will be asked to submit verification of your legal right to work in the U.S. If you do not submit verification of your legal right to work in the U.S. by the third day after your first day of employment, VMware reserves the right to rescind this offer of employment.

You agree that, during the term of your employment with VMware, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which VMware is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to VMware. All potential conflicts must be disclosed to VMware in writing pursuant to its conflict disclosure process. Your current roles with the companies disclosed on Exhibit C are hereby approved during your VMware employment subject to the following conditions: (1) your involvement with such companies does not interfere with the performance of your duties and responsibilities as a full time employee of VMware, (2) no VMware resources are used in connection with your outside activities, (3) you remain subject to your confidentiality obligations with respect to VMware confidential information as set for the attached VMware Employment Agreement and no VMware confidential information is shared or disclosed in any manner and (4) the scope of the business activities conducted by the companies on Exhibit C do not become competitive with VMware.

By accepting this offer and becoming an employee at VMware, you will be expected to comply with VMware's rules and policies, including but not limited to the VMware Acceptable Use Policy, VMware Respectful Workplace Policy, Equal Employment Opportunity Policy, Business Conduct Guidelines and Employment Agreement, which requires, among other provisions, the assignment of patent rights to any invention made during your employment at VMware and non-disclosure of proprietary and confidential information both during and after your employment at VMware.

This offer letter agreement and **Exhibits A and B**, along with the agreements and policies enclosed herewith and referenced herein, contain all of the terms, promises, representations, and understandings between you and VMware regarding your employment with VMware, and supersedes any other oral or written agreement or understandings between you and VMware, and you and Carbon Black regarding these matters prior to the date hereof, including, without limitation, any oral or written agreement between you and VMware or you and Carbon Black. By accepting this offer below, you agree that you have received, read, understand and agree to comply with the enclosed VMware Acceptable Use Policy, VMware Respectful Workplace Policy, Equal Employment Opportunity Policy, Business Conduct Guidelines and Employment Agreement as a condition of your employment.

This offer is contingent upon the successful completion of VMware's background check and your verification of your legal right to work in the U.S. As a subsidiary of a US technology company, VMware is subject to certain restrictions on hiring nationals of the following countries: North Korea, Syria, Libya, Iran, Sudan, and Cuba. If you are a national of one of these countries, please contact the HR Shared Services Team at offers@vmware.com.

Any modification or amendment of this offer letter must be in writing and signed by an officer of VMware and you.

Please indicate your acceptance of VMware's offer within three business days by signing below and sending scanned copies of all pages to me at rlang@vmware.com.

We are looking forward to having you join the VMware family. If you have any questions regarding this offer letter, please contact me at (650) 427-4184 or rlang@vmware.com.

Sincerely,

/s/ Rich Lang

Rich Lang
SVP, HR / Office of CPO

ACCEPTED AND AGREED TO as of Oct 3, 2019

/s/ Michael Viscuso

Michael Viscuso

Enclosures:

VMware Employment Agreement Rev. July, 2019
VMware Business Conduct Guidelines Rev. Oct, 2016
VMware Respectful Workplace Policy Rev. Oct. 30, 2018
VMware Equal Employment Opportunity Policy Rev. Aug 19, 2016
VMware Acceptable Use Policy Rev. Sep 15, 2017

Exhibit A

Definition of Cause

“Cause” will be defined as (1) your willful neglect, failure or refusal to perform your employment duties or obligations (except resulting from your incapacity due to illness) as reasonably directed by VMware, which, if curable, has continued for more than 30 days following written notice of such non-performance from the Company (the **“Cure Period”**); (2) your willful misconduct in the performance of your employment duties, also subject to the notice and cure process described in (1); (3) your indictment for a felony (other than a traffic related offense) or a misdemeanor involving moral turpitude; or (4) your commission of an act involving personal dishonesty that results in significant financial or reputational harm to VMware or its subsidiaries, including, but not limited to, an act constituting misappropriation or embezzlement of property. No act or failure to act on your part will be deemed **“willful”** for purposes of the definition of **“Cause”** unless committed or omitted by you in bad faith and without reasonable belief that your act or failure to act was in, or not opposed to, the best interests of VMware or its subsidiaries. In order to terminate you for Cause, VMware is required to deliver a notice of termination that sets forth in reasonable detail any facts and circumstances claimed to provide a basis of your termination for Cause.

Definition of Good Reason

“Good Reason” will be defined as your resignation due to the occurrence of any of the following conditions which occurs without your written consent provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of your then current base salary or target bonus percentage by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) any change in your level (e.g., Vice President, Senior Director or Director) to a level that is not equal to or more senior than the level set forth in your offer letter from VMware or (3) relocation of your principal place of employment to a location more than 50 miles from your current home office in Pennsylvania. For Good Reason to apply, you must provide written notice to VMware of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, VMware will have 30 days during which to remedy the Good Reason condition and not be required to provide for vesting acceleration as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, you must resign from all positions at VMware based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

Exhibit B

Compensation Upon Termination

If, (1) on or during the 12 months following the closing of the Proposed Acquisition, your employment is terminated by VMware without Cause or you resign your employment for Good Reason or (2) as set forth on Schedule 1, then, in each case above, subject to your signing and not revoking a VMware's standard form of release agreement, all within 60 days after the date of your termination or resignation:

- VMware shall pay you an amount equal to (i) nine months of your Base Salary; plus (ii) 75% of your target bonus for the year in which the date of your termination or resignation occurs (collectively, the "Severance Amount"), payable in substantially equal installments in accordance with VMware's payroll practice over nine months (the "**Severance Period**") commencing within 60 days after the date of your termination or resignation. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2);
- Notwithstanding anything to the contrary in any applicable equity plan or award agreement, all of your Substituted Equity (but excluding any VMware equity awards issued following and not in connection with the Proposed Acquisition) shall immediately accelerate and become fully exercisable or nonforfeitable as of the date of your termination or resignation; provided that, for the avoidance of doubt, this provision shall supersede any provision in any applicable equity plan or award agreement relating to acceleration in connection with the closing of the Proposed Acquisition (excluding any VMware equity awards issued following and not in connection with the Proposed Acquisition); and
- If you were participating in VMware's group health plan immediately prior to the date of your termination or resignation and elect COBRA health continuation, then VMware shall pay you a lump sum, taxable, amount equal to the monthly employer and employee contributions for COBRA health coverage ("COBRA Premiums") through the end of the Severance Period.

In the event that the payments and benefits provided to you herein or otherwise by VMware constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this provision, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then your payments and benefits shall be either (i) delivered in full (it being understood that no gross-ups for taxes that may be due on such amounts should be added to such amounts) or (ii) delivered as to such lesser extent as would result in no portion of such amounts being subject to the Excise Tax, whichever of the foregoing results in the receipt by you on an after-tax basis of the greatest amount, notwithstanding that all or some of the amounts may be taxable under Section 4999 of the Code. If a reduction is to occur pursuant to the prior sentence, unless an alternative election is permitted by, and does not result in taxation under, Section 409A and is timely elected by you, the payments and benefits shall be cutback in the following order: any cash severance you are entitled to (starting with the last payment due), then other cash amounts that are parachute payments (starting with the last payment due), then any stock options that have exercise prices higher than the then fair market value price of the stock (based on the latest vesting tranches), then restricted stock and restricted stock units based on the last ones scheduled to be distributed and then other stock options based on the latest vesting tranches.



October 3, 2019

Stephen Webber

Dear Stephen,

We are pleased to offer you a position with VMware, Inc. ("**VMware**") in connection with the closing of VMware's proposed acquisition (the "**Proposed Acquisition**") of Carbon Black, Inc. ("**Carbon Black**") as described below. This offer is contingent on the closing of the Proposed Acquisition (which will be your hire date at VMware). If the Proposed Acquisition is not completed, this employment offer will automatically terminate, and VMware will have no employment or other obligations to you under this employment offer.

Your position will be VP, Chief Financial Officer, Security Business Unit. You will report to Zane Rowe. Your annual base salary will be \$430,000 and will be paid semi-monthly in accordance with VMware's normal payroll procedures ("**Base Salary**"). VMware, in its sole discretion, may modify your job title, job duties and managers from time to time as it deems necessary, subject to your right to terminate your employment for "Good Reason" as set forth herein. Upon the closing of the Proposed Acquisition (which is your hire date at VMware) you will be eligible to participate in VMware's benefit plans and programs, which may be amended from time to time in VMware's sole discretion, and you will no longer be eligible under any Carbon Black bonus, vacation, commission plans, or any other incentive or benefit plans other than your prorated 2019 Carbon Black bonus (the "**CB Bonus**"), which will be paid to you in the normal course (as already agreed by VMware and Carbon Black) on or prior to the next payroll that is on or after January 31, 2020 (the "**CB Bonus Payment Date**"). If, prior to the CB Bonus Payment Date, you are terminated other than for "**Cause**" or you terminate for "**Good Reason**," the payment of the CB Bonus shall be at such earlier time as when you receive your final paycheck, but in no event later than the CB Bonus Payment Date.

Exhibits A-C and Schedule I set forth additional terms and conditions applicable during your employment with VMware.

Non-Accrual Time Off Policy

Upon commencement of your employment with VMware, you will be subject to VMware's Non-Accrued Vacation Policy applicable to all exempt U.S. VMware employees.

Bonus Eligible

You will be eligible to participate in VMware's bonus program as it may be amended from time to time. You will be eligible for an annual target bonus opportunity of 60% of your base salary. Under the terms and conditions set forth in VMware's bonus plan, any bonus for which you become eligible will be measured and funded on an annual basis, with the actual payout based on achievement of VMware financial goals and your individual performance, as approved by management.

Any bonus payment for your initial period of employment (i.e., from the closing of the Proposed Acquisition to January 31, 2020, which is the end of VMware's current fiscal year) will be prorated based on your actual start date and in all cases (except in connection with payment of the Severance Consideration), payment is subject to your employment with VMware at the time of payment in accordance with the terms of VMware's bonus plan. VMware reserves the right to modify or discontinue your bonus opportunity at any time.

Rollover Equity and Carbon Black Employment Agreement

Under the terms of the merger agreement governing the Proposed Acquisition, VMware will substitute Carbon Black stock options and restricted stock units granted and outstanding prior to August 22, 2019 and that are outstanding and unvested as of the closing date (collectively “**Substituted Equity**”) for VMware stock options and restricted stock units on substantially the same terms, except that, in consideration of this offer of employment, you agree that the definitions of “Cause” and “Good Reason” for all purposes, including any accelerated vesting of Substituted Equity are hereby amended to the definitions of Cause and Good Reason set forth on **Exhibit A** of this offer letter, and that any incentive stock options will be converted to non-qualified stock options. For the avoidance of doubt, there will be no acceleration of vesting of your Substituted Equity as a result of your acceptance of this offer letter or the closing of the Proposed Acquisition.

On the closing date of the Proposed Acquisition, your Employment Agreement with Carbon Black (the “**Carbon Black Agreement**”) will terminate. Your severance benefits are outlined in **Exhibit B**. After you have completed 12 months of employment with VMware, your severance benefits will be limited to those provided in the VMware Involuntary Separation Plan then in effect, provided you meet the eligibility requirements of that Involuntary Separation Plan.

Section 409A

It is intended that the payments and other compensation contemplated by this offer letter satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”), provided under Treasury Regulation Section 1.409A-1(b)(4) or comply with Code Section 409A, and that this offer letter will be so interpreted and administered. Notwithstanding the foregoing, if VMware determines that payments and other compensation pursuant to this offer letter may not either be exempt from or compliant with Code Section 409A, VMware may, with your prior written consent, adopt such amendments to this offer letter or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that VMware determines are necessary or appropriate to (i) exempt such payments and other compensation from Code Section 409A and/or preserve the intended tax treatment of such payments and other compensation, or (ii) comply with the requirements of Code Section 409A, except that there is no obligation on the part of VMware to adopt any such amendment, policy or procedure or take any such other action, and in any event, no such action will reduce the amount of payments or other compensation that is owed to you under this offer letter without your prior written consent.

Other Matters

You should be aware that your employment with VMware is for no specified period and constitutes at will employment. As a result, you are free to resign at any time, for any reason or for no reason, subject to the Good Reason process outlined herein (should that be applicable). Similarly, VMware is free to conclude its employment relationship with you at any time, with or without Cause, and with or without notice.

On your first day of employment you will be asked to submit verification of your legal right to work in the U.S. If you do not submit verification of your legal right to work in the U.S. by the third day after your first day of employment, VMware reserves the right to rescind this offer of employment.

You agree that, during the term of your employment with VMware, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which VMware is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to VMware. All potential conflicts must be disclosed to VMware in writing pursuant to its conflict disclosure process.

By accepting this offer and becoming an employee at VMware, you will be expected to comply with VMware's rules and policies, including but not limited to the VMware Acceptable Use Policy, VMware Respectful Workplace Policy, Equal Employment Opportunity Policy, Business Conduct Guidelines and Employment Agreement, which requires, among other provisions, the assignment of patent rights to any invention made during your employment at VMware and non-disclosure of proprietary and confidential information both during and after your employment at VMware. In addition, VMware expects that you will continue to comply with and be subject to the terms of Section 8 of your existing Employee Confidentiality, Assignment and Non-Solicitation Agreement with Carbon Black, dated as of January 14, 2019 (the "**Carbon Black Restrictive Covenants Agreement**") set forth on **Exhibit C**.

This offer letter agreement, **Exhibits A-C and Schedule 1**, along with the agreements and policies referenced herein and enclosed herewith, contain all of the terms, promises, representations, and understandings between you and VMware regarding your employment with VMware, and supersedes any other oral or written agreement or understandings between you and VMware, and you and Carbon Black regarding these matters prior to the date hereof, including, without limitation, any oral or written agreement between you and VMware or you and Carbon Black other than Section 8 of the Carbon Black Restrictive Covenants Agreement. By accepting this offer below, you agree that you have received, read, understand and agree to comply with the enclosed VMware Acceptable Use Policy, VMware Respectful Workplace Policy, Equal Employment Opportunity Policy, Business Conduct Guidelines and Employment Agreement as a condition of your employment.

This offer is contingent upon the successful completion of VMware's background check and your verification of your legal right to work in the U.S. As a subsidiary of a US technology company, VMware is subject to certain restrictions on hiring nationals of the following countries: North Korea, Syria, Libya, Iran, Sudan, and Cuba. If you are a national of one of these countries, please contact the HR Shared Services Team at offers@vmware.com.

Any modification or amendment of this offer letter must be in writing and signed by an officer of VMware and you.

Please indicate your acceptance of VMware's offer within three business days by signing below and sending scanned copies of all pages to me at rlang@vmware.com.

We are looking forward to having you join the VMware family. If you have any questions regarding this offer letter, please contact me at (650) 427-4184 or rlang@vmware.com.

Sincerely,

/s/ Rich Lang

Rich Lang
SVP, HR / Office of CPO

ACCEPTED AND AGREED TO as of Oct 3, 2019

/s/ Stephen Webber

Stephen Webber

Enclosures:

VMware Employment Agreement Rev. July, 2019

VMware Business Conduct Guidelines Rev. Oct, 2016

VMware Respectful Workplace Policy Rev. Oct. 30, 2018

VMware Equal Employment Opportunity Policy Rev. Aug 19, 2016

VMware Acceptable Use Policy Rev. Sep 15, 2017

Exhibit A

Definition of Cause

“Cause” will be defined as (1) your willful neglect, failure or refusal to perform your employment duties or obligations (except resulting from your incapacity due to illness) as reasonably directed by VMware, which, if curable, has continued for more than 30 days following written notice of such non-performance from the Company (the **“Cure Period”**); (2) your willful misconduct in the performance of your employment duties, also subject to the notice and cure process described in (1); (3) your indictment for a felony (other than a traffic related offense) or a misdemeanor involving moral turpitude; or (4) your commission of an act involving personal dishonesty that results in significant financial or reputational harm to VMware or its subsidiaries, including, but not limited to, an act constituting misappropriation or embezzlement of property. No act or failure to act on your part will be deemed **“willful”** for purposes of the definition of **“Cause”** unless committed or omitted by you in bad faith and without reasonable belief that your act or failure to act was in, or not opposed to, the best interests of VMware or its subsidiaries. In order to terminate you for Cause, VMware is required to deliver a notice of termination that sets forth in reasonable detail any facts and circumstances claimed to provide a basis of your termination for Cause.

Definition of Good Reason

“Good Reason” will be defined as your resignation due to the occurrence of any of the following conditions which occurs without your written consent provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (1) a reduction of your then current base salary or target bonus percentage by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (2) any change in your level (e.g., Vice President, Senior Director or Director) to a level that is not equal to or more senior than the level set forth in your offer letter from VMware or (3) relocation of your principal place of employment to a location more than 50 miles from the Carbon Black headquarters in Waltham, MA. For Good Reason to apply, you must provide written notice to VMware of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, VMware will have 30 days during which to remedy the Good Reason condition and not be required to provide for vesting acceleration as a result of such proposed resignation. If the Good Reason condition is not remedied within such 30-day period, you must resign from all positions at VMware based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

Exhibit B

Compensation Upon Termination

If, (1) on or during the 12 months following the closing of the Proposed Acquisition, your employment is terminated by VMware without Cause or you resign your employment for Good Reason or (2) as set forth on Schedule 1, then, in each case above, subject to your signing and not revoking a VMware's standard form of release agreement, all within 60 days after the date of your termination or resignation:

- VMware shall pay you an amount equal to (i) 12 months of your Base Salary; plus (ii) 100% of your target bonus for the year in which the date of your termination or resignation occurs (collectively, the "Severance Amount"), payable in substantially equal installments in accordance with VMware's payroll practice over 6 months (the "**Severance Period**") commencing within 60 days after the date of your termination or resignation. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2);
- Notwithstanding anything to the contrary in any applicable equity plan or award agreement, all of your Substituted Equity (but excluding any VMware equity awards issued following and not in connection with the Proposed Acquisition) shall immediately accelerate and become fully exercisable or nonforfeitable as of the date of your termination or resignation; provided that, for the avoidance of doubt, this provision shall supersede any provision in any applicable equity plan or award agreement relating to acceleration in connection with the closing of the Proposed Acquisition (excluding any VMware equity awards issued following and not in connection with the Proposed Acquisition); and
- If you were participating in VMware's group health plan immediately prior to the date of your termination or resignation and elect COBRA health continuation, then VMware shall pay you a lump sum, taxable, amount equal to the monthly employer and employee contributions for COBRA health coverage ("COBRA Premiums") through the end of the Severance Period.

In the event that the payments and benefits provided to you herein or otherwise by VMware constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this provision, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then your payments and benefits shall be either (i) delivered in full (it being understood that no gross-ups for taxes that may be due on such amounts should be added to such amounts) or (ii) delivered as to such lesser extent as would result in no portion of such amounts being subject to the Excise Tax, whichever of the foregoing results in the receipt by you on an after-tax basis of the greatest amount, notwithstanding that all or some of the amounts may be taxable under Section 4999 of the Code. If a reduction is to occur pursuant to the prior sentence, unless an alternative election is permitted by, and does not result in taxation under, Section 409A and is timely elected by you, the payments and benefits shall be cutback in the following order: any cash severance you are entitled to (starting with the last payment due), then other cash amounts that are parachute payments (starting with the last payment due), then any stock options that have exercise prices higher than the then fair market value price of the stock (based on the latest vesting tranches), then restricted stock and restricted stock units based on the last ones scheduled to be distributed and then other stock options based on the latest vesting tranches.