

OPENTEXT

July 31, 2013

OpenText Reports Fourth Quarter and Fiscal Year 2013 Financial Results

Waterloo, Ontario - 2013-07-31 - - Open Text™ Corporation (NASDAQ:OTEX) (TSX: OTC), announced today its financial results for the fourth quarter and fiscal year ended June 30, 2013.

Financial Highlights for Q4 FY13 (1)

- Total revenue for the period was \$347.3 million, up 14% Y/Y
- License revenue was \$78.8 million, up 1% Y/Y
- Cloud services revenue was \$41.9 million
- Non-GAAP-based EPS, diluted was \$1.43 compared to \$1.17 Y/Y, up 22% Y/Y; GAAP-based EPS, diluted was \$0.71 compared to \$0.14 Y/Y (2)
- Non-GAAP-based income from operations was \$102.4 million and 29% of revenues; GAAP-based income from operations was \$49.5 million and 14% of revenues (2)
- Operating cash flow was \$65.2 million, inclusive of a \$27.0 million litigation settlement primarily relating to a legacy EasyLink liability, compared to \$79.8 million Y/Y, down 18%Y/Y, with an ending cash balance of \$470.4 million

Financial Highlights for FY13 (1)

- Total revenue for the period was \$1,363.3 million, up 13% Y/Y
- License revenue was \$279.6 million, down 5% Y/Y
- Cloud services revenue was \$173.8 million
- Non-GAAP-based EPS, diluted was \$5.57 compared to \$4.60 Y/Y, up 21% Y/Y; GAAP-based EPS, diluted was \$2.51 compared to \$2.13 Y/Y (2)
- Non-GAAP-based income from operations was \$399.6 million and 29% of revenues; GAAP-based income from operations was \$197.7 million and 15% of revenues (2)
- Operating cash flow was \$318.5 million, inclusive of a \$27.0 million litigation settlement primarily relating to a legacy EasyLink liability, compared to \$266.5 million Y/Y, up 20%Y/Y.

"We are pleased with our performance this year, delivering historical records in revenue, operating cash flow and non-GAAP earnings while making the strategic acquisition of Easylink and introducing a quarterly dividend program, said OpenText CEO Mark J. Barrenechea. With our sales organization expanded and fully trained, and our leadership position established as a premiere EIM provider, we demonstrated 6% organic license growth in the second half of FY2013 over the same period last year."

"Our FY14 focus is intelligent growth, a commitment to growing earnings, cash flows and creating value for our stakeholders while investing in the markets where we can win. These investments include broader EIM capabilities, expanding our distribution, both direct and through partners, expanding our presence in the cloud and furthering our reach into fast growing markets."

Business Highlights

- Services, public sector, financial and technology industries saw the most demand
- 5 license transactions over \$1 million and 15 license transactions between \$500K and \$1 million
- Customer successes in the quarter include Apotex, CONSOL Energy, Daimler South East Asia Pte Ltd, Hasbro, MAN Diesel & Turbo, Marvel Entertainment, LLC, The U.S. Department of Education and Wellington City Council.
- OpenText unveils responsive, intuitive web experience management solution for targeted, more interactive online customer experiences and extends partner ecosystem for web experience management
- OpenText EIM products to support SAP HANA®, cloud and mobility offerings, and expands reach of its cloud-based solutions now included in SAP® Cloud for Travel solution
- OpenText acquires long-standing partner ICCM Professional Services Limited (ICCM), on May 23, 2013. Based in Malmesbury, United Kingdom, ICCM is focused on BPM Smart Process Applications.
- OpenText named a leader in independent research firm's Smart Process Applications report
- OpenText appoints Noriyuki Hayakawa as President, OpenText Japan

Dividend Program Highlights

Pursuant to the previously announced policy to declare non-cumulative quarterly dividends to holders of its common shares, the Board of Directors has declared a quarterly dividend of \$0.30 per share with respect to outstanding common shares of the Company for the quarter ended June 30, 2013. The quarterly dividend is payable on September 20, 2013 to shareholders of record on August 30, 2013.

| Summary of Quarterly Results | | | | | | |
|--|----------|----------|----------|----------------|----------------|--|
| | Q4 FY13 | Q3 FY13 | Q4 FY12 | % Change (Q/Q) | % Change (Y/Y) | |
| Revenue (million) | \$ 347.3 | \$ 337.7 | \$ 305.6 | 2.8% | 13.6% | |
| GAAP-based gross margin | 66.0% | 63.9% | 65.8% | 210 bps | 20 bps | |
| GAAP-based operating margin | 14.2% | 12.1% | 13.0% | 210 bps | 120 bps | |
| GAAP-based EPS, diluted | \$ 0.71 | \$ 0.44 | \$ 0.14 | 61.4% | 407.1% | |
| Non-GAAP-based gross margin ⁽²⁾ | 72.9% | 70.8% | 72.9% | 210 bps | — bps | |
| Non-GAAP-based operating margin ⁽²⁾ | 29.5% | 26.8% | 27.7% | 270 bps | 180 bps | |
| Non-GAAP-based EPS, diluted ⁽²⁾ | \$ 1.43 | \$ 1.26 | \$ 1.17 | 13.5% | 22.2% | |

| Summary of Year to Date Results | | | | | |
|--|------------|-------------|------------|----------------------|--|
| | FY13 | Q3 YTD FY13 | FY12 | % Change (Y/Y) (bps) | |
| Revenue (million) | \$ 1,363.3 | \$ 1,016.1 | \$ 1,207.5 | 12.9% | |
| GAAP-based gross margin | 64.4% | 63.8% | 65.4% | (100) bps | |
| GAAP-based operating margin | 14.5% | 14.6% | 12.4% | 210 bps | |
| GAAP-based EPS, diluted | \$ 2.51 | \$ 1.80 | \$ 2.13 | 17.8% | |
| Non-GAAP-based gross margin ⁽²⁾ | 71.3% | 70.8% | 72.5% | (120) bps | |
| Non-GAAP-based operating margin ⁽²⁾ | 29.3% | 29.2% | 27.3% | 200 bps | |
| Non-GAAP-based EPS, diluted ⁽²⁾ | \$ 5.57 | \$ 4.14 | \$ 4.60 | 21.1% | |

Conference Call Information

The public is invited to listen to the earnings conference call today at 5:00 p.m. ET (2:00 p.m. PT) by dialing 877-974-0445 (toll-free) or 416-644-3415 (international). Please dial-in 15 minutes ahead of time to ensure proper connection. Alternatively, a live webcast of the earnings conference call will be available on the Investor Relations section of the Company's website at http://www.opentext.com/2/global/ex_event.html?evtype=events&id=701D000000W0eGIAS.

An audio replay of the conference call will also be made available approximately two hours after the conclusion of the call. The audio replay will remain available until 11:59 p.m. on August 7, 2013 and can be accessed by dialing 877-289-8525 (toll-free) or 416-640-1917 (international) and entering the confirmation code: 4626584 followed by the number sign.

Please see below note (2) for a reconciliation of non-U.S. GAAP-based financial measures used in this press release, to U.S. GAAP-based financial measures.

About OpenText

OpenText is the largest independent software provider of Enterprise Information Management (EIM). For more information please visit www.opentext.com

Cautionary Statement Regarding Forward Looking Statements

Certain statements in this press release, including statements about the focus of Open Text Corporation (OpenText or the Company) in fiscal 2014 on growth in earnings and cash flows, creating value through investments in broader EIM capabilities, distribution, the Company s presence in the cloud and in growth markets, its financial conditions, results of operations and earnings; declaration of quarterly dividends; and other matters, are considered forward-looking statements or information

under applicable securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and assumptions that may cause the actual results, performance or achievements to differ materially. Such factors include, but are not limited to, (i) the future performance, financial and otherwise, of OpenText; (ii) the ability of OpenText to bring new products to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) the Company's growth and profitability prospects; (v) the estimated size and growth prospects of the EIM market; (vi) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (vii) the benefits of the Company's products to be realized by customers; (viii) the demand for the Company's product and the extent of deployment of the Company's products in the EIM marketplace; and (ix) the Company's financial condition and capital requirements. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (ii) the possibility that the Company may be unable to meet its future reporting requirements under the Securities Exchange Act of 1934, as amended, and the rules promulgated there under; (iii) the risks associated with bringing new products to market; (iv) fluctuations in currency exchange rates; (v) delays in the purchasing decisions of the Company's customers; (vi) the competition the Company faces in its industry and/or marketplace; (vii) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (viii) the continuous commitment of the Company's customers; and (ix) demand for the Company's products. For additional information with respect to risks and other factors which could occur, see the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the SEC and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Notes

(1) All dollar amounts in this press release are in U.S. Dollars unless otherwise indicated.

(2) Use of Non-GAAP Financial Measures: In addition to reporting financial results in accordance with U.S. GAAP, the Company provides certain financial measures that are not in accordance with U.S. GAAP (non-GAAP). These non-GAAP financial measures have certain limitations in that they do not have a standardized meaning and thus the Company's definition may be different from similar non-GAAP financial measures used by other companies and/or analysts and may differ from period to period. Thus it may be more difficult to compare the Company's financial performance to that of other companies. However, the Company's management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of these non-GAAP financial measures both in its reconciliation to the U.S. GAAP financial measures and its consolidated financial statements, all of which should be considered when evaluating the Company's results.

The Company uses these non-GAAP financial measures to supplement the information provided in its consolidated financial statements, which are presented in accordance with U.S. GAAP. The presentation of non-GAAP financial measures are not meant to be a substitute for financial measures presented in accordance with U.S. GAAP, but rather should be evaluated in conjunction with and as a supplement to such U.S. GAAP measures. OpenText strongly encourages investors to review its financial information in its entirety and not to rely on a single financial measure. The Company therefore believes that despite

these limitations, it is appropriate to supplement the disclosure of the U.S. GAAP measures with certain non-GAAP measures defined below.

Non-GAAP-based net income and non-GAAP-based EPS are calculated as net income or net income per share on a diluted basis, excluding, the amortization of acquired intangible assets, other income (expense), share-based compensation, and special charges, all net of tax. Non-GAAP-based gross profit is the arithmetical sum of GAAP-based gross profit and the amortization of acquired technology-based intangible assets. Non-GAAP-based gross margin is calculated as non-GAAP-based gross profit expressed as a percentage of revenue. Non-GAAP-based income from operations is calculated as income from operations, excluding, the amortization of acquired intangible assets, special charges, and share-based compensation. Non-GAAP-based operating margin is calculated as non-GAAP-based income from operations expressed as a percentage of revenue.

The Company's management believes that the presentation, of the above defined non-GAAP financial measures, provides useful information to investors because they portray the financial results of the Company before the impact of certain non-operational charges. The use of the term non-operational charge is defined for this purpose as an expense that does not impact the ongoing operating decisions taken by the Company's management and is based upon the way the Company's management evaluates the performance of the Company's business for use in the Company's internal reports. In the course of such evaluation and for the purpose of making operating decisions, the Company's management excludes certain items from its analysis, including amortization of acquired intangible assets, special charges, share-based compensation, other income (expense), and the taxation impact of these items. These items are excluded based upon the manner in which management evaluates the business of the Company and are not excluded in the sense that they may be used under U.S. GAAP.

The Company believes the provision of supplemental non-GAAP measures allow investors to evaluate the operational and financial performance of the Company's core business using the same evaluation measures that management uses, and is therefore a useful indication of OpenText's performance or expected performance of future operations and facilitates period-to-period comparison of operating performance. As a result, the Company considers it appropriate and reasonable to provide, in addition to U.S. GAAP measures, supplementary non-GAAP financial measures that exclude certain items from the presentation of its financial results in this press release.

The following charts provide (unaudited) reconciliations of U.S. GAAP-based financial measures to non-U.S. GAAP-based financial measures for the following periods presented:

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the three months ended June 30, 2013.

(\$ in thousands except for per share amounts)

| | Three Months Ended June 30, 2013 | | | | | |
|--|-------------------------------------|--|---------------|------------|--------------------------------|---|
| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
| Cost of revenues | | | | | | |
| Cloud services | \$ 17,696 | | \$ (48) | (1) | \$ 17,648 | |
| Customer Support | 25,351 | | (159) | (1) | 25,192 | |
| Professional Service and Other | 47,879 | | (255) | (1) | 47,624 | |
| Amortization of acquired technology-based intangible assets | 23,579 | | (23,579) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 229,233 | 66.0% | 24,041 | (3) | 253,274 | 72.9% |
| Operating Expenses | | | | | | |
| Research and development | 42,383 | | (526) | (1) | 41,857 | |
| Sales and marketing | 79,338 | | (2,476) | (1) | 76,862 | |
| General and administrative | 27,857 | | (1,958) | (1) | 25,899 | |
| Amortization of acquired customer-based intangible assets | 17,197 | | (17,197) | (2) | — | |
| Special charges | 6,767 | | (6,767) | (4) | — | |
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 49,473 | 14.2% | 52,965 | (5) | 102,438 | 29.5% |
| Other income (expense), net | (4,180) | | 4,180 | (6) | — | |
| Provision for (recovery of) income taxes | (869) | | 14,652 | (7) | 13,783 | |
| GAAP-based net income / Non-GAAP-based net income | 42,172 | | 42,493 | (8) | 84,665 | |
| GAAP-based earnings per share / | | | | | | |

| | | | | |
|--|---------|---------|-----|---------|
| Non-GAAP-based earnings per share-diluted | \$ 0.71 | \$ 0.72 | (8) | \$ 1.43 |
|--|---------|---------|-----|---------|

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax recovery of approximately 2% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Three Months Ended June 30, 2013 | |
|---|-------------------------------------|----------------|
| | | Per share |
| Non-GAAP-based net income | \$ 84,665 | \$ 1.43 |
| Less: | | |
| Amortization | 40,776 | 0.69 |
| Share-based compensation | 5,422 | 0.09 |
| Special charges | 6,767 | 0.11 |
| Other (income) expense, net | 4,180 | 0.07 |
| GAAP-based provision for (recovery of) income taxes | (869) | (0.01) |
| Non-GAAP-based provision for income taxes | (13,783) | (0.23) |
| GAAP-based net income | <u>\$ 42,172</u> | <u>\$ 0.71</u> |

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the year ended June 30, 2013.

(\$ in thousands except for per share amounts)

| | Year Ended June 30, 2013 | | | | | |
|--|-----------------------------|--|-------------|------|--------------------------------|---|
| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
| Cost of revenues | | | | | | |
| Cloud services | \$ 72,365 | | \$ (128) | (1) | \$ 72,237 | |
| Customer Support | 106,948 | | (434) | (1) | 106,514 | |
| Professional Service and Other | 196,874 | | (915) | (1) | 195,959 | |
| Amortization of acquired technology-based intangible assets | 93,610 | | (93,610) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 877,432 | 64.4% | 95,087 | (3) | 972,519 | 71.3% |
| Operating Expenses | | | | | | |
| Research and development | 164,010 | | (1,693) | (1) | 162,317 | |
| Sales and marketing | 289,157 | | (8,429) | (1) | 280,728 | |
| General and administrative | 109,325 | | (3,976) | (1) | 105,349 | |
| Amortization of acquired customer-based intangible assets | 68,745 | | (68,745) | (2) | — | |
| Special charges | 24,034 | | (24,034) | (4) | — | |
| GAAP-based income from operations and operating | | | | | | |

| | | | | | | |
|--|---------|-------|---------|-----|---------|-------|
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 197,665 | 14.5% | 201,964 | (5) | 399,629 | 29.3% |
| Other income (expense), net | (2,473) | | 2,473 | (6) | — | |
| Provision for (recovery of) income taxes | 29,690 | | 23,881 | (7) | 53,571 | |
| GAAP-based net income / Non-GAAP-based net income | 148,520 | | 180,556 | (8) | 329,076 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted | \$ 2.51 | | \$ 3.06 | (8) | \$ 5.57 | |

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision of approximately 17% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Year Ended June 30, 2013 | |
|---|-----------------------------|-----------|
| | | Per share |
| Non-GAAP-based net income | \$ 329,076 | \$ 5.57 |
| Less: | | |
| Amortization | 162,355 | 2.75 |
| Share-based compensation | 15,575 | 0.26 |
| Special charges | 24,034 | 0.41 |
| Other (income) expense, net | 2,473 | 0.04 |
| GAAP-based provision for (recovery of) income taxes | 29,690 | 0.50 |
| Non-GAAP-based provision for income taxes | (53,571) | (0.90) |
| GAAP-based net income | \$ 148,520 | \$ 2.51 |

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the three months ended March 31, 2013.

(\$ in thousands except for per share amounts)

| | Three Months Ended March 31, 2013 | | | | | |
|--|--------------------------------------|--|-------------|------|--------------------------------|--|
| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
| Cost of revenues | | | | | | |
| Cloud services | \$ 18,741 | | \$ (50) | (1) | \$ 18,691 | |
| Customer Support | 27,497 | | (130) | (1) | 27,367 | |
| Professional Service and Other | 49,701 | | (295) | (1) | 49,406 | |
| Amortization of acquired technology-based intangible assets | 23,058 | | (23,058) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 215,619 | 63.9% | 23,533 | (3) | 239,152 | 70.8% |
| Operating Expenses | | | | | | |

| | | | | | | |
|--|----------------|--------------|----------------|------------|----------------|--------------|
| Research and development | 43,003 | | (498) | (1) | 42,505 | |
| Sales and marketing | 77,327 | | (2,634) | (1) | 74,693 | |
| General and administrative | 25,762 | | (270) | (1) | 25,492 | |
| Amortization of acquired customer-based intangible assets | 17,149 | | (17,149) | (2) | — | |
| Special charges | 5,444 | | (5,444) | (4) | — | |
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 40,870 | 12.1% | 49,528 | (5) | 90,398 | 26.8% |
| Other income (expense), net | 237 | | (237) | (6) | — | |
| Provision for (recovery of) income taxes | 11,187 | | 893 | (7) | 12,080 | |
| GAAP-based net income / Non-GAAP-based net income | 25,811 | | 48,398 | (8) | 74,209 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted | \$ 0.44 | | \$ 0.82 | (8) | \$ 1.26 | |

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision of approximately 30% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Three Months Ended March 31, 2013 | |
|---|--------------------------------------|----------------|
| | | Per share |
| Non-GAAP-based net income | \$ 74,209 | \$ 1.26 |
| Less: | | |
| Amortization | 40,207 | 0.68 |
| Share-based compensation | 3,877 | 0.07 |
| Special charges | 5,444 | 0.09 |
| Other (income) expense, net | (237) | — |
| GAAP-based provision for (recovery of) income taxes | 11,187 | 0.19 |
| Non-GAAP-based provision for income taxes | (12,080) | (0.21) |
| GAAP-based net income | <u>\$ 25,811</u> | <u>\$ 0.44</u> |

Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the nine months ended March 31, 2013.

(\$ in thousands except for per share amounts)

| | Nine Months Ended March 31, 2013 | | | | | |
|-------------------------|-------------------------------------|--|-------------|------|--------------------------------|---|
| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
| Cost of revenues | | | | | | |
| Cloud services | \$ 54,669 | | \$ (80) | (1) | \$ 54,589 | |
| Customer Support | 81,507 | | (275) | (1) | 81,232 | |

| | | | | | | |
|--|----------------|--------------|----------------|------------|----------------|--------------|
| Customer support | 81,577 | | (275) | (1) | 81,302 | |
| Professional Service and Other | 148,995 | | (660) | (1) | 148,335 | |
| Amortization of acquired technology-based intangible assets | 70,031 | | (70,031) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 648,199 | 63.8% | 71,046 | (3) | 719,245 | 70.8% |
| Operating Expenses | | | | | | |
| Research and development | 121,627 | | (1,167) | (1) | 120,460 | |
| Sales and marketing | 209,819 | | (5,953) | (1) | 203,866 | |
| General and administrative | 81,468 | | (2,018) | (1) | 79,450 | |
| Amortization of acquired customer-based intangible assets | 51,548 | | (51,548) | (2) | — | |
| Special charges | 17,267 | | (17,267) | (4) | — | |
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 148,192 | 14.6% | 148,999 | (5) | 297,191 | 29.2% |
| Other income (expense), net | 1,707 | | (1,707) | (6) | — | |
| Provision for (recovery of) income taxes | 30,559 | | 9,229 | (7) | 39,788 | |
| GAAP-based net income / Non-GAAP-based net income | 106,348 | | 138,063 | (8) | 244,411 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted | \$ 1.80 | | \$ 2.34 | (8) | \$ 4.14 | |

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision of approximately 22% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Nine Months Ended March 31, 2013 | |
|---|-------------------------------------|----------------|
| | \$ | Per share |
| Non-GAAP-based net income | \$ 244,411 | \$ 4.14 |
| Less: | | |
| Amortization | 121,579 | 2.06 |
| Share-based compensation | 10,153 | 0.17 |
| Special charges | 17,267 | 0.29 |
| Other (income) expense, net | (1,707) | (0.03) |
| GAAP-based provision for (recovery of) income taxes | 30,559 | 0.52 |
| Non-GAAP-based provision for income taxes | (39,788) | (0.67) |
| GAAP-based net income | <u>\$ 106,348</u> | <u>\$ 1.80</u> |

Reconciliation of selected GAAP-based measures to Non GAAP-based measures for the three months ended June 30, 2012.

(\$ in thousands except for per share amounts)

**Three Months Ended
June 30, 2012**

| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
|--|------------------------|--|----------------|------------|--------------------------------|---|
| Cost of Revenues: | | | | | | |
| Customer Support | \$ 27,780 | | \$ (58) | (1) | \$ 27,722 | |
| Professional Service and Other | 51,358 | | (239) | (1) | 51,119 | |
| Amortization of acquired technology-based intangible assets | 21,265 | | (21,265) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 201,105 | 65.8% | 21,562 | (3) | 222,667 | 72.9% |
| Operating Expenses | | | | | | |
| Research and development | 41,195 | | (1,066) | (1) | 40,129 | |
| Sales and marketing | 71,641 | | (2,771) | (1) | 68,870 | |
| General and administrative | 24,186 | | (557) | (1) | 23,629 | |
| Amortization of acquired customer-based intangible assets | 13,378 | | (13,378) | (2) | — | |
| Special charges | 5,747 | | (5,747) | (4) | — | |
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 39,690 | 13.0% | 45,081 | (5) | 84,771 | 27.7% |
| Other income (expense), net | (6,596) | | 6,596 | (6) | — | |
| Provision for (recovery of) income taxes | 20,713 | | (9,462) | (7) | 11,251 | |
| GAAP-based net income / Non-GAAP-based net income | 7,971 | | 61,139 | (8) | 69,110 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted | \$ 0.14 | | \$ 1.03 | (8) | \$ 1.17 | |

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision of approximately 72% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Three Months Ended June 30, 2012 | |
|---|---|----------------|
| | Per share | |
| Non-GAAP-based net income | \$ 69,110 | \$ 1.17 |
| Less: | | |
| Amortization | 34,643 | 0.59 |
| Share-based compensation | 4,691 | 0.08 |
| Special charges | 5,747 | 0.10 |
| Other (income) expense, net | 6,596 | 0.11 |
| GAAP-based provision for (recovery of) income taxes | 20,713 | 0.35 |
| Non-GAAP-based provision for income taxes | (11,251) | (0.20) |
| GAAP-based net income | \$ 7,971 | \$ 0.14 |

Reconciliation of selected GAAP-based measures to Non GAAP-based measures for year ended June 30, 2012.

(\$ in thousands except for per share amounts)

| | Year Ended June 30, 2012 | | | | | |
|--|-----------------------------|--|----------------|------------|--------------------------------|---|
| | GAAP-based Measures | GAAP-based Measures % of Revenue | Adjustments | Note | Non-GAAP- based Measures | Non-GAAP- based Measures % of Revenue |
| Cost of Revenues: | | | | | | |
| Customer Support | \$ 110,504 | | \$ (169) | (1) | \$ 110,335 | |
| Professional Service and Other | 204,909 | | (647) | (1) | 204,262 | |
| Amortization of acquired technology-based intangible assets | 84,572 | | (84,572) | (2) | — | |
| GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%) | 789,455 | 65.4% | 85,388 | (3) | 874,843 | 72.5% |
| Operating Expenses | | | | | | |
| Research and development | 169,043 | | (3,939) | (1) | 165,104 | |
| Sales and marketing | 274,544 | | (8,811) | (1) | 265,733 | |
| General and administrative | 97,072 | | (4,531) | (1) | 92,541 | |
| Amortization of acquired customer-based intangible assets | 53,326 | | (53,326) | (2) | — | |
| Special charges | 24,523 | | (24,523) | (4) | — | |
| GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%) | 149,360 | 12.4% | 180,518 | (5) | 329,878 | 27.3% |
| Other income (expense), net | 3,549 | | (3,549) | (6) | — | |
| Provision for (recovery of) income taxes | 12,171 | | 31,833 | (7) | 44,004 | |
| GAAP-based net income / Non-GAAP-based net income | 125,174 | | 145,136 | (8) | 270,310 | |
| GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted | \$ 2.13 | | \$ 2.47 | (8) | \$ 4.60 | |

- (1) Adjustment relates to the exclusion of share based compensation expense from our non-GAAP-based operating expenses as this expense is excluded from our internal analysis of operating results.
- (2) Adjustment relates to the exclusion of amortization expense from our non-GAAP-based operating expenses as the timing and frequency of amortization expense is dependent on our acquisitions and is hence excluded from our internal analysis of operating results.
- (3) GAAP-based and Non GAAP-based gross profit stated in dollars, and gross margin stated as a percentage of revenue.
- (4) Adjustment relates to the exclusion of Special charges from our non-GAAP-based operating expenses as Special charges are generally incurred in the aftermath of acquisitions and are not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (5) GAAP-based and Non GAAP-based income from operations stated in dollars, and operating margin stated as a percentage of revenue.
- (6) Adjustment relates to the exclusion of Other income (expense) from our non-GAAP-based operating expenses as Other income (expense) relates primarily to the transactional impact of foreign exchange and are generally not indicative or related to continuing operations and are hence excluded from our internal analysis of operating results.
- (7) Adjustment relates to differences between the GAAP-based tax provision of approximately 9% and a non-GAAP-based tax rate of 14%; these rate differences are due to the income tax effects of expenses that are excluded for the purpose of calculating non-GAAP-based adjusted net income.
- (8) Reconciliation of non-GAAP-based adjusted net income to GAAP-based net income:

| | Year Ended June 30, 2012 | |
|---|-----------------------------|-----------|
| | | Per share |
| Non-GAAP-based net income | \$ 270,310 | \$ 4.60 |
| Less: | | |
| Amortization | 137,898 | 2.35 |
| Share-based compensation | 18,097 | 0.31 |
| Special charges | 24,523 | 0.42 |
| Other (income) expense, net | (3,549) | (0.06) |
| GAAP-based provision for (recovery of) income taxes | 12,171 | 0.21 |
| Non-GAAP-based provision for income taxes | (11,833) | (0.20) |

| | | |
|---|------------|---------|
| NON-GAAP-based provision for income taxes | (44,004) | (0.70) |
| GAAP-based net income | \$ 125,174 | \$ 2.13 |

- (3) The following tables provide a composition of our major currencies for revenue and expenses expressed as a percentage, for the three months and year ended June 30, 2013:

| Currencies | Three Months Ended June 30, 2013 | |
|------------|-------------------------------------|----------------|
| | % of Revenue | % of Expenses* |
| EURO | 26% | 17% |
| GBP | 8% | 8% |
| CAD | 6% | 19% |
| USD | 49% | 42% |
| Other | 11% | 14% |
| Total | 100% | 100% |

| Currencies | Year Ended June 30, 2013 | |
|------------|-----------------------------|----------------|
| | % of Revenue | % of Expenses* |
| EURO | 26% | 17% |
| GBP | 8% | 8% |
| CAD | 6% | 18% |
| USD | 49% | 43% |
| Other | 11% | 14% |
| Total | 100% | 100% |

*Expenses include all cost of revenues and operating expenses included within the Consolidated Statements of Income, except for amortization of intangible assets, share-based compensation and Special charges.