

CommVault Systems, Inc.

Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,	
	2014	2013
Revenues:		
Software	\$ 72,058	\$ 65,299
Services	80,585	69,109
Total revenues	<u>152,643</u>	<u>134,408</u>
Cost of revenues:		
Software	590	655
Services	20,337	17,123
Total cost of revenues	<u>20,927</u>	<u>17,778</u>
Gross margin	<u>131,716</u>	<u>116,630</u>
Operating expenses:		
Sales and marketing	80,311	67,201
Research and development	15,040	12,851
General and administrative	16,505	13,728
Depreciation and amortization	1,646	1,453
Total operating expenses	<u>113,502</u>	<u>95,233</u>
Income from operations	<u>18,214</u>	<u>21,397</u>
Interest income	195	242
Income before income taxes	<u>18,409</u>	<u>21,639</u>
Income tax expense	5,680	8,177
Net income	<u>\$ 12,729</u>	<u>\$ 13,462</u>
Net income per common share:		
Basic	<u>\$ 0.28</u>	<u>\$ 0.29</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.27</u>
Weighted average common shares outstanding:		
Basic	<u>46,067</u>	<u>46,542</u>
Diluted	<u>47,875</u>	<u>49,289</u>

Table II**CommVault Systems, Inc.****Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)**

	June 30,	March 31,
	2014	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 373,543	\$ 457,733
Short-term investments	24,974	24,976
Trade accounts receivable, net	100,925	118,527
Prepaid expenses and other current assets	10,810	11,329
Deferred tax assets, net	18,075	17,966
Total current assets	<u>528,327</u>	<u>630,531</u>
Deferred tax assets, net	29,160	28,737
Property and equipment, net	105,115	88,901
Other assets	8,131	7,215
Total assets	<u>\$ 670,733</u>	<u>\$ 755,384</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,417	\$ 1,218
Accrued liabilities	60,812	76,166
Deferred revenue	171,782	166,143
Total current liabilities	<u>234,011</u>	<u>243,527</u>
Deferred revenue, less current portion	42,110	43,432
Other liabilities	4,266	5,847
Total stockholders' equity	<u>390,346</u>	<u>462,578</u>
Total liabilities and stockholders' equity	<u>\$ 670,733</u>	<u>\$ 755,384</u>

CommVault Systems, Inc.

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended June 30,	
	2014	2013
Cash flows from operating activities		
Net income	\$ 12,729	\$ 13,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,670	1,473
Noncash stock-based compensation	14,415	9,508
Excess tax benefits from stock-based compensation	(2,789)	(8,285)
Deferred income taxes	(323)	(3,994)
Changes in operating assets and liabilities:		
Trade accounts receivable	18,136	9,050
Prepaid expenses and other current assets	537	3,150
Other assets	202	47
Accounts payable	195	217
Accrued liabilities	(11,220)	(7,192)
Deferred revenue	3,494	7,182
Other liabilities	(1,602)	(44)
Net cash provided by operating activities	35,444	24,574
Cash flows from investing activities		
Purchase of short-term investments	(3,998)	—
Proceeds from maturity of short-term investments	4,000	1,948
Purchases for corporate campus headquarters	(18,160)	(8,715)
Purchase of property and equipment	(1,372)	(1,312)
Net cash used in investing activities	(19,530)	(8,079)
Cash flows from financing activities		
Repurchase of common stock	(105,085)	—
Debt issuance costs	(1,081)	—
Proceeds from the exercise of stock options	2,177	3,057
Excess tax benefits from stock-based compensation	2,789	8,285
Net cash provided by (used in) financing activities	(101,200)	11,342
Effects of exchange rate — changes in cash	1,096	(2,983)
Net (decrease) increase in cash and cash equivalents	(84,190)	24,854
Cash and cash equivalents at beginning of period	457,733	433,964
Cash and cash equivalents at end of period	\$ 373,543	\$ 458,818

Table IV

CommVault Systems, Inc.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,	
	2014	2013
Non-GAAP financial measures and reconciliation:		
GAAP income from operations	\$ 18,214	\$ 21,397
Noncash stock-based compensation (1)	14,415	9,508
FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2)	379	443
Non-GAAP income from operations	\$ 33,008	\$ 31,348
GAAP net income	\$ 12,729	\$ 13,462
Noncash stock-based compensation (1)	14,415	9,508
FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2)	379	443
Non-GAAP provision for income taxes adjustment (3)	(6,605)	(3,511)
Non-GAAP net income	\$ 20,918	\$ 19,902
Diluted weighted average shares outstanding	47,875	49,289
Non-GAAP diluted net income per share	\$ 0.44	\$ 0.40

Footnotes - Adjustments

- (1) Represents noncash stock-based compensation charges associated with stock options, restricted stock units granted and our Employee Stock Purchase Plan. Those amounts are represented as follows:

	Three Months Ended June 30,	
	2014	2013
Cost of services revenue	\$ 669	\$ 298
Sales and marketing	6,176	4,261
Research and development	1,314	957
General and administrative	6,256	3,992
Stock-based compensation expense	\$ 14,415	\$ 9,508

- (2) Represents additional FICA and related payroll tax expenses incurred by CommVault when employees exercise in the money stock options or vest in restricted stock awards.
- (3) The provision for income taxes is adjusted to reflect CommVault's estimated non-GAAP effective tax rate of approximately 37% in fiscal 2015 and fiscal 2014.