

Table I**CommVault Systems, Inc.****Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Revenues:				
Software	\$ 79,240	\$ 65,909	\$ 215,370	\$ 179,363
Services	74,010	62,238	214,151	178,213
Total revenues	<u>153,250</u>	<u>128,147</u>	<u>429,521</u>	<u>357,576</u>
Cost of revenues:				
Software	677	776	1,968	2,098
Services	17,821	15,687	52,464	44,998
Total cost of revenues	<u>18,498</u>	<u>16,463</u>	<u>54,432</u>	<u>47,096</u>
Gross margin	134,752	111,684	375,089	310,480
Operating expenses:				
Sales and marketing	73,367	64,547	207,715	176,634
Research and development	13,597	12,367	39,792	34,749
General and administrative	18,521	13,317	47,547	36,568
Depreciation and amortization	1,544	1,226	4,495	3,533
Income from operations	27,723	20,227	75,540	58,996
Interest income	220	299	675	796
Income before income taxes	27,943	20,526	76,215	59,792
Income tax expense	10,352	8,326	27,808	23,568
Net income	<u>\$ 17,591</u>	<u>\$ 12,200</u>	<u>\$ 48,407</u>	<u>\$ 36,224</u>
Net income per common share:				
Basic	<u>\$ 0.37</u>	<u>\$ 0.27</u>	<u>\$ 1.03</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ 0.97</u>	<u>\$ 0.75</u>
Weighted average common shares outstanding:				
Basic	<u>47,307</u>	<u>45,738</u>	<u>46,921</u>	<u>45,203</u>
Diluted	<u>49,899</u>	<u>48,564</u>	<u>49,674</u>	<u>47,999</u>

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

	December 31, 2013	March 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 475,533	\$ 433,964
Short-term investments	24,978	1,948
Trade accounts receivable, net	106,208	85,033
Prepaid expenses and other current assets	8,465	15,225
Deferred tax assets, net	21,329	19,328
Total current assets	<u>636,513</u>	<u>555,498</u>
Deferred tax assets, net	23,258	21,166
Property and equipment, net	68,682	21,112
Other assets	6,688	7,078
Total assets	<u>\$ 735,141</u>	<u>\$ 604,854</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,017	\$ 3,860
Accrued liabilities	62,845	55,577
Deferred revenue	156,985	152,967
Total current liabilities	<u>222,847</u>	<u>212,404</u>
Deferred revenue, less current portion	35,850	31,303
Other liabilities	7,113	7,130
Total stockholders' equity	469,331	354,017
Total liabilities and stockholders' equity	<u>\$ 735,141</u>	<u>\$ 604,854</u>

Table III

CommVault Systems, Inc.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Cash flows from operating activities				
Net income	\$ 17,591	\$ 12,200	\$ 48,407	\$ 36,224
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,577	1,244	4,594	3,605
Noncash stock-based compensation	14,246	8,984	34,536	21,061
Excess tax benefits from stock-based compensation	(3,270)	(10,827)	(20,113)	(18,114)
Deferred income taxes	773	(703)	(435)	2,113
Changes in operating assets and liabilities:				
Trade accounts receivable	(19,301)	(1,817)	(20,703)	(3,435)
Prepaid expenses and other current assets	4,690	(3,443)	6,798	(2,648)
Other assets	158	111	355	(1,593)
Accounts payable	(794)	326	(932)	835
Accrued liabilities	12,533	14,692	18,057	17,511
Deferred revenue	2,079	6,579	8,839	13,950
Other liabilities	(120)	113	(185)	293
Net cash provided by operating activities	<u>30,162</u>	<u>27,459</u>	<u>79,218</u>	<u>69,802</u>
Cash flows from investing activities				
Purchase of short-term investments	(2,996)	—	(25,978)	(1,948)
Proceeds from maturity of short-term investments	1,000	—	2,948	3,146
Purchases for corporate campus headquarters	(19,607)	(932)	(43,479)	(1,544)
Purchase of property and equipment	(1,348)	(1,320)	(3,934)	(4,062)
Net cash used in investing activities	<u>(22,951)</u>	<u>(2,252)</u>	<u>(70,443)</u>	<u>(4,408)</u>
Cash flows from financing activities				
Proceeds from the exercise of stock options	3,705	6,881	13,375	14,077
Excess tax benefits from stock-based compensation	3,270	10,827	20,113	18,114
Net cash provided by financing activities	<u>6,975</u>	<u>17,708</u>	<u>33,488</u>	<u>32,191</u>
Effects of exchange rate — changes in cash	<u>(820)</u>	<u>398</u>	<u>(694)</u>	<u>625</u>
Net increase in cash and cash equivalents	13,366	43,313	41,569	98,210
Cash and cash equivalents at beginning of period	<u>462,167</u>	<u>351,985</u>	<u>433,964</u>	<u>297,088</u>
Cash and cash equivalents at end of period	<u>\$ 475,533</u>	<u>\$ 395,298</u>	<u>\$ 475,533</u>	<u>\$ 395,298</u>

Table IV

CommVault Systems, Inc.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Non-GAAP financial measures and reconciliation:				
GAAP income from operations	\$ 27,723	\$ 20,227	\$ 75,540	\$ 58,996
Noncash stock-based compensation (1)	14,246	8,984	34,536	21,061
FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2)	493	623	1,503	1,245
Non-GAAP income from operations	\$ 42,462	\$ 29,834	\$ 111,579	\$ 81,302
GAAP net income	\$ 17,591	\$ 12,200	\$ 48,407	\$ 36,224
Noncash stock-based compensation (1)	14,246	8,984	34,536	21,061
FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2)	493	623	1,503	1,245
Non-GAAP provision for income taxes adjustment (3)	(5,439)	(2,823)	(13,725)	(6,808)
Non-GAAP net income	\$ 26,891	\$ 18,984	\$ 70,721	\$ 51,722
Diluted weighted average shares outstanding	49,899	48,564	49,674	47,999
Non-GAAP diluted net income per share	\$ 0.54	\$ 0.39	\$ 1.42	\$ 1.08

Footnotes - Adjustments

- (1) Represents noncash stock-based compensation charges associated with stock options and restricted stock units granted as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2013	2012	2013	2012
Cost of services revenue	\$ 417	\$ 280	\$ 1,008	\$ 659
Sales and marketing	5,990	4,169	14,336	9,591
Research and development	1,221	852	3,117	2,114
General and administrative	6,618	3,683	16,075	8,697
Stock-based compensation expense	\$ 14,246	\$ 8,984	\$ 34,536	\$ 21,061

- (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 2014 and fiscal 2013.