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# OPEN TEXT CORP

## FORM 10-Q
(Quarterly Report)

Filed 11/03/16 for the Period Ending 09/30/16

| | |
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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, DC 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2016 .**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number: 0-27544**

# OPEN TEXT CORPORATION

**(Exact name of Registrant as specified in its charter)**

| **CANADA** | **98-0154400** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(IRS Employer Identification No.)** |

**275 Frank Tompa Drive, Waterloo, Ontario, Canada N2L 0A1**
**(Address of principal executive offices)**

**(519) 888-7111**
**(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 31, 2016 , there were 121,542,227 outstanding Common Shares of the registrant.

**OPEN TEXT CORPORATION**

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**OPEN TEXT CORPORATION**

**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands of U.S. dollars, except share data)**

| ASSETS | September 30, 2016 (unaudited) | June 30, 2016 |
|---|---|---|
| Cash and cash equivalents | $ 834,944 | $ 1,283,757 |
| Short-term investments | 2,726 | 11,839 |
| Accounts receivable trade, net of allowance for doubtful accounts of $7,270 as of September 30, 2016 and $6,740 as of June 30, 2016 (note 3) | 297,537 | 285,904 |
| Income taxes recoverable (note 14) | 19,954 | 31,752 |
| Prepaid expenses and other current assets | 70,643 | 59,021 |
| Total current assets | 1,225,804 | 1,672,273 |
| Property and equipment (note 4) | 181,728 | 183,660 |
| Goodwill (note 5) | 2,595,614 | 2,325,586 |
| Acquired intangible assets (note 6) | 831,197 | 646,240 |
| Deferred tax assets (note 14) | 1,100,897 | 241,161 |
| Other assets (note 7) | 65,533 | 53,697 |
| Deferred charges (note 8) | 62,512 | 22,776 |
| Long-term income taxes recoverable (note 14) | 9,025 | 8,751 |
| **Total assets** | $ 6,072,310 | $ 5,154,144 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 9) | $ 233,536 | $ 257,450 |
| Current portion of long-term debt (note 10) | 8,000 | 8,000 |
| Deferred revenues | 389,890 | 373,549 |
| Income taxes payable (note 14) | 39,203 | 32,030 |
| Total current liabilities | 670,629 | 671,029 |
| Long-term liabilities: | | |
| Accrued liabilities (note 9) | 31,481 | 29,848 |
| Deferred credits (note 8) | 7,589 | 8,357 |
| Pension liability (note 11) | 63,691 | 61,993 |
| Long-term debt (note 10) | 2,137,276 | 2,137,987 |
| Deferred revenues | 46,247 | 37,461 |
| Long-term income taxes payable (note 14) | 145,787 | 149,041 |
| Deferred tax liabilities (note 14) | 90,381 | 79,231 |
| Total long-term liabilities | 2,522,452 | 2,503,918 |
| Shareholders' equity: | | |
| Share capital (note 12) | | |
| 121,492,067 and 121,404,677 Common Shares issued and outstanding at September 30, 2016 and June 30, 2016, respectively; Authorized Common Shares: unlimited | 822,135 | 817,788 |
| Additional paid-in capital | 155,323 | 147,280 |
| Accumulated other comprehensive income | 48,730 | 46,310 |
| Retained earnings | 1,877,639 | 992,546 |
| Treasury stock, at cost (629,480 shares at September 30, 2016 and 633,647 at June 30, 2016, respectively) | (25,166) | (25,268) |
| Total OpenText shareholders' equity | 2,878,661 | 1,978,656 |
| Non-controlling interests | 568 | 541 |
| Total shareholders' equity | 2,879,229 | 1,979,197 |
| **Total liabilities and shareholders' equity** | $ 6,072,310 | $ 5,154,144 |

Guarantees and contingencies (note 13)
Related party transactions (note 21)
Subsequent events (note 22)

See accompanying Notes to Condensed Consolidated Financial Statements

**OPEN TEXT CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**(In thousands of U.S. dollars, except share and per share data)**
**(unaudited)**

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Revenues: | | |
| License | $ 60,656 | $ 51,331 |
| Cloud services and subscriptions | 169,687 | 147,790 |
| Customer support | 210,206 | 185,667 |
| Professional service and other | 51,115 | 49,747 |
| Total revenues | 491,664 | 434,535 |
| Cost of revenues: | | |
| License | 3,845 | 2,681 |
| Cloud services and subscriptions | 70,292 | 58,916 |
| Customer support | 25,738 | 20,508 |
| Professional service and other | 41,343 | 38,064 |
| Amortization of acquired technology-based intangible assets (note 6) | 23,135 | 19,883 |
| Total cost of revenues | 164,353 | 140,052 |
| Gross profit | 327,311 | 294,483 |
| Operating expenses: | | |
| Research and development | 58,572 | 46,440 |
| Sales and marketing | 95,148 | 77,945 |
| General and administrative | 38,197 | 35,569 |
| Depreciation | 15,270 | 12,914 |
| Amortization of acquired customer-based intangible assets (note 6) | 33,608 | 27,805 |
| Special charges (note 17) | 12,454 | 17,337 |
| Total operating expenses | 253,249 | 218,010 |
| Income from operations | 74,062 | 76,473 |
| Other income (expense), net | 6,699 | (4,913) |
| Interest and other related expense, net | (27,275) | (19,046) |
| Income before income taxes | 53,486 | 52,514 |
| Provision for (recovery of) income taxes (note 14) | (859,425) | 11,202 |
| Net income for the period | $ 912,911 | $ 41,312 |
| Net (income) attributable to non-controlling interests | (27) | (26) |
| Net income attributable to OpenText | $ 912,884 | $ 41,286 |
| Earnings per share—basic attributable to OpenText (note 20) | $ 7.52 | $ 0.34 |
| Earnings per share—diluted attributable to OpenText (note 20) | $ 7.46 | $ 0.34 |
| Weighted average number of Common Shares outstanding—basic | 121,455 | 122,160 |
| Weighted average number of Common Shares outstanding—diluted | 122,371 | 122,640 |
| Dividends declared per Common Share | $ 0.2300 | $ 0.2000 |

See accompanying Notes to Condensed Consolidated Financial Statements

**OPEN TEXT CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In thousands of U.S. dollars)**
**(unaudited)**

| | Three Months Ended September 30, | |
|---|---|---|
| | **2016** | **2015** |
| Net income for the period | $ 912,911 | $ 41,312 |
| Other comprehensive income—net of tax: | | |
| Net foreign currency translation adjustments | 1,219 | 1,723 |
| Unrealized gain (loss) on cash flow hedges: | | |
| Unrealized (loss) - net of tax expense (recovery) effect of ($128) and ($1,222), respectively | (355) | (3,390) |
| (Gain) loss reclassified into net income - net of tax (expense) recovery effect of ($5) and $184, respectively | (17) | 512 |
| Actuarial gain (loss) relating to defined benefit pension plans: | | |
| Actuarial gain - net of tax expense (recovery) effect of ($593) and $302, respectively | 1,538 | 1,113 |
| Amortization of actuarial loss into net income - net of tax (expense) recovery effect of $62 and $32, respectively | 147 | 83 |
| Unrealized net gain (loss) on short-term investments - net of tax effect of nil, respectively | (112) | 15 |
| Total other comprehensive income, net, for the period | 2,420 | 56 |
| Total comprehensive income | 915,331 | 41,368 |
| Comprehensive (income) attributable to non-controlling interests | (27) | (26) |
| Total comprehensive income attributable to OpenText | $ 915,304 | $ 41,342 |

See accompanying Notes to Condensed Consolidated Financial Statements

**OPEN TEXT CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands of U.S. dollars)**
**(unaudited)**

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income for the period | $ 912,911 | $ 41,312 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization of intangible assets | 72,013 | 60,602 |
| Share-based compensation expense | 8,140 | 6,533 |
| Excess tax (benefits) expense on share-based compensation expense | (5) | 216 |
| Pension expense | 1,190 | 1,167 |
| Amortization of debt issuance costs | 1,323 | 1,156 |
| Amortization of deferred charges and credits | 2,146 | 2,617 |
| Deferred taxes | (875,824) | (4,184) |
| Share in net (income) loss of equity investees | (5,529) | — |
| Other non-cash charges | 1,033 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 16,169 | 52,106 |
| Prepaid expenses and other current assets | (1,189) | 5,834 |
| Income taxes and deferred charges and credits | 3,221 | 3,797 |
| Accounts payable and accrued liabilities | (30,599) | (48,322) |
| Deferred revenue | (26,109) | (32,393) |
| Other assets | (5,440) | 2,281 |
| Net cash provided by operating activities | 73,451 | 92,722 |
| Cash flows from investing activities: | | |
| Additions of property and equipment | (20,665) | (17,197) |
| Proceeds from maturity of short-term investments | 9,212 | 2,255 |
| Purchase of HP Inc. CCM Business | (312,198) | — |
| Purchase of Recommind, Inc. | (170,107) | — |
| Purchase of HP Inc. CEM Business | (7,289) | — |
| Purchase of Actuate Corporation, net of cash acquired | — | (7,701) |
| Purchase of Informative Graphics Corporation, net of cash acquired | — | (88) |
| Purchase of ICCM Professional Services Limited, net of cash acquired | — | (2,027) |
| Other investing activities | (123) | (926) |
| Net cash used in investing activities | (501,170) | (25,684) |
| Cash flows from financing activities: | | |
| Excess tax benefits (expense) on share-based compensation expense | 5 | (216) |
| Proceeds from issuance of Common Shares | 5,310 | 5,252 |
| Repayment of long-term debt and revolver | (2,000) | (2,000) |
| Debt issuance costs | (1,330) | — |
| Common Shares repurchased | — | (50,026) |
| Payments of dividends to shareholders | (27,791) | (23,312) |
| Net cash used in financing activities | (25,806) | (70,302) |
| Foreign exchange gain (loss) on cash held in foreign currencies | 4,712 | (5,950) |
| Decrease in cash and cash equivalents during the period | (448,813) | (9,214) |
| Cash and cash equivalents at beginning of the period | 1,283,757 | 699,999 |
| Cash and cash equivalents at end of the period | $ 834,944 | $ 690,785 |

Supplemental cash flow disclosures (note 19)

See accompanying Notes to Condensed Consolidated Financial Statements

## NOTE 1—BASIS OF PRESENTATION

The accompanying Condensed Consolidated Financial Statements include the accounts of Open Text Corporation and our subsidiaries, collectively referred to as "OpenText" or the "Company". We wholly own all of our subsidiaries with the exception of Open Text South Africa Proprietary Ltd. (OT South Africa), GXS, Inc. (GXS Korea) and EC1 Pte. Ltd. (GXS Singapore), which as of September 30, 2016 , were 90% , 85% and 81% owned, respectively, by OpenText. All inter-company balances and transactions have been eliminated.

Throughout this Quarterly Report on Form 10-Q: (i) the term “Fiscal 2017” means our fiscal year beginning on July 1, 2016 and ending June 30, 2017; (ii) the term “Fiscal 2016” means our fiscal year beginning on July 1, 2015 and ended June 30, 2016; (iii) the term “Fiscal 2015” means our fiscal year beginning on July 1, 2014 and ended June 30, 2015; and (iv) the term "Fiscal 2014" means our fiscal year beginning on July 1, 2013 and ended June 30, 2014.

These Condensed Consolidated Financial Statements are expressed in U.S. dollars and are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). The information furnished reflects all adjustments necessary for a fair presentation of the results for the periods presented and includes the financial results of Recommind, Inc. (Recommind), with effect from July 20, 2016, and certain customer communication management software and services assets and liabilities acquired from HP Inc. (CCM Business), with effect from July 31, 2016 (see note 18).

### *Use of estimates*

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements . These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. In particular, significant estimates, judgments and assumptions include those related to: (i) revenue recognition, (ii) allowance for doubtful accounts, (iii) testing of goodwill for impairment, (iv) the valuation of acquired intangible assets, (v) the valuation of long-lived assets, (vi) the recognition of contingencies, (vii) restructuring accruals, (viii) acquisition accruals and pre-acquisition contingencies, (ix) the realization of investment tax credits, (x) the valuation of stock options granted and obligations related to share-based payments, including the valuation of our long-term incentive plan, (xi) the valuation of pension assets and obligations, and (xii) accounting for income taxes.

## NOTE 2—RECENT ACCOUNTING PRONOUNCEMENTS

### *Statement of Cash Flows*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" (ASU 2016-15). ASU 2016-15 clarifies how companies should present and classify certain cash receipts and cash payments in the statement of cash flows. This standard is effective for us during the first quarter of our fiscal year ending June 30, 2019, with early adoption permitted. We are currently evaluating the impact of the pending adoption of ASU 2016-15 on our Condensed Consolidated Financial Statements .

### *Financial Instruments*

In June 2016, the FASB issued ASU No. 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (ASU 2016-13), which requires measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for us in our first quarter for our fiscal year ending June 30, 2021, with earlier adoption permitted beginning in the first quarter of our fiscal year ending June 30, 2020. We are currently evaluating the impact of our pending adoption of ASU 2016-13 on our Condensed Consolidated Financial Statements .

In January 2016, the FASB issued ASU 2016-01 “Financial Instruments - Overall (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities” (ASU 2016-01). This update requires that all equity investments be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). This update also requires an entity to present

separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. Additionally, this update eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and eliminates the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public entities. ASU 2016-01 is effective for our fiscal year ending June 30, 2019. We are currently evaluating the impact of the pending adoption of ASU 2016-01 on our Condensed Consolidated Financial Statements .

***Share-based Compensation***

In March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718)." This standard makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. ASU 2016-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for us during the first quarter of our fiscal year ending June 30, 2018, with early adoption permitted. We are currently assessing how the adoption of this standard will impact our Condensed Consolidated Financial Statements .

***Investments-Equity Method and Joint Ventures***

In March 2016, the FASB issued ASU No. 2016-07, "Investments - Equity Method and Join Ventures (Topic 323): Simplifying the Transition to Equity Method of Accounting" (ASU 2016-07). The amendments in this update require that the equity method investor add the cost of acquiring any additional interest in an investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Upon qualifying for equity method accounting, no retroactive adjustment of the investment is required. We adopted ASU 2016-07 in the first quarter of our Fiscal 2017. The adoption did not have a material impact on our reported financial position or results of operations and cash flows.

***Leases***

In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842)” (ASU 2016-02), which supersedes the guidance in former ASC Topic 840 “Leases”. The most significant change will result in the recognition of lease assets for the right to use the underlying asset and lease liabilities for the obligation to make lease payments by lessees, for those leases classified as operating leases under current guidance. The new guidance will also require significant additional disclosures about the amount, timing and uncertainty of cash flows related to leases. This standard is effective for us for our fiscal year ending June 30, 2020, with early adoption permitted. Upon adoption of ASU 2016-02, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. We are currently evaluating the effect that the pending adoption of ASU 2016-02 will have on our Condensed Consolidated Balance Sheets. Although we have not completed our assessment, we do not expect the adoption to change the recognition, measurement or presentation of lease expenses within the Condensed Consolidated Statements of Operations and Cash Flows.

***Revenue Recognition***

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (ASU 2014-09) and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively. These updates supersede the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" and nearly all other existing revenue recognition guidance under U.S. GAAP. The core principal of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 identifies five steps to be followed to achieve this core principal, which include (i) identifying contract(s) with customers, (ii) identifying performance obligations in the contract(s), (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract(s) and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB voted to defer the effective date of ASU 2014-09 for one year. The new guidance will now be effective for us in the first quarter of our fiscal year ending June 30, 2019. Early adoption, prior to the original effective date, is not permitted. When applying ASU 2014-09 we can either apply the amendments: (i) retrospectively to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09 or (ii) retrospectively with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. We are currently evaluating the effect that the pending adoption of the above mentioned ASUs will have on our Condensed Consolidated Financial Statements and related disclosures.

Although it is expected to have a significant impact on our revenue recognition policies and disclosures, we have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

There have been no other significant changes in our reported financial position or results of operations and cash flows as a result of our adoption of new accounting pronouncements or changes to our significant accounting policies that were disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

**NOTE 3—ALLOWANCE FOR DOUBTFUL ACCOUNTS**

| | | |
|---|---|---|
| Balance as of June 30, 2016 | $ | 6,740 |
| Bad debt expense | | 1,639 |
| Write-off /adjustments | | (1,109) |
| Balance as of September 30, 2016 | $ | 7,270 |

Included in accounts receivable are unbilled receivables in the amount of $36.9 million as of September 30, 2016 ( June 30, 2016 — $35.6 million ).

**NOTE 4—PROPERTY AND EQUIPMENT**

| | As of September 30, 2016 | | |
|---|---|---|---|
| | Cost | Accumulated Depreciation | Net |
| Furniture and fixtures | $ 20,820 | $ (13,181) | $ 7,639 |
| Office equipment | 1,094 | (532) | 562 |
| Computer hardware | 136,713 | (90,850) | 45,863 |
| Computer software | 53,571 | (27,407) | 26,164 |
| Capitalized software development costs | 56,403 | (19,590) | 36,813 |
| Leasehold improvements | 58,107 | (32,968) | 25,139 |
| Land and buildings | 48,545 | (8,997) | 39,548 |
| Total | $ 375,253 | $ (193,525) | $ 181,728 |

| | As of June 30, 2016 | | |
|---|---|---|---|
| | Cost | Accumulated Depreciation | Net |
| Furniture and fixtures | $ 20,462 | $ (12,505) | $ 7,957 |
| Office equipment | 823 | (226) | 597 |
| Computer hardware | 134,688 | (89,351) | 45,337 |
| Computer software | 51,991 | (25,134) | 26,857 |
| Capitalized software development costs | 53,540 | (16,830) | 36,710 |
| Leasehold improvements | 57,061 | (30,743) | 26,318 |
| Land and buildings | 48,529 | (8,645) | 39,884 |
| Total | $ 367,094 | $ (183,434) | $ 183,660 |

**NOTE 5—GOODWILL**

Goodwill is recorded when the consideration paid for an acquisition of a business exceeds the fair value of identifiable net tangible and intangible assets. The following table summarizes the changes in goodwill since June 30, 2016:

| | | |
|---|---|---|
| Balance as of June 30, 2016 | $ | 2,325,586 |
| Acquisition of Recommind, Inc. (note 18) | | 93,424 |
| Acquisition of CCM Business (note 18) | | 176,877 |
| Adjustment relating to acquisition of CEM Business (note 18) | | (273) |
| Balance as of September 30, 2016 | $ | 2,595,614 |

## NOTE 6—ACQUIRED INTANGIBLE ASSETS

| | As of September 30, 2016 | | |
|---|---|---|---|
| | Cost | Accumulated Amortization | Net |
| Technology Assets | $ 485,373 | $ (178,983) | $ 306,390 |
| Customer Assets | 906,406 | (381,599) | 524,807 |
| Total | $ 1,391,779 | $ (560,582) | $ 831,197 |

| | As of June 30, 2016 | | |
|---|---|---|---|
| | Cost | Accumulated Amortization | Net |
| Technology Assets | $ 359,573 | $ (155,848) | $ 203,725 |
| Customer Assets | 790,506 | (347,991) | 442,515 |
| Total | $ 1,150,079 | $ (503,839) | $ 646,240 |

The weighted average amortization periods for acquired technology and customer intangible assets are approximately five years and seven years, respectively.

The following table shows the estimated future amortization expense for the fiscal years indicated. This calculation assumes no future adjustments to acquired intangible assets:

| | Fiscal years ending June 30, |
|---|---|
| 2017 (nine months ended June 30) | $ 172,041 |
| 2018 | 218,992 |
| 2019 | 191,593 |
| 2020 | 120,079 |
| 2021 | 45,872 |
| 2022 and beyond | 82,620 |
| Total | $ 831,197 |

## NOTE 7—OTHER ASSETS

| | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|
| Deposits and restricted cash | $ 13,075 | $ 10,715 |
| Deferred implementation costs | 21,130 | 18,116 |
| Investments | 23,504 | 18,062 |
| Long-term prepaid expenses and other long-term assets | 7,824 | 6,804 |
| Total | $ 65,533 | $ 53,697 |

Deposits and restricted cash relate to security deposits provided to landlords in accordance with facility lease agreements and cash restricted per the terms of certain contractual-based agreements.

Deferred implementation costs relate to deferred direct and relevant costs on implementation of long-term contracts, to the extent such costs can be recovered through guaranteed contract revenues.

Investments relate to certain non-marketable equity securities in which we are a limited partner. Our interest, individually, in each of these investees range from 4% to below 20% . These investments are accounted for using the equity method. Our share of net income or losses based on our interest in these investments are recorded as a component of other income (expense), net in our Condensed Consolidated Statements of Income. During the three months ended September 30, 2016 , our share of income from these investments was $5.5 million ( three months ended September 30, 2015 — nil ).

Long-term prepaid expenses and other long-term assets primarily relate to advance payments on long-term licenses that are being amortized over the applicable terms of the licenses.

**NOTE 8—DEFERRED CHARGES AND CREDITS**

Deferred charges and credits relate to cash taxes payable and the elimination of deferred tax balances relating to legal entity consolidations completed as part of internal reorganizations of our international subsidiaries. Deferred charges and credits are amortized to income tax expense over a period of 6 to 15 years.

**NOTE 9—ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

**Current liabilities**

Accounts payable and accrued liabilities are comprised of the following:

| | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|
| Accounts payable—trade | $ 35,020 | $ 35,804 |
| Accrued salaries and commissions | 60,528 | 77,813 |
| Accrued liabilities | 110,792 | 113,272 |
| Accrued interest on Senior Notes | 21,125 | 23,562 |
| Amounts payable in respect of restructuring and other Special charges | 5,293 | 5,109 |
| Asset retirement obligations | 778 | 1,890 |
| Total | $ 233,536 | $ 257,450 |

**Long-term accrued liabilities**

| | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|
| Amounts payable in respect of restructuring and other Special charges | $ 3,752 | $ 3,986 |
| Other accrued liabilities* | 19,338 | 19,138 |
| Asset retirement obligations | 8,391 | 6,724 |
| Total | $ 31,481 | $ 29,848 |

* Other accrued liabilities consist primarily of tenant allowances, deferred rent and lease fair value adjustments relating to certain facilities acquired through business acquisitions.

***Asset retirement obligations***

We are required to return certain of our leased facilities to their original state at the conclusion of our lease. As of September 30, 2016 , the present value of this obligation was $9.2 million ( June 30, 2016 — $8.6 million ), with an undiscounted value of $9.9 million ( June 30, 2016 — $9.2 million ).

**NOTE 10—LONG-TERM DEBT**

**Long-term debt**

Long-term debt is comprised of the following:

| | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|
| **Total debt** | | |
| Senior Notes 2026 | $ 600,000 | $ 600,000 |
| Senior Notes 2023 | 800,000 | 800,000 |
| Term Loan B | 778,000 | 780,000 |
| Total principal payments due | 2,178,000 | 2,180,000 |
| Less: | | |
| Debt issuance costs | (32,724) | (34,013) |
| **Total amount outstanding** | 2,145,276 | 2,145,987 |
| Less: | | |
| **Current portion of long-term debt** | | |
| Term Loan B | 8,000 | 8,000 |
| **Non-current portion of long-term debt** | $ 2,137,276 | $ 2,137,987 |

***Senior Unsecured Fixed Rate Notes***

**Senior Notes 2026**

On May 31, 2016, we issued $600 million in aggregate principal amount of 5.875% Senior Notes due 2026 (Senior Notes 2026) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (Securities Act), and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2026 bear interest at a rate of 5.875% per annum, payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2016. Senior Notes 2026 will mature on June 1, 2026, unless earlier redeemed, in accordance with their terms, or repurchased.

For the three months ended September 30, 2016 , we recorded interest expense of $8.8 million , relating to Senior Notes 2026.

**Senior Notes 2023**

On January 15, 2015, we issued $800 million in aggregate principal amount of 5.625% Senior Notes due 2023 (Senior Notes 2023) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2023 bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Senior Notes 2023 will mature on January 15, 2023, unless earlier redeemed, in accordance with their terms, or repurchased.

For the three months ended September 30, 2016 , we recorded interest expense of $11.3 million , relating to Senior Notes 2023 ( three months ended September 30, 2015 — $11.3 million ).

***Term Loan B***

In connection with the acquisition of GXS Group, Inc. (GXS), on January 16, 2014, we entered into a credit facility, which provides for a $800 million term loan facility (Term Loan B).

Borrowings under Term Loan B are secured by a first charge over substantially all of our assets on a pari passu basis with the Revolver (defined below). We entered into Term Loan B and borrowed the full amount on January 16, 2014.

Term Loan B has a seven year term and repayments made under Term Loan B are equal to 0.25% of the original principal amount in equal quarterly installments for the life of Term Loan B, with the remainder due at maturity. Borrowings under Term Loan B currently bear a floating rate of interest at a rate per annum equal to 2.5% plus the higher of LIBOR or 0.75% .

For the three months ended September 30, 2016 , we recorded interest expense of $6.5 million , relating to Term Loan B ( three months ended September 30, 2015 — $6.5 million ).

***Revolver***

We currently have a $300 million committed revolving credit facility (the Revolver). Borrowings under the Revolver are secured by a first charge over substantially all of our assets, and on a pari passu basis with Term Loan B. The Revolver will mature on December 22, 2019 with no fixed repayment date prior to the end of the term. As of September 30, 2016 , we have not drawn any amounts on the Revolver.

**NOTE 11—PENSION PLANS AND OTHER POST RETIREMENT BENEFITS**

The following table provides details of our defined benefit pension plans and long-term employee benefit obligations for Open Text Document Technologies GmbH (CDT), GXS GmbH ( GXS GER ) and GXS Philippines, Inc. ( GXS PHP ) as of September 30, 2016 and June 30, 2016 :

| | As of September 30, 2016 | | |
|---|---|---|---|
| | Total benefit obligation | Current portion of benefit obligation* | Non-current portion of benefit obligation |
| CDT defined benefit plan | $ 31,336 | $ 610 | $ 30,726 |
| GXS Germany defined benefit plan | 26,453 | 811 | 25,642 |
| GXS Philippines defined benefit plan | 4,169 | 72 | 4,097 |
| Other plans | 3,387 | 161 | 3,226 |
| Total | $ 65,345 | $ 1,654 | $ 63,691 |

| | As of June 30, 2016 | | |
|---|---|---|---|
| | Total benefit obligation | Current portion of benefit obligation* | Non-current portion of benefit obligation |
| CDT defined benefit plan | $ 29,450 | $ 589 | $ 28,861 |
| GXS Germany defined benefit plan | 24,729 | 772 | 23,957 |
| GXS Philippines defined benefit plan | 7,341 | 30 | 7,311 |
| Other plans | 3,330 | 1,466 | 1,864 |
| Total | $ 64,850 | $ 2,857 | $ 61,993 |

*The current portion of the benefit obligation has been included within "Accrued salaries and commissions", all within "Accounts payable and accrued liabilities" in the Condensed Consolidated Balance Sheets (see Note 9).

***Defined Benefit Plans***

*CDT Plan*

CDT sponsors an unfunded defined benefit pension plan covering substantially all CDT employees (CDT pension plan) which provides for old age, disability and survivors' benefits. Benefits under the CDT pension plan are generally based on age at retirement, years of service and the employee's annual earnings. The net periodic cost of this pension plan is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and estimated service costs. No contributions have been made since the inception of the plan. Actuarial gains or losses in excess of 10% of the projected benefit obligation are being amortized and recognized as a component of net periodic benefit costs over the average remaining service period of the plan's active employees. As of September 30, 2016 , there is approximately $0.5 million in accumulated other comprehensive income related to the CDT pension plan that is expected to be recognized as a component of net periodic benefit costs over the remainder of Fiscal 2017.

*GXS Germany Plan*

As part of our acquisition of GXS, we acquired an unfunded defined benefit pension plan covering certain German employees which provides for old age, disability and survivors' benefits. The GXS GER plan has been closed to new participants since 2006. Benefits under the GXS GER plan are generally based on a participant's remuneration, date of hire, years of eligible service and age at retirement. The net periodic cost of this pension plan is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and estimated service costs. No contributions have been made since the inception of the plan. Actuarial gains or losses in excess of 10% of the projected benefit obligation are being amortized and recognized as a component of net periodic benefit costs over the average remaining service period of the plan's active employees. As of September 30, 2016 , there is approximately $129.2 thousand in

accumulated other comprehensive income related to the GXS GER plan that is expected to be recognized as a component of net periodic benefit costs over the remainder of Fiscal 2017.

*GXS Philippines Plan*

As part of our acquisition of GXS, we acquired a primarily unfunded defined benefit pension plan covering substantially all of the GXS Philippines employees which provides for retirement, disability and survivors' benefits. Benefits under the GXS PHP plan are generally based on a participant’s remuneration, years of eligible service and age at retirement. The net periodic cost of this pension plan is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and estimated service costs. Aside from an initial contribution which has a fair value of approximately $34.5 thousand as of September 30, 2016 , no additional contributions have been made since the inception of the plan. Actuarial gains or losses in excess of 10% of the projected benefit obligation are being amortized and recognized as a component of net periodic benefit costs over the average remaining service period of the plan’s active employees. As of September 30, 2016 , there is approximately $36.4 thousand in accumulated other comprehensive income related to the GXS PHP plan that is expected to be recognized as a component of net periodic benefit costs over the remainder of Fiscal 2017.

The following are the details of the change in the benefit obligation for each of the above mentioned pension plans for the periods indicated:

| | As of September 30, 2016 | | | | As of June 30, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | CDT | GXS GER | GXS PHP | Total | CDT | GXS GER | GXS PHP | Total |
| Benefit obligation—beginning of period | $ 29,450 | $ 24,729 | $ 7,341 | $ 61,520 | $ 26,091 | $ 22,420 | $ 7,025 | $ 55,536 |
| Service cost | 120 | 101 | 439 | 660 | 422 | 359 | 1,628 | 2,409 |
| Interest cost | 117 | 96 | 76 | 289 | 610 | 543 | 314 | 1,467 |
| Benefits paid | (118) | (205) | (10) | (333) | (534) | (770) | (190) | (1,494) |
| Actuarial (gain) loss | 1,266 | 1,294 | (3,505) | (945) | 3,299 | 2,564 | (1,145) | 4,718 |
| Foreign exchange (gain) loss | 501 | 438 | (172) | 767 | (438) | (387) | (291) | (1,116) |
| Benefit obligation—end of period | 31,336 | 26,453 | 4,169 | 61,958 | 29,450 | 24,729 | 7,341 | 61,520 |
| Less: Current portion | (610) | (811) | (72) | (1,493) | (589) | (772) | (30) | (1,391) |
| Non-current portion of benefit obligation | $ 30,726 | $ 25,642 | $ 4,097 | $ 60,465 | $ 28,861 | $ 23,957 | $ 7,311 | $ 60,129 |

The following are details of net pension expense relating to the following pension plans:

| | Three Months Ended September 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | | | | 2015 | | | |
| **Pension expense:** | CDT | GXS GER | GXS PHP | Total | CDT | GXS GER | GXS PHP | Total |
| Service cost | $ 120 | $ 101 | $ 439 | $ 660 | $ 107 | $ 103 | $ 427 | $ 637 |
| Interest cost | 117 | 96 | 76 | 289 | 154 | 128 | 81 | 363 |
| Amortization of actuarial (gains) and losses | 160 | 43 | (12) | 191 | 107 | — | — | 107 |
| Net pension expense | $ 397 | $ 240 | $ 503 | $ 1,140 | $ 368 | $ 231 | $ 508 | $ 1,107 |

In determining the fair value of the pension plan benefit obligations as of September 30, 2016 and June 30, 2016 , respectively, we used the following weighted-average key assumptions:

| | As of September 30, 2016 | | | As of June 30, 2016 | | |
|---|---|---|---|---|---|---|
| | CDT | GXS GER | GXS PHP | CDT | GXS GER | GXS PHP |
| **Assumptions:** | | | | | | |
| Salary increases | 2.00% | 2.00% | 6.20% | 2.00% | 2.00% | 6.20% |
| Pension increases | 1.75% | 2.00% | 4.50% | 1.75% | 2.00% | 4.75% |
| Discount rate | 1.33% | 1.33% | 4.50% | 1.56% | 1.56% | 4.25% |
| Normal retirement age | 65 | 65-67 | 60 | 65 | 65-67 | 60 |
| **Employee fluctuation rate:** | | | | | | |
| to age 20 | —% | N/A | 7.90% | —% | N/A | 7.90% |
| to age 25 | —% | N/A | 5.70% | —% | N/A | 5.70% |
| to age 30 | 1.00% | N/A | 4.10% | 1.00% | N/A | 4.10% |
| to age 35 | 0.50% | N/A | 2.90% | 0.50% | N/A | 2.90% |
| to age 40 | —% | N/A | 1.90% | —% | N/A | 1.90% |
| to age 45 | 0.50% | N/A | 1.40% | 0.50% | N/A | 1.40% |
| to age 50 | 0.50% | N/A | —% | 0.50% | N/A | —% |
| from age 51 | 1.00% | N/A | —% | 1.00% | N/A | —% |

Anticipated pension payments under the pension plans for the fiscal years indicated below are as follows:

| | Fiscal years ending June 30, | | |
|---|---|---|---|
| | CDT | GXS GER | GXS PHP |
| 2017 (nine months ended June 30) | $ 450 | $ 592 | $ 54 |
| 2018 | 641 | 878 | 88 |
| 2019 | 717 | 937 | 138 |
| 2020 | 784 | 989 | 128 |
| 2021 | 868 | 1,004 | 159 |
| 2022 to 2026 | 5,127 | 5,550 | 1,701 |
| Total | $ 8,587 | $ 9,950 | $ 2,268 |

***Other Plans***

Other plans include defined benefit pension plans that are offered by certain of our foreign subsidiaries. Many of these plans were assumed through our acquisitions or are required by local regulatory requirements. These other plans are primarily unfunded, with the aggregate projected benefit obligation included in our pension liability. The net periodic cost of these plans are determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and estimated service costs.

**NOTE 12—SHARE CAPITAL, OPTION PLANS AND SHARE-BASED PAYMENTS**

***Cash Dividends***

For the three months ended September 30, 2016 , pursuant to the Company’s dividend policy, we declared total non-cumulative dividends of $0.23 per Common Share, in the aggregate amount of $27.8 million , which we paid during the same period.

For the three months ended September 30, 2015 , pursuant to the Company’s dividend policy, we paid total non-cumulative dividends of $0.20 per Common Share, in the aggregate amount of $23.3 million .

***Share Capital***

Our authorized share capital includes an unlimited number of Common Shares and an unlimited number of Preference Shares. No Preference Shares have been issued.

***Treasury Stock***

*Repurchase*

During the three months ended September 30, 2016 and 2015, we did not repurchase any of our Common Shares for potential reissuance under our Long Term Incentive Plans (LTIP) or other plans.

*Reissuance*

During the three months ended September 30, 2016 , we reissued 4,167 Common Shares from treasury stock ( three months ended September 30, 2015 — nil ), in connection with the settlement of our LTIP and other awards.

***Share Repurchase Plan***

On July 26, 2016, our board of directors (the Board) authorized the repurchase of up to $200 million of Common Shares (Share Repurchase Plan), pursuant to a normal course issuer bid. Shares may be repurchased from time to time in the open market, private purchases through forward, derivative, accelerated repurchase or automatic repurchase transactions or otherwise.

During the three months ended September 30, 2016 , we did not repurchase any of our Common Shares under the Share Repurchase Plan.

During the three months ended September 30, 2015 , we repurchased and cancelled 1,131,812 Common Shares for approximately $50.0 million under our previous share repurchase plan.

***Share-Based Payments***

Total share-based compensation expense for the periods indicated below is detailed as follows:

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Stock options | $ 3,888 | $ 3,664 |
| Performance Share Units (issued under LTIP) | 881 | 620 |
| Restricted Share Units (issued under LTIP) | 1,602 | 1,234 |
| Restricted Share Units (other) | 752 | 381 |
| Deferred Share Units (directors) | 511 | 634 |
| Employee Share Purchase Plan | 506 | — |
| Total share-based compensation expense | $ 8,140 | $ 6,533 |

***Summary of Outstanding Stock Options***

On September 23, 2016, at our annual general meeting, our shareholders approved the amendment and restatement of our 2004 stock option plan to reserve an additional 4,000,000 Common Shares for issuance under our 2004 Stock Option Plan. As of September 30, 2016 , an aggregate of 4,521,770 options to purchase Common Shares were outstanding and an additional 6,356,843 options to purchase Common Shares were available for issuance under our stock option plans. Our stock options generally vest over four years and expire between seven and ten years from the date of the grant. Currently we also have options outstanding that vest over five years , as well as options outstanding that vest based on meeting certain market conditions. The exercise price of all our options is set at an amount that is not less than the closing price of our Common Shares on the NASDAQ on the trading day immediately preceding the applicable grant date.

A summary of activity under our stock option plans for the three months ended September 30, 2016 is as follows:

| | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (years) | Aggregate Intrinsic Value ($'000s) |
|---|---|---|---|---|
| Outstanding at June 30, 2016 | 4,177,408 | $ 43.87 | | |
| Granted | 397,487 | 59.49 | | |
| Exercised | (48,625) | 49.49 | | |
| Forfeited or expired | (4,500) | 52.98 | | |
| Outstanding at September 30, 2016 | 4,521,770 | $ 45.18 | 4.52 | $ 89,006 |
| Exercisable at September 30, 2016 | 1,777,620 | $ 36.90 | 3.33 | $ 49,706 |

We estimate the fair value of stock options using the Black-Scholes option-pricing model or, where appropriate, the Monte Carlo Valuation Method, consistent with the provisions of ASC Topic 718, "Compensation—Stock Compensation" (Topic 718) and SEC Staff Accounting Bulletin No. 107. The option-pricing models require input of subjective assumptions, including the estimated life of the option and the expected volatility of the underlying stock over the estimated life of the option. We use historical volatility as a basis for projecting the expected volatility of the underlying stock and estimate the expected life of our stock options based upon historical data.

We believe that the valuation techniques and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair value of our stock option grants. Estimates of fair value are not intended, however, to predict actual future events or the value ultimately realized by employees who receive equity awards.

For the periods indicated, the weighted-average fair value of options and weighted-average assumptions were as follows:

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Weighted–average fair value of options granted | $ 13.06 | $ 11.23 |
| **Weighted-average assumptions used:** | | |
| Expected volatility | 29.42% | 32.65% |
| Risk–free interest rate | 1.03% | 1.48% |
| Expected dividend yield | 1.45% | 1.63% |
| Expected life (in years) | 4.33 | 4.33 |
| Forfeiture rate (based on historical rates) | 5% | 5% |
| Average exercise share price | $ 59.49 | $ 45.73 |

As of September 30, 2016 , the total compensation cost related to the unvested stock option awards not yet recognized was approximately $25.0 million , which will be recognized over a weighted-average period of approximately 2.4 years .

No cash was used by us to settle equity instruments granted under share-based compensation arrangements.

We have not capitalized any share-based compensation costs as part of the cost of an asset in any of the periods presented.

For the three months ended September 30, 2016 , cash in the amount of $2.4 million was received as the result of the exercise of options granted under share-based payment arrangements. The tax benefit realized by us during the three months ended September 30, 2016 from the exercise of options eligible for a tax deduction was $0.1 million .

For the three months ended September 30, 2015 , cash in the amount of $4.3 million was received as the result of the exercise of options granted under share-based payment arrangements. The tax benefit realized by us during the three months ended September 30, 2015 from the exercise of options eligible for a tax deduction was $0.2 million .

***Long-Term Incentive Plans***

We incentivize our executive officers, in part, with long term compensation pursuant to our LTIP. The LTIP is a rolling three year program that grants eligible employees a certain number of target Performance Share Units (PSUs) and/or Restricted Share Units (RSUs). Target PSUs become vested upon the achievement of certain financial and/or operational performance criteria (the Performance Conditions) that are determined at the time of the grant. Target RSUs become vested when an eligible employee remains employed throughout the vesting period. LTIP grants that have recently vested, or have yet to vest, are

described below. LTIP grants will be referred to in this Quarterly Report on Form 10-Q based upon the year in which the grants are expected to vest.

*Fiscal 2016 LTIP*

Grants made in Fiscal 2014 under the LTIP (collectively referred to as Fiscal 2016 LTIP) consisting of PSUs and RSUs, took effect in Fiscal 2014 starting on November 1, 2013. The Performance Conditions for vesting of the PSUs are based solely upon market conditions. RSUs granted are employee service-based awards and vest over the life of the Fiscal 2016 LTIP. We expect to settle the Fiscal 2016 LTIP awards in stock during the second quarter of Fiscal 2017.

*Fiscal 2017 LTIP*

Grants made in Fiscal 2015 under the LTIP (collectively referred to as Fiscal 2017 LTIP), consisting of PSUs and RSUs, took effect in Fiscal 2015 starting on September 4, 2014. The Performance Conditions for vesting of the PSUs are based solely upon market conditions. The RSUs are employee service-based awards and vest over the life of the Fiscal 2017 LTIP. We expect to settle the Fiscal 2017 LTIP awards in stock.

*Fiscal 2018 LTIP*

Grants made in Fiscal 2016 under the LTIP (collectively referred to as Fiscal 2018 LTIP), consisting of PSUs and RSUs, took effect in Fiscal 2016 starting on August 23, 2015. The Performance Conditions for vesting of the PSUs are based solely upon market conditions. The RSUs are employee service-based awards and vest over the life of the Fiscal 2018 LTIP. We expect to settle the Fiscal 2018 LTIP awards in stock.

*Fiscal 2019 LTIP*

Grants made in Fiscal 2017 under the LTIP (collectively referred to as Fiscal 2019 LTIP), consisting of PSUs and RSUs, took effect in Fiscal 2017 starting on August 14, 2016. The Performance Conditions for vesting of the PSUs are based solely upon market conditions. The RSUs are employee service-based awards and vest over the life of the Fiscal 2019 LTIP. We expect to settle the Fiscal 2019 LTIP awards in stock.

PSUs and RSUs granted under the LTIPs have been measured at fair value as of the effective date, consistent with Topic 718, and will be charged to share-based compensation expense over the remaining life of the plan. Stock options granted under the LTIPs have been measured using the Black-Scholes option-pricing model, consistent with Topic 718. We estimate the fair value of PSUs using the Monte Carlo pricing model and RSUs have been valued based upon their grant date fair value.

As of September 30, 2016 , the total expected compensation cost related to the unvested LTIP awards not yet recognized was $21.6 million , which is expected to be recognized over a weighted average period of 2.3 years .

***Restricted Share Units (RSUs)***

During the three months ended September 30, 2016 , we granted 3,900 RSUs to employees in accordance with employment and other agreements ( three months ended September 30, 2015 — nil ). The RSUs vest over a specified contract date, typically three years from the respective date of grants. We expect to settle the awards in stock.

During the three months ended September 30, 2016 , we issued 4,167 Common Shares from our treasury stock, with a cost of $0.1 million , in connection with the settlement of vested RSUs ( three months ended September 30, 2015 — nil ).

***Deferred Stock Units (DSUs)***

During the three months ended September 30, 2016 , we granted 1,221 DSUs to certain non-employee directors ( three months ended September 30, 2015 — 556 ). The DSUs were issued under our Deferred Share Unit Plan. DSUs granted as compensation for directors fees vest immediately, whereas all other DSUs granted vest at our next annual general meeting following the granting of the DSUs. No DSUs are payable by us until the director ceases to be a member of the Board.

***Employee Share Purchase Plan (ESPP)***

Beginning January 1, 2016, our ESPP offers employees a purchase price discount of 15% . Any Common Shares that were issued under the ESPP prior to January 1, 2016 were issued at a purchase price discount of 5% .

During the three months ended September 30, 2016 , 51,816 Common Shares were eligible for issuance to employees enrolled in the ESPP.

During the three months ended September 30, 2016 , cash in the amount of approximately $2.9 million was received from employees relating to the ESPP ( three months ended September 30, 2015 — $1.0 million ).

## NOTE 13—GUARANTEES AND CONTINGENCIES

We have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

| | Payments due between | | | | |
|---|---|---|---|---|---|
| | Total | October 1, 2016— June 30, 2017 | July 1, 2017— June 30, 2019 | July 1, 2019— June 30, 2021 | July 1, 2021 and beyond |
| Long-term debt obligations | $ 2,930,839 | $ 82,876 | $ 226,916 | $ 954,797 | $ 1,666,250 |
| Operating lease obligations [1] | 204,087 | 37,963 | 79,231 | 48,066 | 38,827 |
| Purchase obligations [2] | 15,784 | 13,360 | 2,170 | 254 | — |
| | $ 3,150,710 | $ 134,199 | $ 308,317 | $ 1,003,117 | $ 1,705,077 |

[1] Net of $6.2 million of sublease income to be received from properties which we have subleased to third parties.

[2] On September 12, 2016, we entered into a commitment letter with Barclays Bank PLC in connection with the Dell-EMC Acquisition (as defined in note 18). On September 26, 2016, we amended and restated the commitment letter (as amended and restated, the Commitment Letter) to add Citigroup Global Markets Inc. and Royal Bank of Canada as lenders (together with Barclays Bank PLC, the Lenders). Under the Commitment Letter, we obtained a financing commitment from the Lenders, severally and not jointly, to provide a first lien term loan facility in an aggregate principal amount of up to $1.0 billion to finance a portion of the purchase price for the Dell-EMC acquisition. Under the terms of the Commitment Letter, we are subject to fees of $5.0 million with a maximum fee payable up to $10.0 million . We have included our maximum fee exposure under “Purchase Obligations” in the table above, although the final fees that we pay could ultimately be less. The Commitment Letter terminates on March 14, 2017, subject to extension.

### Guarantees and Indemnifications

We have entered into customer agreements which may include provisions to indemnify our customers against third party claims that our software products or services infringe certain third party intellectual property rights and for liabilities related to a breach of our confidentiality obligations. We have not made any material payments in relation to such indemnification provisions and have not accrued any liabilities related to these indemnification provisions in our Condensed Consolidated Financial Statements .

Occasionally, we enter into financial guarantees with third parties in the ordinary course of our business, including, among others, guarantees relating to taxes and letters of credit on behalf of parties with whom we conduct business. Such agreements have not had a material effect on our results of operations, financial position or cash flows.

### Litigation

We are currently involved in various claims and legal proceedings.

Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 "Loss Contingencies" (Topic 450-20). Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances.

If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss in accordance with Topic 450-20. As of the date of this Quarterly Report on Form 10-Q , the aggregate of such estimated losses was not material to our consolidated financial position or result of operations and we do not believe as of the date of this filing that it is reasonably possible that a loss exceeding the amounts already recognized will be incurred that would be material to our consolidated financial position or results of operations.

### Contingencies

As we have previously disclosed, the United States Internal Revenue Service (IRS) is examining certain of our tax returns for our fiscal year ended June 30, 2010 (Fiscal 2010) through our fiscal year ended June 30, 2012 (Fiscal 2012), and in connection with those examinations is reviewing our internal reorganization in Fiscal 2010 to consolidate certain intellectual

property ownership in Luxembourg and Canada and our integration of certain acquisitions into the resulting structure. We also previously disclosed that the examinations may lead to proposed adjustments to our taxes that may be material, individually or in the aggregate, and that we have not recorded any material accruals for any such potential adjustments in our Condensed Consolidated Financial Statements .

As part of these examinations, (which are ongoing), on July 17, 2015 we received from the IRS a Notice of Proposed Adjustment (NOPA) in draft form proposing a one-time approximately $280 million increase to our U.S. federal taxes arising from the reorganization in Fiscal 2010 and proposing penalties equal to 20% of the additional taxes, plus interest at the applicable statutory rate (which will continue to accrue until the matter is resolved and may be substantial). A NOPA is an IRS position and does not impose an obligation to pay tax. The draft NOPA may be changed before the final NOPA is issued, including because the IRS reserved the right in the draft NOPA to increase the adjustment. Based on discussions with the IRS, we expect we will receive an additional NOPA proposing an approximately $80 million increase to our U.S. federal taxes for Fiscal 2012 arising from the integration of Global 360 Holding Corp. into the structure that resulted from the reorganization, accompanied by proposed penalties and interest (although there can be no assurance that this will be the amount reflected in the NOPA when received, including because the IRS may assign a higher value to our intellectual property). Depending upon the outcome of these matters, additional state income taxes plus penalties and interest may be due. We currently estimate that, as of September 30, 2016 , adjustments under the draft NOPA in its present form and the anticipated additional NOPA could result in an aggregate liability of approximately $550 million , inclusive of U.S. federal and state taxes, penalties and interest.

We strongly disagree with the IRS' position and intend to vigorously contest the proposed adjustments to our taxable income. We are examining various alternatives available to taxpayers to contest the proposed adjustments. Any such alternatives could involve a lengthy process and result in the incurrence of significant expenses. As of the date of this Quarterly Report on Form 10-Q , we have not recorded any material accruals in respect of these examinations in our Condensed Consolidated Financial Statements . An adverse outcome of these tax examinations could have a material adverse effect on our financial position and results of operations.

As part of our acquisition of GXS, we have inherited a tax dispute in Brazil between the Company's subsidiary, GXS Tecnologia da Informação (Brasil) Ltda. (GXS Brazil), and the municipality of São Paulo, in connection with GXS Brazil's judicial appeal of a tax claim in the amount of $2.7 million as of September 30, 2016 . We currently have in place a bank guarantee in the amount of $4.0 million in recognition of this dispute. However, we believe that the position of the São Paulo tax authorities is not consistent with the relevant facts and based on information available on the case and other similar matters provided by local counsel, we believe that we can defend our position and that no tax is owed. Although we believe that the facts support our position, the ultimate outcome of this matter could result in a loss of up to the claim amount discussed above, plus future interest or penalties that may accrue.

Historically, prior to our acquisition of GXS, GXS would charge certain costs to its subsidiaries, including GXS Brazil, primarily based on historical transfer pricing studies that were intended to reflect the costs incurred by subsidiaries in relation to services provided by the parent company to the subject subsidiary. GXS recorded taxes on amounts billed, that were considered to be due based on the intercompany charges. GXS subsequently re-evaluated its intercompany charges to GXS Brazil and related taxes and, upon taking into consideration the current environment and judicial proceedings in Brazil, concluded that it was probable that certain indirect taxes would be assessable and payable based upon the accrual of such intercompany charges and has approximately $5.3 million accrued for the probable amount of a settlement related to the indirect taxes, interest and penalties.

Our Indian subsidiary, GXS India Technology Centre Private Limited (GXS India), is subject to potential assessments by Indian tax authorities in the city of Bangalore. GXS India has received assessment orders from the Indian tax authorities alleging that the transfer price applied to intercompany transactions was not appropriate. Based on advice from our tax advisors, we believe that the facts that the Indian tax authorities are using to support their assessment are incorrect. We have filed appeals and anticipate an eventual settlement with the Indian tax authorities. We have accrued $1.5 million to cover our anticipated financial exposure in this matter.

Please also see "Risk Factors" included in our Annual Report on Form 10-K for Fiscal 2016.

**NOTE 14—INCOME TAXES**

Our effective tax rate represents the net effect of the mix of income earned in various tax jurisdictions that are subject to a wide range of income tax rates.

We recognize interest expense and penalties related to income tax matters in income tax expense.

For the three months ended September 30, 2016 and 2015 , we recognized the following amounts as income tax-related interest expense and penalties:

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Interest expense | $ 1,282 | $ 1,777 |
| Penalties expense (recoveries) | (106) | (130) |
| Total | $ 1,176 | $ 1,647 |

As of September 30, 2016 and June 30, 2016 , the following amounts have been accrued on account of income tax-related interest expense and penalties:

| | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|
| Interest expense accrued * | $ 35,574 | $ 34,476 |
| Penalties accrued * | $ 1,540 | $ 1,615 |

* These balances have been included within "Long-term income taxes payable" within the Condensed Consolidated Balance Sheets .

We believe that it is reasonably possible that the gross unrecognized tax benefits, as of September 30, 2016 , could decrease tax expense in the next 12 months by $3.1 million , relating primarily to the expiration of competent authority relief and tax years becoming statute barred for purposes of future tax examinations by local taxing jurisdictions.

Our four most significant tax jurisdictions are Canada, the United States, Luxembourg and Germany. Our tax filings remain subject to audits by applicable tax authorities for a certain length of time following the tax year to which those filings relate. The earliest fiscal years open for examination are 2008 for Germany, 2010 for the United States, 2011 for Luxembourg, and 2012 for Canada.

We are subject to tax audits in all major taxing jurisdictions in which we operate and currently have tax audits open in Canada, the United States, France, Germany, India, the Netherlands, Japan and Malaysia. On a quarterly basis we assess the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income and other taxes. Statements regarding the United States audits are included in note 13.

The timing of the resolution of income tax audits is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ from the amounts accrued. It is reasonably possible that within the next 12 months we will receive additional assessments by various tax authorities or possibly reach resolution of income tax audits in one or more jurisdictions. These assessments or settlements may or may not result in changes to our contingencies related to positions on tax filings. The actual amount of any change could vary significantly depending on the ultimate timing and nature of any settlements. We cannot currently provide an estimate of the range of possible outcomes. For more information relating to certain tax audits, please refer to note 13.

As at September 30, 2016 , we have provided $16.7 million ( June 30, 2016 — $15.9 million ) in respect of both additional foreign withholding taxes or deferred income tax liabilities for temporary differences related to the undistributed earnings of certain non-United States subsidiaries, and planned periodic repatriations from certain United States and German subsidiaries, that will be subject to withholding taxes upon distribution. We have not provided for additional foreign withholding taxes or deferred income tax liabilities related to undistributed earnings of all other non-Canadian subsidiaries, since such earnings are considered permanently invested in those subsidiaries, or are not subject to withholding taxes. It is not practicable to reasonably estimate the amount of additional deferred income tax liabilities or foreign withholding taxes that may be payable should these earnings be distributed in the future.

The effective tax rate decreased to a recovery of 1,606.8% for the three months ended September 30, 2016 , compared to a provision of 21.3% for the three months ended September 30, 2015 . The decrease to tax expense of $870.6 million was primarily due to a significant tax benefit of $876.1 million resulting from an internal reorganization that is further described below. Additionally, we saw an increase of $10.9 million resulting from the impact of foreign rates, and a decrease in changes in unrecognized tax benefits in the amount of $2.2 million . The remainder of the differences were due to normal course movements and non-material items.

In July 2016, we implemented a reorganization of our subsidiaries worldwide with the view to continuing to enhance operational and administrative efficiencies through further consolidated ownership, management, and development of our intellectual property (IP) in Canada, continuing to reduce the number of entities in our group and working towards our objective of having a single operating legal entity in each jurisdiction. We believe our reorganization also reduces our exposure to global political and tax uncertainties, particularly in Europe. We believe that further consolidating our IP in Canada will continue to

ensure appropriate legal protections for our consolidated IP, simplify legal, accounting and tax compliance, and improve our global cash management. A significant tax benefit of $876.1 million , associated primarily with the recognition of a net deferred tax asset arising from the entry of the IP into Canada, was realized in the first quarter of Fiscal 2017. We believe it is more likely than not that the deferred tax asset will be realized and therefore no valuation allowance is required. We continue to evaluate our taxable position quarterly and consider factors by taxing jurisdiction, including but not limited to factors such as estimated taxable income, any historical experience of losses for tax purposes and the future growth of OpenText.

## NOTE 15—FAIR VALUE MEASUREMENT

ASC Topic 820 “Fair Value Measurement” (Topic 820) defines fair value, establishes a framework for measuring fair value, and addresses disclosure requirements for fair value measurements. Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value, in this context, should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including our own credit risk.

In addition to defining fair value and addressing disclosure requirements, Topic 820 establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

*Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis:*

Our financial assets and liabilities measured at fair value on a recurring basis consisted of the following types of instruments as of September 30, 2016 and June 30, 2016 :

| | September 30, 2016 | | | | June 30, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair Market Measurements using: | | | | Fair Market Measurements using: | | |
| | September 30, 2016 | Quoted prices in active markets for identical assets/ (liabilities) (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | June 30, 2016 | Quoted prices in active markets for identical assets/ (liabilities) (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Financial Assets:** | | | | | | | | |
| Short-term investments* | $ 2,726 | n/a | $ 2,726 | n/a | $ 11,839 | n/a | $ 11,839 | n/a |
| Derivative financial instrument asset (note 16) | 287 | n/a | 287 | n/a | 792 | n/a | 792 | n/a |
| | $ 3,013 | n/a | $ 3,013 | n/a | $ 12,631 | n/a | $ 12,631 | n/a |

*These assets in the table above are classified as Level 2 as certain specific assets included within may not have quoted prices that are readily accessible in an active market or we may have relied on alternative pricing methods that do not rely exclusively on quoted prices to determine the fair value of the investments.

Our valuation techniques used to measure the fair values of the derivative instruments, the counterparty to which has high credit ratings, were derived from pricing models including discounted cash flow techniques, with all significant inputs derived

from or corroborated by observable market data, as no quoted market prices exist for these instruments. Our discounted cash flow techniques use observable market inputs, such as, where applicable, foreign currency spot and forward rates.

Our cash and cash equivalents, along with our accounts receivable and accounts payable and accrued liabilities balances, are measured and recognized in our Condensed Consolidated Financial Statements at an amount that approximates their fair value (a Level 2 measurement) due to their short maturities.

If applicable, we will recognize transfers between levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurs. During the three months ended September 30, 2016 and 2015 , we did not have any transfers between Level 1, Level 2 or Level 3.

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

We measure certain assets and liabilities at fair value on a nonrecurring basis. These assets and liabilities are recognized at fair value when they are deemed to be other-than-temporarily impaired. During the three months ended September 30, 2016 and 2015 , no indications of impairment were identified and therefore no fair value measurements were required.

*Short-term Investments*

Short-term investments are classified as available for sale securities and are recorded on our Condensed Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a separate component of Accumulated Other Comprehensive Income.

A summary of our short-term investments outstanding as of September 30, 2016 and June 30, 2016 is as follows:

| | As of September 30, 2016 | | | | As of June 30, 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value | Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value |
| Short-term investments | $ 2,405 | $ 321 | $ — | $ 2,726 | $ 11,406 | $ 436 | $ (3) | $ 11,839 |

**NOTE 16—DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

***Foreign Currency Forward Contracts***

We are engaged in hedging programs with relationship banks to limit the potential foreign exchange fluctuations incurred on future cash flows relating to a portion of our Canadian dollar payroll expenses. We operate internationally and are therefore exposed to foreign currency exchange rate fluctuations in the normal course of our business, in particular to changes in the Canadian dollar on account of large costs that are incurred from our centralized Canadian operations, which are denominated in Canadian dollars. As part of our risk management strategy, we use foreign currency forward contracts to hedge portions of our payroll exposure with typical maturities of between one and twelve months. We do not use derivatives for speculative purposes.

We have designated these transactions as cash flow hedges of forecasted transactions under ASC Topic 815 “Derivatives and Hedging” (Topic 815). As the critical terms of the hedging instrument, and of the entire hedged forecasted transaction, are the same, in accordance with Topic 815 we have been able to conclude that changes in fair value or cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis. Accordingly, quarterly unrealized gains or losses on the effective portion of these forward contracts have been included within other comprehensive income. The fair value of the contracts, as of September 30, 2016 , is recorded within "Prepaid expenses and other current assets”.

As of September 30, 2016 , the notional amount of forward contracts we held to sell U.S. dollars in exchange for Canadian dollars was $34.1 million ( June 30, 2016 — $33.2 million ).

***Fair Value of Derivative Instruments and Effect of Derivative Instruments on Financial Performance***

The effect of these derivative instruments on our Condensed Consolidated Financial Statements for the periods indicated below were as follows (amounts presented do not include any income tax effects).

*Fair Value of Derivative Instruments in the Condensed Consolidated Balance Sheets (see note 15)*

| | | As of September 30, 2016 | As of June 30, 2016 |
|---|---|---|---|
| Derivatives | Balance Sheet Location | Fair Value Asset (Liability) | Fair Value Asset (Liability) |
| Foreign currency forward contracts designated as cash flow hedges | Prepaid expenses and other current assets | $ 287 | $ 792 |

*Effects of Derivative Instruments on Income and Other Comprehensive Income (OCI)*

| Three Months Ended September 30, 2016 | | | | | |
|---|---|---|---|---|---|
| Derivatives in Cash Flow Hedging Relationship | Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
| Foreign currency forward contracts | $ (483) | Operating expenses | $ 22 | N/A | $ — |

| Three Months Ended September 30, 2015 | | | | | |
|---|---|---|---|---|---|
| Derivatives in Cash Flow Hedging Relationship | Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) | Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) |
| Foreign currency forward contracts | $ (4,612) | Operating expenses | $ (696) | N/A | $ — |

## NOTE 17—SPECIAL CHARGES (RECOVERIES)

Special charges include costs that relate to certain restructuring initiatives that we have undertaken from time to time under our various restructuring plans, as well as acquisition-related costs and other charges.

| | Three Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Fiscal 2017 Restructuring Plan | $ 1,095 | $ — |
| Fiscal 2015 Restructuring Plan | (15) | 15,474 |
| OpenText/GXS Restructuring Plan | 854 | (152) |
| Restructuring Plans prior to OpenText/GXS Restructuring Plan | (16) | — |
| Acquisition-related costs | 6,774 | 177 |
| Other charges | 3,762 | 1,838 |
| Total | $ 12,454 | $ 17,337 |

### Fiscal 2017 Restructuring Plan

In the first quarter of Fiscal 2017 and in the context of the acquisition of Recommind, we began to implement restructuring activities to streamline our operations ( Fiscal 2017 Restructuring Plan ). The Fiscal 2017 Restructuring Plan charges relate to workforce reductions and facility consolidations. These charges require management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could

change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, we conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate.

As of September 30, 2016 , we expect total costs to be incurred in conjunction with the Fiscal 2017 Restructuring Plan to be approximately $2.0 million , of which $1.1 million has already been recorded within "Special charges (recoveries)" to date.

A reconciliation of the beginning and ending liability for the three months ended September 30, 2016 is shown below.

| **Fiscal 2017 Restructuring Plan** | **Workforce reduction** | **Facility costs** | **Total** |
|---|---|---|---|
| Balance payable as at June 30, 2016 | $ — | $ — | $ — |
| Accruals and adjustments | 572 | 523 | 1,095 |
| Cash payments | (522) | (25) | (547) |
| Foreign exchange | 7 | 2 | 9 |
| Balance payable as at September 30, 2016 | $ 57 | $ 500 | $ 557 |

### *Fiscal 2015 Restructuring Plan*

In the third quarter of Fiscal 2015 and in the context of the acquisition of Actuate Corporation (Actuate), we began to implement restructuring activities to streamline our operations (OpenText/Actuate Restructuring Plan). We subsequently announced, on May 20, 2015 that we were initiating a restructuring program in conjunction with organizational changes to support our cloud strategy and drive further operational efficiencies. These charges are combined with the OpenText/Actuate Restructuring Plan (collectively referred to as the Fiscal 2015 Restructuring Plan ) and are presented below. The Fiscal 2015 Restructuring Plan charges relate to workforce reductions and facility consolidations. These charges require management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, we conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate.

Since the inception of the plan, $30.4 million has been recorded within "Special charges (recoveries)" to date. We do not expect to incur any further significant charges related to this plan.

A reconciliation of the beginning and ending liability for the three months ended September 30, 2016 is shown below.

| **Fiscal 2015 Restructuring Plan** | **Workforce reduction** | **Facility costs** | **Total** |
|---|---|---|---|
| Balance payable as at June 30, 2016 | $ 3,145 | $ 5,046 | $ 8,191 |
| Accruals and adjustments | 10 | (25) | (15) |
| Cash payments | (663) | (283) | (946) |
| Foreign exchange | (185) | (33) | (218) |
| Balance payable as at September 30, 2016 | $ 2,307 | $ 4,705 | $ 7,012 |

### *OpenText/GXS Restructuring Plan*

In the third quarter of Fiscal 2014 and in the context of the acquisition of GXS, we began to implement restructuring activities to streamline our operations ( OpenText/GXS Restructuring Plan ). These charges relate to workforce reductions, facility consolidations and other miscellaneous direct costs. These charges require management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could change subsequent to its recognition, requiring adjustments to the expense and the liability recorded. On a quarterly basis, we conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate.

Since the inception of the plan, $24.9 million has been recorded within "Special charges (recoveries)". We do not expect to incur any further significant charges related to this plan.

A reconciliation of the beginning and ending liability for the three months ended September 30, 2016 is shown below.

| OpenText/GXS Restructuring Plan | Workforce reduction | Facility costs | Total |
|---|---|---|---|
| Balance payable as at June 30, 2016 | $ 115 | $ 606 | $ 721 |
| Accruals and adjustments | 169 | 685 | 854 |
| Cash payments | — | (162) | (162) |
| Foreign exchange | (133) | 45 | (88) |
| Balance payable as at September 30, 2016 | $ 151 | $ 1,174 | $ 1,325 |

**Acquisition-related costs**

Included within "Special charges (recoveries)" for the three months ended September 30, 2016 are costs incurred directly in relation to acquisitions in the amount of $6.8 million ( three months ended September 30, 2015 — $0.2 million ).

**Other charges (recoveries)**

*ERP Implementation Costs*

We are currently involved in a one-time project to implement a broad enterprise resource planning (ERP) system.

For the three months ended September 30, 2016 , we incurred costs of $ 2.4 million relating to the implementation of this project ( three months ended September 30, 2015 — $1.9 million ).

*Other charges*

For the three months ended September 30, 2016 , "Other charges" primarily include (i) $1.3 million relating to post-acquisition integration costs necessary to streamline an acquired company into our operations, (ii) $1.0 million relating to commitment fees, and (iii) $0.1 million relating to certain interest on pre-acquisition liabilities. These charges were offset by a recovery of $1.2 million relating to certain pre-acquisition sales and use tax liabilities being released upon becoming statute barred.

Included within "Other charges (recoveries)" for the three months ended September 30, 2015 is (i) a recovery of $0.2 million relating to certain pre-acquisition sales and use tax liabilities being released upon settlement or becoming statute barred and (ii) a recovery of $0.2 million relating to interest released on certain pre-acquisition liabilities. The remaining amounts relate to miscellaneous other charges.

## NOTE 18—ACQUISITIONS

**Fiscal 2017 Acquisitions**

***Material Definitive Agreement***

On September 12, 2016 , we entered into a material definitive agreement with EMC Corporation, a Massachusetts corporation, and certain of its subsidiaries (collectively referred to as Dell-EMC ) pursuant to which we have agreed to acquire certain assets and assume certain liabilities of the enterprise content division of Dell-EMC (the Dell-EMC Acquisition). The purchase price for the Dell-EMC Acquisition is expected to be approximately $1.62 billion and is subject to certain customary closing conditions, including the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

***Purchase of an Asset Group Constituting a Business - CCM Business***

On July 31, 2016 , we acquired certain customer communications management software and services assets and liabilities from HP Inc. (CCM Business) for approximately $315.0 million , of which $2.8 million is currently held back and unpaid in accordance with the terms of the purchase agreement. In accordance with Topic 805 "Business Combinations" (Topic 805), this acquisition was accounted for as a business combination. We believe this acquisition will complement our current software portfolio, and allow us to better serve our customers by offering a wider set of CCM capabilities.

The results of operations of this acquisition have been consolidated with those of OpenText beginning July 31, 2016.

**Preliminary Purchase Price Allocation**

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of July 31, 2016, are set forth below:

| | | |
|---|---|---|
| Current assets | $ | 262 |
| Non-current deferred tax asset | | 6,916 |
| Non-current tangible assets | | 2,348 |
| Intangible customer assets | | 64,000 |
| Intangible technology assets | | 101,000 |
| Liabilities assumed | | (36,403) |
| Total identifiable net assets | | 138,123 |
| Goodwill | | 176,877 |
| Net assets acquired | $ | 315,000 |

The goodwill of $176.9 million is primarily attributable to the synergies expected to arise after the acquisition. Of this goodwill, approximately $147.4 million is expected to be deductible for tax purposes.

The finalization of the purchase price allocation is pending the finalization of the valuation of fair value for assets acquired and liabilities assumed. We expect to finalize this determination on or before June 30, 2017.

Acquisition-related costs for CCM Business included in "Special charges (recoveries)" in the Condensed Consolidated Statements of Income for the three months ended September 30, 2016 were $0.7 million .

The acquisition had no significant impact on revenues and net earnings for the three months ended September 30, 2016 , since the date of acquisition.

Pro forma results of operations for this acquisition have not been presented because they are not material to the consolidated results of operations.

***Acquisition of Recommind, Inc.***

O n July 20, 2016, we acquired all of the equity interest in Recommind, a leading provider of eDiscovery and information analytics, for approximately $170.1 million . In accordance with Topic 805, this acquisition was accounted for as a business combination. We believe this acquisition will complement our EIM solutions, and through eDiscovery and analytics, will provide increased visibility into structured and unstructured data.

The results of operations of Recommind have been consolidated with those of OpenText beginning July 20, 2016.

**Preliminary Purchase Price Allocation**

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of July 20, 2016, are set forth below:

| | | |
|---|---|---|
| Current assets | $ | 30,034 |
| Non-current tangible assets | | 1,245 |
| Intangible customer assets | | 51,900 |
| Intangible technology assets | | 24,800 |
| Deferred tax liabilities | | (4,049) |
| Other liabilities assumed | | (27,247) |
| Total identifiable net assets | | 76,683 |
| Goodwill | | 93,424 |
| Net assets acquired | $ | 170,107 |

The goodwill of $93.4 million is primarily attributable to the synergies expected to arise after the acquisition. No portion of this goodwill is expected to be deductible for tax purposes.

The fair value of current assets acquired includes accounts receivable with a fair value of $28.7 million . The gross amount receivable was $29.6 million of which $0.9 million of this receivable was expected to be uncollectible.

The finalization of the purchase price allocation is pending the finalization of the valuation of fair value for taxation-related balances and for potential adjustments to assets and liabilities. We expect to finalize this determination on or before June 30, 2017.

Acquisition-related costs for Recommind included in "Special charges (recoveries)" in the Condensed Consolidated Statements of Income for the three months ended September 30, 2016 were $0.6 million .

The acquisition had no significant impact on revenues and net earnings for the three months ended September 30, 2016 , since the date of acquisition.

Pro forma results of operations for this acquisition have not been presented because they are not material to the consolidated results of operations.

**Fiscal 2016 Acquisitions**

***Acquisition of ANXe Business Corporation***

On May 1, 2016, we acquired all of the equity interest in ANXe Business Corporation (ANX), a leading provider of cloud-based information exchange services to the automotive and healthcare industries, for approximately $104.6 million . In accordance with Topic 805, this acquisition was accounted for as a business combination. We believe this acquisition will strengthen our industry presence and reach in the automotive and healthcare industries through strong customer relationships and targeted business partner collaboration solutions.

The results of operations of ANX have been consolidated with those of OpenText beginning May 1, 2016.

**Preliminary Purchase Price Allocation**

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of May 1, 2016, are set forth below:

| | | |
|---|---|---|
| Current assets | $ | 9,712 |
| Non-current tangible assets | | 511 |
| Intangible customer assets | | 49,700 |
| Intangible technology assets | | 5,600 |
| Liabilities assumed | | (26,190) |
| Total identifiable net assets | | 39,333 |
| Goodwill | | 65,237 |
| Net assets acquired | $ | 104,570 |

The goodwill of $65.2 million is primarily attributable to the synergies expected to arise after the acquisition. Of this goodwill, approximately $7.0 million is expected to be deductible for tax purposes.

The fair value of current assets acquired includes accounts receivable with a fair value of $5.7 million . The gross amount receivable was $5.8 million of which $0.1 million of this receivable was expected to be uncollectible.

The finalization of the purchase price allocation is pending the finalization of the valuation of fair value for taxation-related balances and for potential adjustments to assets and liabilities. We expect to finalize this determination on or before March 31, 2017.

***Purchase of an Asset Group Constituting a Business - CEM Business***

On April 30, 2016 , we acquired certain customer experience software and services assets and liabilities from HP Inc. (CEM Business) for approximately $160.0 million . Previously, $7.3 million was held back and unpaid in accordance with the terms of the purchase agreement. This amount has since been released and paid during the three months ended September 30, 2016 . In accordance with Topic 805, this acquisition was accounted for as a business combination. We believe this acquisition will complement our current software portfolio, particularly our Customer Experience Management and Cloud offerings.

The results of operations of this acquisition have been consolidated with those of OpenText beginning April 30, 2016 .

**Preliminary Purchase Price Allocation**

The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of April 30, 2016 , are set forth below:

| | | |
|---|---|---|
| Current assets | $ | 3,078 |
| Non-current tangible assets | | 12,589 |
| Intangible customer assets | | 33,000 |
| Intangible technology assets | | 47,000 |
| Liabilities assumed | | (26,106) |
| Total identifiable net assets | | 69,561 |
| Goodwill | | 90,439 |
| Net assets acquired | $ | 160,000 |

The goodwill of $90.4 million is primarily attributable to the synergies expected to arise after the acquisition. Of this goodwill, approximately $ 77.0 million is expected to be deductible for tax purposes.

The finalization of the purchase price allocation is pending the finalization of the valuation of fair value for assets acquired and liabilities assumed. We expect to finalize this determination on or before March 31, 2017.

Adjustments made to goodwill in the first quarter of Fiscal 2017 in the amount of $0.3 million primarily related to working capital adjustments.

**NOTE 19—SUPPLEMENTAL CASH FLOW DISCLOSURES**

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| Cash paid during the period for interest | $ | 29,191 | $ | 29,294 |
| Cash received during the period for interest | $ | 770 | $ | 283 |
| Cash paid during the period for income taxes | $ | 6,820 | $ | 7,405 |

**NOTE 20—EARNINGS PER SHARE**

Basic earnings per share are computed by dividing net income, attributable to OpenText, by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share are computed by dividing net income, attributable to OpenText, by the shares used in the calculation of basic earnings per share plus the dilutive effect of Common Share equivalents, such as stock options, using the treasury stock method. Common Share equivalents are excluded from the computation of diluted earnings per share if their effect is anti-dilutive.

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| **Basic earnings per share** | | | | |
| Net income attributable to OpenText [1] | $ | 912,884 | $ | 41,286 |
| Basic earnings per share attributable to OpenText | $ | 7.52 | $ | 0.34 |
| **Diluted earnings per share** | | | | |
| Net income attributable to OpenText [1] | $ | 912,884 | $ | 41,286 |
| Diluted earnings per share attributable to OpenText | $ | 7.46 | $ | 0.34 |
| **Weighted-average number of shares outstanding** | | | | |
| Basic | | 121,455 | | 122,160 |
| Effect of dilutive securities | | 916 | | 480 |
| Diluted | | 122,371 | | 122,640 |
| Excluded as anti-dilutive [2] | | 914 | | 2,547 |

[1] Please also see Note 14 for details relating to a one-time tax benefit of $876.1 million recorded during the three months ended September 30, 2016 in connection with an internal reorganization of our subsidiaries.

[2] Represents options to purchase Common Shares excluded from the calculation of diluted earnings per share because the exercise price of the stock options was greater than or equal to the average price of the Common Shares during the period.

**NOTE 21—RELATED PARTY TRANSACTIONS**

Our procedure regarding the approval of any related party transaction requires that the material facts of such transaction be reviewed by the independent members of the Audit Committee and the transaction be approved by a majority of the independent members of the Audit Committee. The Audit Committee reviews all transactions in which we are, or will be, a participant and any related party has or will have a direct or indirect interest in the transaction. In determining whether to approve a related party transaction, the Audit Committee generally takes into account, among other facts it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; the extent and nature of the related person’s interest in the transaction; the benefits to the Company of the proposed transaction; if applicable, the effects on a director’s independence; and if applicable, the availability of other sources of comparable services or products.

During the three months ended September 30, 2016 , Mr. Stephen Sadler, a director, earned $0.7 million ( three months ended September 30, 2015 — $6.0 thousand ) in consulting fees from OpenText for assistance with acquisition-related business activities. Mr. Sadler abstained from voting on all transactions from which he would potentially derive consulting fees.

**NOTE 22—SUBSEQUENT EVENT**

**Cash Dividends**

As part of our quarterly, non-cumulative cash dividend program, we declared, on November 3, 2016 , a dividend of $0.23 per Common Share. The record date for this dividend is December 2, 2016 and the payment date is December 22, 2016 . Future declarations of dividends and the establishment of future record and payment dates are subject to the final determination and discretion of our Board of Directors.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*This Quarterly Report on Form 10-Q , including this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securitie* s *Act* ), *and is subject to the safe harbours created by those sections. All statements other than statements of historical facts are statements that could be deemed forward-looking statements.*

*When used in this report, the words "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and other similar language, as they relate to Open Text Corporation ("OpenText" or the "Company"), are intended to identify forward-looking statements under applicable securities laws. Specific forward-looking statements in this report include, but are not limited to: (i) statements about our focus in the fiscal year beginning July 1, 2016 and ending June 30, 2017 (Fiscal 2017) on growth in earnings and cash flows; (ii) creating value through investments in broader Enterprise Information Management (EIM) capabilities; (iii) our future business plans and business planning process; (iv) statements relating to business trends; (v) statements relating to distribution; (vi) the Company's presence in the cloud and in growth markets; (vii) product and solution developments, enhancements and releases and the timing thereof; (viii) the Company's financial conditions, results of operations and earnings; (ix) the basis for any future growth and for our financial performance; (x) declaration of quarterly dividends; (xi) future tax rates; (xii) the changing regulatory environment and its impact on our business; (xiii) recurring revenues; (xiv) research and development and related expenditures; (xv) our building, development and consolidation of our network infrastructure; (xvi) competition and changes in the competitive landscape; (xvii) our management and protection of intellectual property and other proprietary rights; (xviii) foreign sales and exchange rate fluctuations; (xix) cyclical or seasonal aspects of our business; (xx) capital expenditures; (xxi) potential legal and/or regulatory proceedings; and (xxii) other matters.*

*In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The forward-looking statements contained in this report are based on certain assumptions including the following: (i) countries continuing to implement and enforce existing and additional customs and security regulations relating to the provision of electronic information for imports and exports; (ii) our continued operation of a secure and reliable business network; (iii) the stability of general economic and market conditions, currency exchange rates, and interest rates; (iv) equity and debt markets continuing to provide us with access to capital; (v) our continued ability to identify and source attractive and executable business combination opportunities; and (vi) our continued compliance with third party intellectual property rights. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct.*

*Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. 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 potential for the incurrence of or assumption of debt in connection with acquisitions and the impact on the ratings or outlooks of rating agencies on our outstanding debt securities; (iii) the possibility that the Company may be unable to meet its future reporting requirements under the Exchange Act, and the rules promulgated thereunder; (iv) the risks associated with bringing new products and services to market; (v) fluctuations in currency exchange rates (including as a result of the impact of Brexit); (vi) delays in the purchasing decisions of the Company's customers; (vii) the competition the Company faces in its industry and/or marketplace; (viii) the final determination of litigation, tax audits (including tax examinations in the United States or elsewhere) and other legal proceedings; (ix) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, U.S. or international tax regimes; (x) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (xi) the continuous commitment of the Company's customers; (xii) demand for the Company's products and services; (xiii) increase in exposure to international business risks (including as a result of the impact of Brexit) as we continue to increase our international operations; (xiv) inability to raise capital at all or on not unfavorable terms in the future; and (xv) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities (including in connection with the Dell-EMC Acquisition and other future acquisitions); and (xvi) potential changes in ratings or outlooks of rating agencies on our outstanding debt securities. Other factors that may affect forward-looking statements include, but are not limited to: (i) the future performance, financial and otherwise, of the Company; (ii) the ability of the Company to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) failure to secure and protect patents, trademarks and other proprietary rights; (v) infringement of third-party proprietary rights triggering indemnification obligations and resulting in*

*significant expenses or restrictions on our ability to provide our products or services; (vi) failure to comply with privacy laws and regulations that are extensive, open to various interpretations and complex to implement; (vii) the Company's growth and profitability prospects; (viii) the estimated size and growth prospects of the EIM market; (ix) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (x) the benefits of the Company's products and services to be realized by customers; (xi) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the EIM marketplace; (xii) the Company's financial condition and capital requirements; (xiii) system or network failures or information security breaches in connection with the Company's offerings; and (xiv) failure to attract and retain key personnel to develop and effectively manage the Company's business.*

*For additional information with respect to risks and other factors which could occur, see Part II, Item 1A "Risk Factors" herein and the Company's Annual Report on Form 10-K, including Part I, Item 1A "Risk Factors" therein; Quarterly Reports on Form 10-Q and other documents we file from time to time with the Securities and Exchange Commission (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.*

*The following MD&A is intended to help readers understand our results of operations and financial condition, and is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes to our Condensed Consolidated Financial Statements under Part I, Item 1 of this Quarterly Report on Form 10-Q .*

*All dollar and percentage comparisons made herein generally refer to the three months ended September 30, 2016 compared with the three months ended September 30, 2015 , unless otherwise noted.*

*Where we say "we", "us", "our", "OpenText" or "the Company", we mean Open Text Corporation or Open Text Corporation and its subsidiaries, as applicable.*

**EXECUTIVE OVERVIEW**

We operate in the Enterprise Information Management (EIM) market. We are an independent company providing a comprehensive platform and suite of software products and services that assist organizations in finding, utilizing, and sharing business information from any device in ways which are intuitive, efficient and productive. Our technologies and business solutions address one of the biggest problems encountered by enterprises today: the explosive growth of information volume and formats. Our software and services allow organizations to manage the information that flows into, out of, and throughout the enterprise as part of daily operations. Our solutions help to improve customer satisfaction and digital experience, gain analytical insight, improve collaboration with business partners, address the legal and business requirements associated with information governance, and help to ensure that information remains secure and private, as demanded in today's highly regulated climate.

Our products and services are designed to provide the benefits of maximizing the value of enterprise information while largely minimizing its risks. Our solutions incorporate collaborative and mobile technologies and are delivered for on-premises deployment as well as through cloud, hybrid and managed hosted services models to provide the flexibility and cost efficiencies demanded by the market. In addition, we provide solutions that facilitate the exchange of information and transactions that occur between supply chain participants, such as manufacturers, retailers, distributors and financial institutions, and are central to a company's ability to effectively collaborate with its partners.

Our initial public offering was on the NASDAQ in 1996 and we were subsequently listed on the Toronto Stock Exchange in 1998. We are a multinational company and as of September 30, 2016 , employed approximately 9,700 people worldwide.

In July 2016, we implemented a reorganization of our subsidiaries worldwide with the view to continuing to enhance operational and administrative efficiencies through further consolidated ownership, management, and development of our intellectual property (IP) in Canada, continuing to reduce the number of entities in our group and working towards our objective of having a single operating legal entity in each jurisdiction. We believe our reorganization also reduces our exposure to global political and tax uncertainties, particularly in Europe. We believe that further consolidating our IP in Canada will continue to ensure appropriate legal protections for our consolidated IP, simplify legal, accounting and tax compliance, and improve our global cash management. A significant tax benefit of $876.1 million associated with the recognition of a net deferred tax asset ensuing from the reorganization was realized in the first quarter of Fiscal 2017. This had a significant impact on our GAAP-based net income and earnings per share, as illustrated in our results presented below.

**Quarterly Summary:**

During the quarter we saw the following activity:

- Total revenue was $491.7 million , up 13.1% compared to the same period in the prior fiscal year; up 14.3% after factoring the impact of $4.9 million of foreign exchange rate changes.
- Total recurring revenue was $431.0 million , up 12.5% compared to the same period in the prior fiscal year; up 13.6% after factoring the impact of $4.4 million of foreign exchange rate changes.
- Cloud services and subscriptions revenue was $169.7 million , up 14.8% compared to the same period in the prior fiscal year; up 15.5% after factoring the impact of $1.0 million of foreign exchange rate changes.
- License revenue was $60.7 million , up 18.2% compared to the same period in the prior fiscal year; up 19.2% after factoring the impact of $0.5 million of foreign exchange rate changes.
- GAAP-based EPS, diluted, was $7.46 compared to $0.34 in the same period in the prior fiscal year, affected in part by a significant tax benefit of $876.1 million .
- Non-GAAP-based EPS, diluted, was $0.86 compared to $0.84 in the same period in the prior fiscal year.
- GAAP-based gross margin was 66.6% compared to 67.8% in the same period in the prior fiscal year.
- GAAP-based operating margin was 15.1% compared to 17.6% in the same period in the prior fiscal year.
- Non-GAAP-based operating margin was 30.8% compared to 34.1% in the same period in the prior fiscal year.
- Operating cash flow was $73.5 million , down 20.8% from the same period in the prior fiscal year.
- Cash and cash equivalents was $834.9 million as of September 30, 2016 , compared to $1,283.8 million as of June 30, 2016 .

See "Use of Non-GAAP Financial Measures" below for a reconciliation of GAAP-based measures to Non-GAAP-based measures.

See "Acquisitions" below for the impact of acquisitions on the period-to-period comparability of results.

**Acquisitions**

Our competitive position in the marketplace requires us to maintain a complex and evolving array of technologies, products, services and capabilities. In light of the continually evolving marketplace in which we operate, on an ongoing basis we regularly evaluate acquisition opportunities within the EIM market and at any time may be in various stages of discussions with respect to such opportunities.

***Acquisition of Recommind, Inc.***

O n July 20, 2016, we acquired Recommind, Inc. (Recommind), a leading provider of eDiscovery and information analytics, for approximately $170.1 million . We believe this acquisition will complement our EIM solutions, and through eDiscovery and analytics, will provide increased visibility into structured and unstructured data. The results of operations of Recommind have been consolidated with those of OpenText beginning July 20, 2016.

***Acquisition of Certain Customer Communication Management Software Assets from HP Inc.***

On July 31, 2016 , we acquired certain customer communication management software and services assets and liabilities from HP Inc. (CCM Business) for approximately $315.0 million , of which $2.8 million is currently held back and unpaid in accordance with the terms of the purchase agreement. We believe this acquisition will complement our current software portfolio, and allow us to better serve our customers by offering a wider set of CCM capabilities. The results of operations of this acquisition have been consolidated with those of OpenText beginning July 31, 2016 .

***Material Definitive Agreement***

On September 12, 2016, we entered into a material definitive agreement (the Master Acquisition Agreement) with EMC Corporation, a Massachusetts corporation, and certain of its subsidiaries (collectively referred to as Dell-EMC ), pursuant to which we have agreed to acquire certain assets and assume certain liabilities of the enterprise content division of Dell-EMC (the Dell-EMC Acquisition). The purchase price for the Dell-EMC Acquisition is expected to be approximately $1.62 billion and is subject to certain customary closing and regulatory conditions, including the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act).

We believe our acquisitions support our long-term strategic direction, strengthen our competitive position, expand our customer base, provide greater scale to accelerate innovation, grow our earnings and provide superior shareholder value. We

expect to continue to strategically acquire companies, products, services and technologies to augment our existing business. Our acquisitions, particularly significant ones, can affect the period-to-period comparability of our results. See note 18 "Acquisitions" to our Condensed Consolidated Financial Statements for more details.

**Outlook for remainder of Fiscal 2017**

While we continue to offer on-premises solutions, we realize that the EIM market is broad and we are agnostic to whether a customer prefers an on-premises solution, cloud solution, or combination of both (hybrid). We believe giving customer choice and flexibility will help us to strive to obtain long-term customer value. We measure long-term value by looking at our recurring revenue, earnings and operating cash flow. We define recurring revenue as the sum of our "Cloud services and subscriptions revenue", "Customer support revenue" and "Professional services revenue". In the first quarter of Fiscal 2017 recurring revenue was $431.0 million , which represented 87.7% of our total revenues and increased 12.5% compared to the same period in Fiscal 2016. Our Cloud services and subscriptions revenues was also up 14.8% in the first quarter of Fiscal 2017 compared to the same period in Fiscal 2016. Our net income for the first quarter of Fiscal 2017 was up significantly compared to the same period in Fiscal 2016 as a result of a one-time tax benefit that was recognized. Our operating cash flow was down 20.8% over the same period in the last fiscal year, primarily as a result of the onboarding of receivables from recent acquisitions. In certain cases such receivables, and Recommind is an example, have a long collection cycle, and we believe there is an opportunity to improve the historical days sales outstanding (DSO) of these acquired companies as we onboard them to our operating model.

Additionally, Customer support revenues, which are a recurring source of income for us, make up a significant portion of our revenue mix. Our management reviews our Customer support renewal rates on a quarterly basis and we use these rates as a method of monitoring our customer service performance. For the three months ended September 30, 2016 , our Customer support renewal rate was approximately 90%, consistent with the Customer support renewal rate during the three months ended September 30, 2015 .

We expect to continue to pursue strategic acquisitions in the future to strengthen our service offerings in the EIM market, and at any time may be in various stages of discussions with respect to such opportunities. We believe we are a value oriented and disciplined acquirer, having efficiently deployed $4.2 billion on acquisitions over the last 10 years, not including the potential acquisition of the enterprise content division of Dell-EMC . We see our ability to successfully integrate acquired companies and assets into our business as a strength and pursuing strategic acquisitions is an important aspect to our growth strategy. As discussed above, we have entered into a material definitive agreement with Dell-EMC which, if completed, is expected to broaden our EIM offerings. Additionally, in the first quarter of Fiscal 2017, we further demonstrated the implementation of this strategy by acquiring Recommind and CCM Business. For additional details, please refer to note 18 "Acquisitions" to our Condensed Consolidated Financial Statements.

While continuing to acquire companies is our leading growth driver, our growth strategy also includes organic growth through internal innovation. This quarter we invested approximately $59 million in research and development (R&D) and we typically target to spend approximately 10% to 12% of revenues for R&D each fiscal year. We believe our ability to leverage our global presence is helpful to our organic growth initiatives.

We see an opportunity to help our customers become "digital businesses" and we believe we have a strong platform to integrate personalized analytics and insights onto our OpenText EIM suites of products, which will further our vision to enable "the digital world" and strengthen our position among leaders in EIM.

We also believe our diversified geographic profile helps strengthen our position and helps to reduce the impact of a downturn in the economy that may occur in any one specific region.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements . These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

(i) Revenue recognition,
(ii) Capitalized software,
(iii) Business combinations,
(iv) Goodwill,
(v) Acquired intangibles,

(vi) Restructuring charges,
(vii) Foreign currency, and
(viii) Income taxes.

During the first quarter of Fiscal 2017, there were no significant changes to our critical accounting policies and estimates. For a detailed discussion of our critical accounting and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for our fiscal year ended June 30, 2016.

**RESULTS OF OPERATIONS**

The following tables provide a detailed analysis of our results of operations and financial condition. For each of the periods indicated below, we present our revenues by product, revenues by major geography, cost of revenues by product, total gross margin, total operating margin, gross margin by product, and their corresponding percentage of total revenue. In addition, we provide Non-GAAP measures for the periods discussed in order to provide additional information to investors that we believe will be useful as this presentation is in line with how our management assesses our Company's performance. See "Use of Non-GAAP Financial Measures" below for a reconciliation of GAAP-based measures to Non-GAAP-based measures.

***Summary of Results of Operations***

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| ***Total Revenues by Product Type:*** | | | |
| License | $ 60,656 | $ 9,325 | $ 51,331 |
| Cloud services and subscriptions | 169,687 | 21,897 | 147,790 |
| Customer support | 210,206 | 24,539 | 185,667 |
| Professional service and other | 51,115 | 1,368 | 49,747 |
| Total revenues | 491,664 | 57,129 | 434,535 |
| ***Total Cost of Revenues*** | 164,353 | 24,301 | 140,052 |
| ***Total GAAP-based Gross Profit*** | 327,311 | 32,828 | 294,483 |
| ***Total GAAP-based Gross Margin %*** | 66.6% | | 67.8% |
| ***Total GAAP-based Operating Expenses*** | 253,249 | 35,239 | 218,010 |
| ***Total GAAP-based Income from Operations*** | $ 74,062 | $ (2,411) | $ 76,473 |
| | | | |
| ***% Revenues by Product Type:*** | | | |
| License | 12.3% | | 11.8% |
| Cloud services and subscriptions | 34.5% | | 34.0% |
| Customer support | 42.8% | | 42.7% |
| Professional service and other | 10.4% | | 11.5% |
| | | | |
| ***Total Cost of Revenues by Product Type:*** | | | |
| License | $ 3,845 | $ 1,164 | $ 2,681 |
| Cloud services and subscriptions | 70,292 | 11,376 | 58,916 |
| Customer support | 25,738 | 5,230 | 20,508 |
| Professional service and other | 41,343 | 3,279 | 38,064 |
| Amortization of acquired technology-based intangible assets | 23,135 | 3,252 | 19,883 |
| Total cost of revenues | $ 164,353 | $ 24,301 | $ 140,052 |
| | | | |
| ***% GAAP-based Gross Margin by Product Type:*** | | | |
| License | 93.7% | | 94.8% |
| Cloud services and subscriptions | 58.6% | | 60.1% |
| Customer support | 87.8% | | 89.0% |
| Professional service and other | 19.1% | | 23.5% |
| | | | |
| ***Total Revenues by Geography:*** | | | |
| Americas (1) | $ 296,136 | $ 44,710 | $ 251,426 |
| EMEA (2) | 147,631 | 1,842 | 145,789 |
| Asia Pacific (3) | 47,897 | 10,577 | 37,320 |
| Total revenues | $ 491,664 | $ 57,129 | $ 434,535 |
| | | | |
| ***% Revenues by Geography:*** | | | |
| Americas (1) | 60.2% | | 57.9% |
| EMEA (2) | 30.0% | | 33.6% |
| Asia Pacific (3) | 9.8% | | 8.5% |

| (In thousands) | Three Months Ended September 30, 2016 | | | 2015 |
|---|---|---|---|---|
| GAAP-based gross margin | | 66.6% | | 67.8% |
| GAAP-based operating margin | | 15.1% | | 17.6% |
| GAAP-based EPS, diluted | $ | 7.46 | $ | 0.34 |
| Non-GAAP-based gross margin (4) | | 71.5% | | 72.6% |
| Non-GAAP-based operating margin (4) | | 30.8% | | 34.1% |
| Non-GAAP-based EPS, diluted (4) | $ | 0.86 | $ | 0.84 |

(1) Americas consists of countries in North, Central and South America.

(2) EMEA primarily consists of countries in Europe, the Middle East and Africa.

(3) Asia Pacific primarily consists of the countries Japan, Australia, China, Korea, Philippines, Singapore and New Zealand.

(4) See "Use of Non-GAAP Financial Measures" (discussed later in the MD&A) for a reconciliation of GAAP-based measures to Non-GAAP-based measures.

***Revenues, Cost of Revenues and Gross Margin by Product Type***

***1) License:***

License revenues consist of fees earned from the licensing of software products to customers. Our license revenues are impacted by the strength of general economic and industry conditions, the competitive strength of our software products, and our acquisitions. Cost of license revenues consists primarily of royalties payable to third parties.

| (In thousands) | Three Months Ended September 30, 2016 | | Change increase (decrease) | | 2015 | |
|---|---|---|---|---|---|---|
| ***License Revenues:*** | | | | | | |
| Americas | $ | 30,989 | $ | 5,734 | $ | 25,255 |
| EMEA | | 21,202 | | (1,476) | | 22,678 |
| Asia Pacific | | 8,465 | | 5,067 | | 3,398 |
| ***Total License Revenues*** | | 60,656 | | 9,325 | | 51,331 |
| ***Cost of License Revenues*** | | 3,845 | | 1,164 | | 2,681 |
| ***GAAP-based License Gross Profit*** | $ | 56,811 | $ | 8,161 | $ | 48,650 |
| ***GAAP-based License Gross Margin %*** | | 93.7% | | | | 94.8% |
| | | | | | | |
| ***% License Revenues by Geography:*** | | | | | | |
| Americas | | 51.1% | | | | 49.2% |
| EMEA | | 35.0% | | | | 44.2% |
| Asia Pacific | | 13.9% | | | | 6.6% |

License revenues increased by $9.3 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, inclusive of the negative impact of foreign exchange of approximately $0.5 million . Geographically, the overall increase was attributable to an increase in Americas of $5.7 million and an increase in Asia Pacific of $5.1 million , partially offset by a decrease in EMEA of $1.5 million . The number of license deals greater than $0.5 million that closed during the first quarter of Fiscal 2017 was 23 deals, of which 7 deals were greater than $1.0 million, compared to 14 deals in the first quarter of Fiscal 2016, of which 5 deals were greater than $1.0 million. License revenue, as a proportion of our total revenues, remained stable at approximately 12% .

Cost of license revenues increased by $1.2 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, primarily as a result of an increase in third party technology costs of $1.2 million. Approximately $0.6 million of this increase is a result of a broad range of products that we have inherited from our recent acquisitions. Overall, the gross margin percentage on license revenues decreased slightly to approximately 94% from approximately 95% .

*2) Cloud Services and Subscriptions:*

Cloud services and subscription revenues consist of (i) software as a service offerings (ii) managed service arrangements and (iii) subscription revenues relating to on premise offerings. These offerings allow our customers to make use of OpenText software, services and content over Internet enabled networks supported by OpenText data centers. These web applications allow customers to transmit a variety of content between various mediums and to securely manage enterprise information without the commitment of investing in related hardware infrastructure. Revenues are generated on several transactional usage-based models, are typically billed monthly in arrears, and can therefore fluctuate from period to period. Certain service fees are occasionally charged to customize hosted software for some customers and are either amortized over the estimated customer life, in the case of setup fees, or recognized in the period they are provided.

In addition, we offer business-to-business (B2B) integration solutions, such as messaging services, and managed services. Messaging services allow for the automated and reliable exchange of electronic transaction information, such as purchase orders, invoices, shipment notices and other business documents, among businesses worldwide. Managed services provide an end-to-end fully outsourced B2B integration solution to our customers, including program implementation, operational management, and customer support. These services enable customers to effectively manage the flow of electronic transaction information with their trading partners and reduce the complexity of disparate standards and communication protocols. Revenues are primarily generated through transaction processing. Transaction processing fees are recurring in nature and are recognized on a per transaction basis in the period in which the related transactions are processed. Revenues from contracts with monthly, quarterly or annual minimum transaction levels are recognized based on the greater of the actual transactions or the specified contract minimum amounts during the relevant period. Customers who are not committed to multi-year contracts generally are under contracts for transaction processing solutions that automatically renew every month or year, depending on the terms of the specific contracts.

Cost of Cloud services and subscriptions revenues is comprised primarily of third party network usage fees, maintenance of in-house data hardware centers, technical support personnel-related costs, amortization of customer set up and implementation costs, and some third party royalty costs.

| | Three Months Ended September 30, | | |
|---|---|---|---|
| **(In thousands)** | **2016** | **Change increase (decrease)** | **2015** |
| ***Cloud Services and Subscriptions:*** | | | |
| Americas | $ 116,114 | $ 18,462 | $ 97,652 |
| EMEA | 36,836 | 2,377 | 34,459 |
| Asia Pacific | 16,737 | 1,058 | 15,679 |
| ***Total Cloud Services and Subscriptions Revenues*** | 169,687 | 21,897 | 147,790 |
| ***Cost of Cloud Services and Subscriptions Revenues*** | 70,292 | 11,376 | 58,916 |
| ***GAAP-based Cloud Services and Subscriptions Gross Profit*** | $ 99,395 | $ 10,521 | $ 88,874 |
| ***GAAP-based Cloud Services and Subscriptions Gross Margin %*** | 58.6% | | 60.1% |
| | | | |
| ***% Cloud Services and Subscriptions Revenues by Geography:*** | | | |
| Americas | 68.4% | | 66.1% |
| EMEA | 21.7% | | 23.3% |
| Asia Pacific | 9.9% | | 10.6% |

Cloud services and subscriptions revenues increased by $21.9 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, inclusive of the negative impact of foreign exchange of approximately $1.0 million . Geographically, the overall change was attributable to an increase in Americas of $18.5 million , an increase in EMEA of $2.4 million , and an increase in Asia Pacific of $1.1 million . The number of Cloud services deals greater than $1.0 million that closed during the first quarter of Fiscal 2017 was 13 deals, compared to 6 deals in the first quarter of Fiscal 2016.

Cost of Cloud services and subscriptions revenues increased by $11.4 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, primarily due to an increase in labour-related costs of approximately $6.9 million resulting from increased headcount and an increase in third party network usage fees of approximately $3.9 million related to an expanded portfolio of cloud-based offerings. Overall, the gross margin percentage on Cloud services and subscriptions revenues decreased slightly to approximately 59% from approximately 60% .

### *3) Customer Support:*

Customer support revenues consist of revenues from our customer support and maintenance agreements. These agreements allow our customers to receive technical support, enhancements and upgrades to new versions of our software products when and if available. Customer support revenues are generated from support and maintenance relating to current year sales of software products and from the renewal of existing maintenance agreements for software licenses sold in prior periods. Therefore, changes in Customer support revenues do not always correlate directly to the changes in license revenues from period to period. The terms of support and maintenance agreements are typically twelve months, with customer renewal options. Cost of Customer support revenues is comprised primarily of technical support personnel and related costs, as well as third party royalty costs.

| | Three Months Ended September 30, | | |
|---|---|---|---|
| **(In thousands)** | **2016** | **Change increase (decrease)** | **2015** |
| ***Customer Support Revenues:*** | | | |
| Americas | $ 124,191 | $ 18,597 | $ 105,594 |
| EMEA | 68,902 | 2,694 | 66,208 |
| Asia Pacific | 17,113 | 3,248 | 13,865 |
| ***Total Customer Support Revenues*** | 210,206 | 24,539 | 185,667 |
| ***Cost of Customer Support Revenues*** | 25,738 | 5,230 | 20,508 |
| ***GAAP-based Customer Support Gross Profit*** | $ 184,468 | $ 19,309 | $ 165,159 |
| ***GAAP-based Customer Support Gross Margin %*** | 87.8% | | 89.0% |
| | | | |
| ***% Customer Support Revenues by Geography:*** | | | |
| Americas | 59.1% | | 56.9% |
| EMEA | 32.8% | | 35.7% |
| Asia Pacific | 8.1% | | 7.4% |

Customer support revenues increased by $24.5 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, inclusive of the negative impact of foreign exchange of approximately $2.6 million . Geographically, the overall increase was attributable to an increase in Americas of $18.6 million , an increase in Asia Pacific of $3.2 million , and an increase in EMEA of $2.7 million .

Cost of Customer support revenues increased by $5.2 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, primarily due to an increase in labour-related costs of approximately $4.0 million and an increase in the installed base of third party products of approximately $1.2 million. The increase in the installed base of third party products was primarily the result of products we have inherited from our recent acquisitions. Overall, the gross margin percentage on Customer support revenues decreased slightly to approximately 88% from approximately 89% .

### *4) Professional Service and Other:*

Professional service and other revenues consist of revenues from consulting contracts and contracts to provide implementation, training and integration services (professional services). Other revenues consist of hardware revenues. These revenues are grouped within the “Professional service and other” category because they are relatively immaterial to our service revenues. Professional services are typically performed after the purchase of new software licenses. Cost of professional service and other revenues consists primarily of the costs of providing integration, configuration and training with respect to our various software products. The most significant components of these costs are personnel-related expenses, travel costs and third party subcontracting.

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| ***Professional Service and Other Revenues:*** | | | |
| Americas | $ 24,842 | $ 1,917 | $ 22,925 |
| EMEA | 20,691 | (1,753) | 22,444 |
| Asia Pacific | 5,582 | 1,204 | 4,378 |
| ***Total Professional Service and Other Revenues*** | 51,115 | 1,368 | 49,747 |
| ***Cost of Professional Service and Other Revenues*** | 41,343 | 3,279 | 38,064 |
| ***GAAP-based Professional Service and Other Gross Profit*** | $ 9,772 | $ (1,911) | $ 11,683 |
| ***GAAP-based Professional Service and Other Gross Margin %*** | 19.1% | | 23.5% |
| | | | |
| ***% Professional Service and Other Revenues by Geography:*** | | | |
| Americas | 48.6% | | 46.1% |
| EMEA | 40.5% | | 45.1% |
| Asia Pacific | 10.9% | | 8.8% |

Professional service and other revenues increased by $1.4 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, of which approximately $0.9 million was due to the negative impact of foreign exchange. Geographically, the overall increase was attributable to an increase in Americas of $1.9 million and an increase in Asia Pacific of $1.2 million , partially offset by a decrease in EMEA of $1.8 million .

Cost of Professional service and other revenues increased by $3.3 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, primarily as a result of an increase in labour-related costs of approximately $2.6 million of which approximately $0.4 million is the result of increased headcount and approximately $1.1 million is associated with one-time charges incurred as we continue to reorganize and improve efficiencies in our professional services organization . Overall, the gross margin percentage on Professional service and other revenues decreased to approximately 19% from approximately 23% .

## ***Amortization of Acquired Technology-based Intangible Assets***

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| Amortization of acquired technology-based intangible assets | $ 23,135 | $ 3,252 | $ 19,883 |

Amortization of acquired technology-based intangible assets increased by $3.3 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year. This was due to additions of acquired technology-based intangible assets from our acquisitions of CCM Business, Recommind, CEM Business, ANX, and Daegis. This was partially offset by the intangible assets pertaining to our previous acquisitions becoming fully amortized.

***Operating Expenses***

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| Research and development | $ 58,572 | $ 12,132 | $ 46,440 |
| Sales and marketing | 95,148 | 17,203 | 77,945 |
| General and administrative | 38,197 | 2,628 | 35,569 |
| Depreciation | 15,270 | 2,356 | 12,914 |
| Amortization of acquired customer-based intangible assets | 33,608 | 5,803 | 27,805 |
| Special charges | 12,454 | (4,883) | 17,337 |
| Total operating expenses | $ 253,249 | $ 35,239 | $ 218,010 |
| **% of Total Revenues:** | | | |
| Research and development | 11.9% | | 10.7% |
| Sales and marketing | 19.4% | | 17.9% |
| General and administrative | 7.8% | | 8.2% |
| Depreciation | 3.1% | | 3.0% |
| Amortization of acquired customer-based intangible assets | 6.8% | | 6.4% |
| Special charges | 2.5% | | 4.0% |

***Research and development expenses*** consist primarily of payroll and payroll-related benefits expenses, contracted research and development expenses, and facility costs. Research and development assists with organic growth and improves product stability and functionality, and accordingly, we dedicate extensive efforts to update and upgrade our product offerings. The primary driver is typically budgeted software upgrades and software development.

| (In thousands) | Quarter-over-Quarter Change between Fiscal 2017 and 2016 |
|---|---|
| Payroll and payroll-related benefits | $ 8,599 |
| Contract labour and consulting | 1,302 |
| Share-based compensation | 992 |
| Travel and communication | 87 |
| Facilities | 629 |
| Other miscellaneous | 523 |
| Total year-over-year change in research and development expenses | $ 12,132 |

Research and development expenses increased by $12.1 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, primarily due to an increase in payroll and payroll-related benefits of $8.6 million , an increase in contract labour and consulting of $1.3 million , an increase in share-based compensation of $1.0 million , and an increase in the use of facility and related resources of $0.6 million . Overall, our research and development expenses, as a percentage of total revenues, increased slightly from approximately 11% to approximately 12% .

Our research and development labour resources increased by 400 employees, from 1,984 employees at September 30, 2015 to 2,384 employees at September 30, 2016 . Our recent acquisitions added 224 employees to our research and development labour resources.

***Sales and marketing expenses*** consist primarily of personnel expenses and costs associated with advertising, marketing and trade shows.

| (In thousands) | | Quarter-over-Quarter Change between Fiscal 2017 and 2016 |
|---|---|---|
| Payroll and payroll-related benefits | $ | 8,875 |
| Commissions | | 424 |
| Contract labour and consulting | | 482 |
| Share-based compensation | | (272) |
| Travel and communication | | 203 |
| Marketing expenses | | 6,035 |
| Facilities | | 492 |
| Other miscellaneous | | 964 |
| Total year-over-year change in sales and marketing expenses | $ | 17,203 |

Sales and marketing expenses increased by $17.2 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year. This was primarily due to an increase in payroll and payroll-related benefits of $8.9 million and an increase in marketing expenses of $6.0 million , which is primarily a result of our annual user conference taking place in July 2016 as compared to November 2015. Overall, our sales and marketing expenses, as a percentage of total revenues, increased slightly to approximately 19% from approximately 18% .

Our sales and marketing labour resources increased by 306 employees, from 1,296 employees at September 30, 2015 to 1,602 employees at September 30, 2016 . Our recent acquisitions added 138 employees to our sales and marketing labour resources.

***General and administrative expenses*** consist primarily of payroll and payroll related benefits expenses, related overhead, audit fees, other professional fees, consulting expenses and public company costs.

| (In thousands) | | Quarter-over-Quarter Change between Fiscal 2017 and 2016 |
|---|---|---|
| Payroll and payroll-related benefits | $ | 850 |
| Contract labour and consulting | | 1,060 |
| Share-based compensation | | 739 |
| Travel and communication | | (443) |
| Facilities | | 602 |
| Other miscellaneous | | (180) |
| Total year-over-year change in general and administrative expenses | $ | 2,628 |

General and administrative expenses increased by $2.6 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year. Contract labour and consulting increased by $1.1 million , which was primarily required on account of consulting fees related to our recent acquisitions. Similarly, payroll and payroll-related benefits increased by $0.9 million , and facility and related resources increased by $0.6 million . These increases were partially offset by a reduction in travel and communication expenses of $0.4 million and a reduction in other miscellaneous expenses of $0.2 million , which include professional fees such as legal, audit and tax related expenses. Overall, general and administrative expenses, as a percentage of total revenue remained stable at approximately 8% .

Our general and administrative labour resources increased by 186 employees, from 1,020 employees at September 30, 2015 to 1,206 employees at September 30, 2016 . Our recent acquisitions added 48 employees to our general and administrative labour resources.

***Depreciation expenses:***

| (In thousands) | Three Months Ended September 30, | | |
|---|---|---|---|
| | 2016 | Change increase (decrease) | 2015 |
| Depreciation | $ 15,270 | $ 2,356 | $ 12,914 |

Depreciation expenses increased by $2.4 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year, but remained relatively stable as a percentage of total revenue, at approximately 3%.

***Amortization of acquired customer-based intangible assets:***

| (In thousands) | Three Months Ended September 30, | | |
|---|---|---|---|
| | 2016 | Change increase (decrease) | 2015 |
| Amortization of acquired customer-based intangible assets | $ 33,608 | $ 5,803 | $ 27,805 |

Acquired customer-based intangible assets amortization expense increased by $5.8 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year. This was primarily due to the impact of new acquired customer-based intangible assets from our acquisitions of CCM Business, Recommind, CEM Business, ANX, and Daegis. This was partially offset by the customer-based intangible assets pertaining to previous acquisitions becoming fully amortized.

***Special charges (recoveries):***

Special charges typically relate to amounts that we expect to pay in connection with restructuring plans relating to employee workforce reduction and abandonment of excess facilities, acquisition-related costs and other similar one-time charges. Generally, we implement such plans in the context of integrating existing OpenText operations with that of acquired entities. Actions related to such restructuring plans are typically completed within a period of one year. In certain limited situations, if the planned activity does not need to be implemented, or an expense lower than anticipated is paid out, we record a recovery of the originally recorded expense to Special charges.

| (In thousands) | Three Months Ended September 30, | | |
|---|---|---|---|
| | 2016 | Change increase (decrease) | 2015 |
| Special charges (recoveries) | $ 12,454 | $ (4,883) | $ 17,337 |

Special charges decreased by $4.9 million during the three months ended September 30, 2016 as compared to the same period in the prior fiscal year. This was primarily due to (i) a net decrease in restructuring charges of $13.4 million and (ii) a decrease of $0.5 million relating to a higher net impact of reversals from certain pre-acquisition sales and use tax liabilities and interest being settled, or in certain instances, becoming statute barred in the current period compared to the same period in the prior fiscal year. These decreases were partially offset by (i) an increase in acquisition related costs of $6.6 million, and (ii) an increase of $1.2 million relating to post-acquisition integration costs necessary to streamline an acquired company into our operations and costs incurred to reorganize certain legal entities including consolidation of intellectual property. The remainder of the change is due to miscellaneous items.

For more details on Special charges (recoveries), see note 17 "Special Charges (Recoveries)" to our Condensed Consolidated Financial Statements .

***<u>Other Income (Expense), Net</u>***

Other income (expense), net relates to certain non-operational charges consisting primarily of transactional foreign exchange gains (losses). This income (expense) is dependent upon the change in foreign currency exchange rates vis-à-vis the functional currency of the legal entity. Other income (expense) also includes our share of income or losses in non-marketable equity securities accounted for under the equity method.

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| Other income (expense), net | $ 6,699 | $ 11,612 | $ (4,913) |

Other income included foreign exchange gains of $1.2 million on our inter-company transactions during the first quarter of Fiscal 2017 compared to $5.4 million in foreign exchange losses during the same period last year. Also during the current quarter we recognized income of approximately $5.5 million relating to our share of income in non-marketable equity investments.

***Interest and Other Related Expense, Net***

Interest and other related expense, net is primarily comprised of cash interest paid and accrued on our debt facilities, offset by interest income earned on our cash and cash equivalents.

| (In thousands) | Three Months Ended September 30, 2016 | Change (increase) decrease | 2015 |
|---|---|---|---|
| Interest and other related expense, net | $ 27,275 | $ 8,229 | $ 19,046 |

Interest and other related expense, net increased by $8.2 million as compared to the same period in the prior fiscal year. This was primarily due to additional interest expense incurred relating to Senior Notes 2026 (defined below), which were issued on May 31, 2016.

For more details see note 10 "Long-Term Debt" to our Condensed Consolidated Financial Statements .

***Provision for Income Taxes***

We operate in several tax jurisdictions and are exposed to various foreign tax rates. We also note that we are subject to tax rate discrepancies between our domestic tax rate and foreign tax rates that are significant and these discrepancies are primarily related to earnings in the United States.

Please also see "Risk Factors" included in our Annual Report on Form 10-K for Fiscal 2016.

| (In thousands) | Three Months Ended September 30, 2016 | Change increase (decrease) | 2015 |
|---|---|---|---|
| Provision for (Recovery of) income taxes | $ (859,425) | $ (870,627) | $ 11,202 |

The effective tax rate (which is the provision for taxes expressed as a percentage of income before taxes) decreased to a recovery of 1,606.8% for the three months ended September 30, 2016 , compared to a provision of 21.3% for the three months ended September 30, 2015 . The decrease to tax expense of $870.6 million was primarily due to a significant tax benefit of $876.1 million resulting from an internal reorganization that is further described below. Additionally, we saw an increase of $10.9 million resulting from the impact of foreign rates, and a decrease in changes in unrecognized tax benefits in the amount of $2.2 million . The remainder of the differences were due to normal course movements and non-material items.

In July 2016, we implemented a reorganization of our subsidiaries worldwide with the view to continuing to enhance operational and administrative efficiencies through further consolidated ownership, management, and development of our IP in Canada, continuing to reduce the number of entities in our group and working towards our objective of having a single operating legal entity in each jurisdiction. We believe our reorganization also reduces our exposure to global political and tax uncertainties, particularly in Europe. We believe that further consolidating our IP in Canada will continue to ensure appropriate legal protections for our consolidated IP, simplify legal, accounting and tax compliance, and improve our global cash management. A significant tax benefit of $876.1 million , associated primarily with the recognition of a net deferred tax asset arising from the entry of the IP into Canada, was realized in the first quarter of Fiscal 2017. We believe it is more likely than not that the deferred tax asset will be realized and therefore no valuation allowance is required. We continue to evaluate our taxable position quarterly and consider factors by taxing jurisdiction, including but not limited to factors such as estimated taxable income, any historical experience of losses for tax purposes and the future growth of OpenText. This significant tax

benefit is specifically tied to the reorganization and applied to this quarter only and as a result, will not continue in future periods.

For information with regards to certain potential tax contingencies, see note 13 "Guarantees and Contingencies" to our Condensed Consolidated Financial Statements .

***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 Condensed 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 Condensed 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 earnings per share on a diluted basis, after giving effect to the amortization of acquired intangible assets, other income (expense), share-based compensation, and Special charges (recoveries), all net of tax and any tax benefits/expense items unrelated to current period income, as further described in the tables below. Non-GAAP-based gross profit is the arithmetical sum of GAAP-based gross profit and the amortization of acquired technology-based intangible assets and share-based compensation within cost of sales. Non-GAAP-based gross margin is calculated as Non-GAAP-based gross profit expressed as a percentage of total revenue. Non-GAAP-based income from operations is calculated as income from operations, excluding the amortization of acquired intangible assets, Special charges (recoveries), and share-based compensation expense. Non-GAAP-based operating margin is calculated as Non-GAAP-based income from operations expressed as a percentage of total 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 (recoveries), 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 (although prior performance is not necessarily indicative of future 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.

The following charts provide unaudited reconciliations of U.S. GAAP-based financial measures to Non-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 September 30, 2016**
***(in thousands except for per share data)***

| | Three Months Ended September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | GAAP-based Measures | GAAP-based Measures % of Total Revenue | Adjustments | Note | Non-GAAP-based Measures | Non-GAAP-based Measures % of Total Revenue |
| **Cost of revenues** | | | | | | |
| Cloud services and subscriptions | $ 70,292 | | $ (360) | (1) | $ 69,932 | |
| Customer support | 25,738 | | (235) | (1) | 25,503 | |
| Professional service and other | 41,343 | | (445) | (1) | 40,898 | |
| Amortization of acquired technology-based intangible assets | 23,135 | | (23,135) | (2) | — | |
| **GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)** | 327,311 | 66.6% | 24,175 | (3) | 351,486 | 71.5% |
| **Operating expenses** | | | | | | |
| Research and development | 58,572 | | (1,743) | (1) | 56,829 | |
| Sales and marketing | 95,148 | | (2,820) | (1) | 92,328 | |
| General and administrative | 38,197 | | (2,537) | (1) | 35,660 | |
| Amortization of acquired customer-based intangible assets | 33,608 | | (33,608) | (2) | — | |
| Special charges (recoveries) | 12,454 | | (12,454) | (4) | — | |
| **GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)** | 74,062 | 15.1% | 77,337 | (5) | 151,399 | 30.8% |
| Other income (expense), net | 6,699 | | (6,699) | (6) | — | |
| Provision for (recovery of) income taxes | (859,425) | | 878,017 | (7) | 18,592 | |
| **GAAP-based net income / Non-GAAP-based net income, attributable to OpenText** | 912,884 | | (807,379) | (8) | 105,505 | |
| **GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText** | $ 7.46 | | $ (6.60) | (8) | $ 0.86 | |

(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 total revenue.

(4) Adjustment relates to the exclusion of Special charges (recoveries) from our Non-GAAP-based operating expenses as Special charges (recoveries) are generally incurred in the periods following the relevant acquisitions and include one-time, non-recurring charges or recoveries that are not indicative or related to continuing operations, and are therefore excluded from our internal analysis of operating results. See note 17 "Special Charges (Recoveries)" to our Consolidated Financial Statements for more details.

(5) GAAP-based and Non-GAAP-based income from operations stated in dollars and operating margin stated as a percentage of total 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 is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results. Other income (expense) also includes our share of income (losses) from our holdings in non-marketable securities investments as a limited partner. We do not actively trade equity securities in these privately held companies nor do we plan our ongoing operations based around any anticipated fundings or distributions from these investments. We exclude gains and losses on these investments as we do not believe they are reflective of our ongoing business and operating results.

(7) Adjustment relates to differences between the GAAP-based tax recovery rate of approximately 1,607% and a Non-GAAP-based tax rate of approximately 15%; 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. Such excluded expenses include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax benefits/expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. Included is the amount of net tax benefits arising from the internal reorganization (see note 14) assumed to be allocable to the current period based on the forecasted utilization period. In arriving at our Non-GAAP-based tax rate of approximately 15%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

(8) Reconciliation of GAAP-based net income to Non-GAAP-based net income:

| | Three Months Ended September 30, 2016 | |
|---|---|---|
| | | Per share diluted |
| GAAP-based net income, attributable to OpenText | $ 912,884 | $ 7.46 |
| Add: | | |
| Amortization | 56,743 | 0.46 |
| Share-based compensation | 8,140 | 0.07 |
| Special charges (recoveries) | 12,454 | 0.10 |
| Other (income) expense, net | (6,699) | (0.05) |
| GAAP-based provision for (recovery of ) income taxes | (859,425) | (7.02) |
| Non-GAAP-based provision for income taxes | (18,592) | (0.16) |
| Non-GAAP-based net income, attributable to OpenText | $ 105,505 | $ 0.86 |

**Reconciliation of selected GAAP-based measures to Non-GAAP-based measures for the three months ended September 30, 2015**
***(in thousands except for per share data)***

| | Three Months Ended September 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | GAAP-based Measures | GAAP-based Measures % of Total Revenue | Adjustments | Note | Non-GAAP-based Measures | Non-GAAP-based Measures % of Total Revenue |
| **Cost of revenues** | | | | | | |
| Cloud services and subscriptions | $ 58,916 | | $ (281) | (1) | $ 58,635 | |
| Customer support | 20,508 | | (158) | (1) | 20,350 | |
| Professional service and other | 38,064 | | (453) | (1) | 37,611 | |
| Amortization of acquired technology-based intangible assets | 19,883 | | (19,883) | (2) | — | |
| **GAAP-based gross profit and gross margin (%) / Non-GAAP-based gross profit and gross margin (%)** | 294,483 | 67.8% | 20,775 | (3) | 315,258 | 72.6% |
| **Operating expenses** | | | | | | |
| Research and development | 46,440 | | (752) | (1) | 45,688 | |
| Sales and marketing | 77,945 | | (3,115) | (1) | 74,830 | |
| General and administrative | 35,569 | | (1,774) | (1) | 33,795 | |
| Amortization of acquired customer-based intangible assets | 27,805 | | (27,805) | (2) | — | |
| Special charges (recoveries) | 17,337 | | (17,337) | (4) | — | |
| **GAAP-based income from operations and operating margin (%) / Non-GAAP-based income from operations and operating margin (%)** | 76,473 | 17.6% | 71,558 | (5) | 148,031 | 34.1% |
| Other income (expense), net | (4,913) | | 4,913 | (6) | — | |
| Provision for (recovery of) income taxes | 11,202 | | 14,569 | (7) | 25,771 | |
| **GAAP-based net income / Non-GAAP-based net income, attributable to OpenText** | 41,286 | | 61,902 | (8) | 103,188 | |
| **GAAP-based earnings per share / Non-GAAP-based earnings per share-diluted, attributable to OpenText** | $ 0.34 | | $ 0.50 | (8) | $ 0.84 | |

(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 total revenue.

(4) Adjustment relates to the exclusion of Special charges (recoveries) from our Non-GAAP-based operating expenses as Special charges (recoveries) are generally incurred in the periods following the relevant acquisitions and include one-time, non-recurring charges or recoveries that are not indicative or related to continuing operations, and are therefore excluded from our internal analysis of operating results. See note 17 "Special Charges (Recoveries)" to our Consolidated Financial Statements for more details.

(5) GAAP-based and Non-GAAP-based income from operations stated in dollars and operating margin stated as a percentage of total 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 is generally not indicative or related to continuing operations and is therefore excluded from our internal analysis of operating results.

(7) Adjustment relates to differences between the GAAP-based tax rate of approximately 21% and a Non-GAAP-based tax rate of approximately 20%; 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. Such excluded expenses include amortization, share-based compensation, Special charges (recoveries) and other income (expense), net. Also excluded are tax expense items unrelated to current period income such as changes in reserves for tax uncertainties and valuation allowance reserves, and “book to return” adjustments for tax return filings and tax assessments. In arriving at our Non-GAAP-based tax rate of approximately 20%, we analyzed the individual adjusted expenses and took into consideration the impact of statutory tax rates from local jurisdictions incurring the expense.

(8) Reconciliation of GAAP-based net income to Non-GAAP-based net income:

| | Three Months Ended September 30, 2015 | |
|---|---|---|
| | | Per share diluted |
| GAAP-based net income, attributable to OpenText | $ 41,286 | $ 0.34 |
| Add: | | |
| Amortization | 47,688 | 0.39 |
| Share-based compensation | 6,533 | 0.05 |
| Special charges (recoveries) | 17,337 | 0.14 |
| Other (income) expense, net | 4,913 | 0.04 |
| GAAP-based provision for (recovery of ) income taxes | 11,202 | 0.09 |
| Non-GAAP-based provision for income taxes | (25,771) | (0.21) |
| Non-GAAP-based net income, attributable to OpenText | $ 103,188 | $ 0.84 |

## LIQUIDITY AND CAPITAL RESOURCES

The following tables set forth changes in cash flows from operating, investing and financing activities for the periods indicated:

| (In thousands) | As of September 30, 2016 | Change increase (decrease) | As of June 30, 2016 |
|---|---|---|---|
| Cash and cash equivalents | $ 834,944 | $ (448,813) | $ 1,283,757 |
| Short-term investments | $ 2,726 | $ (9,113) | $ 11,839 |

| | Three Months Ended September 30, | | |
|---|---|---|---|
| (In thousands) | 2016 | Change | 2015 |
| Cash provided by operating activities | $ 73,451 | $ (19,271) | $ 92,722 |
| Cash used in investing activities | $ (501,170) | $ (475,486) | $ (25,684) |
| Cash used in financing activities | $ (25,806) | $ 44,496 | $ (70,302) |

***Cash and cash equivalents***

Cash and cash equivalents primarily consist of balances with banks as well as deposits with original maturities of 90 days or less.

We anticipate that our cash and cash equivalents, as well as available credit facilities, will be sufficient to fund our anticipated cash requirements for working capital, contractual commitments, capital expenditures, dividends, potential acquisitions under our normal course issuer bid, and operating needs for the next 12 months, except as noted below with respect to the Dell-EMC Acquisition. On September 12, 2016, we entered into a material definitive agreement, pursuant to which we have agreed to acquire certain assets and assume certain liabilities of the enterprise content division of Dell-EMC for approximately $1.62 billion . The closing of this acquisition is subject to certain customary closing conditions, including the expiration or termination of applicable waiting periods under the HSR Act. The Dell-EMC Acquisition is expected to close within 90 to 120 days from when we entered into the agreement. In connection with the Dell-EMC Acquisition, we have obtained a financing commitment from Barclays Bank PLC, Citigroup Global Markets Inc. and Royal Bank of Canada. Please see below for more details related to the Commitment Letter. Although the exact components of the permanent financing for the Dell-EMC Acquisition are yet to be determined, our objective is to maintain a conservative capital structure, including preserving our current credit ratings. As such, the permanent financing may include elements of cash on hand, borrowings under existing or new credit facilities, and a new equity offering. Any further material or acquisition-related activities may require additional sources of financing (beyond that contemplated for the Dell-EMC Acquisition) and would be subject to the financial covenants established under our credit facilities. For more details, see "Long-term Debt and Credit Facilities" below.

As at September 30, 2016 , we have provided $16.7 million ( June 30, 2016 — $15.9 million ) in respect of both additional foreign withholding taxes or deferred income tax liabilities for temporary differences related to the undistributed earnings of certain non-United States subsidiaries, and planned periodic repatriations from certain United States and German subsidiaries, that will be subject to withholding taxes upon distribution.

***Cash flows provided by operating activities***

Cash flows from operating activities decreased by $19.3 million due to a decrease in changes from working capital of $27.3 million, partially offset by an increase in net income before the impact of non-cash items of $8.0 million. The decrease in operating cash flow from changes in working capital of $27.3 million was primarily due to the net impact of the following decreases: (i) $35.9 million relating to accounts receivable, (ii) $7.7 million relating to other assets, (iii) $7.1 million relating to prepaid and other current assets, and (iv) $0.6 million relating to income taxes payable and deferred charges and credits. These decreases were partially offset by increases of: (i) $17.7 million relating to accounts payable and accrued liabilities, as a result of an active working capital management program, and (ii) $6.3 million relating to deferred revenues.

During the first quarter of Fiscal 2017 our DSO was 52 days compared to a DSO of 48 days during the first quarter of Fiscal 2016. The per day impact of our DSO in the first quarters of Fiscal 2017 and Fiscal 2016 on our cash flows was $5.7 million and $4.9 million , respectively. The increase in DSO this quarter, as compared to the same period last fiscal year, was partially the result of the impact of our recent acquisition of Recommind, which negatively impacted our DSO as Recommind historically offered longer payment terms than Open Text. We expect to see improvements to our overall global DSO, as we continue to onboard and bring their payment terms in line with OpenText policies and procedures.

***Cash flows used in investing activities***

Our cash flows used in investing activities is primarily on account of acquisitions and additions of property and equipment.

Cash flows used in investing activities increased by $475.5 million . This was primarily due to a $479.8 million increase in consideration paid for acquisitions in the first quarter of Fiscal 2017 as compared to the same period in Fiscal 2016, and an increase in additions of property and equipment of $3.5 million. These increases were offset by a decrease in other investing activity of $0.8 million and in an inflow of investing cash from the maturity of certain short term investments of $7.0 million.

***Cash flows used in financing activities***

Our cash flows from financing activities generally consist of long-term debt financing and amounts received from stock options exercised by our employees. These inflows are typically offset by scheduled and non-scheduled repayments of our long-term debt financing and, when applicable, the payment of dividends and/or the repurchases of our Common Shares.

Cash flows used in financing activities decreased by $44.5 million . This was primarily due to our repurchase approximately 1.1 million Common Shares in the first quarter of Fiscal 2016 for approximately $50.0 million under our previous share repurchase plan. We have not yet repurchased any Common Shares under our Share Repurchase Plan (as defined below) this fiscal year. This decrease in cash flows used in financing activities was partially offset by a $1.3 million increase in debt issuance costs relating to our Senior Notes 2026 and a $4.5 million increase in dividend payments made to our shareholders. The remainder of the change was due to miscellaneous items.

***Cash Dividends***

During the three months ended September 30, 2016 , we declared and paid cash dividends of $0.23 per Common Share that totaled $27.8 million . Future declarations of dividends and the establishment of future record and payment dates are subject to the final determination and discretion of the Board.

***Commitment Letter***

On September 12, 2016, we entered into the commitment letter with Barclays Bank PLC in connection with the Dell-EMC Acquisition. On September 26, 2016, we amended and restated the commitment letter (as amended and restated, the Commitment Letter) to add Citigroup Global Markets Inc. and Royal Bank of Canada as lenders (together with Barclays Bank PLC, the Lenders). Under the Commitment Letter, we obtained a financing commitment from the Lenders, severally and not jointly, to provide a first lien term loan facility in an aggregate principal amount of up to $1.0 billion (the Facility) to finance a portion of the purchase price for the Dell-EMC Acquisition. The obligations of the Lenders to provide the Facility under the Commitment Letter are subject to a number of customary conditions, including, without limitation, execution and delivery of definitive documentation consistent with the Commitment Letter and the documentation standard specified therein. The Commitment Letter terminates on March 14, 2017 (which termination date may be extended under the terms of the Commitment Letter in a manner consistent with extensions under the Master Acquisition Agreement, in each case to a date that is two business days after the relevant termination date under the Master Acquisition Agreement). For further details, please refer to the Master Acquisition Agreement and the Commitment Letter which were filed as exhibit 2.1 in our Current Report on Form 8-K, filed with the SEC on September 13, 2016, and as exhibit 10.2 hereto, respectively. Although the exact components of the permanent financing for the Dell-EMC Acquisition are yet to be determined, our objective is to maintain a conservative capital structure, including preserving our current credit ratings. As such, the permanent financing may include elements of cash on hand, borrowings under existing or new credit facilities, and newly issued equity.

***Long-term Debt and Credit Facilities***

***Senior Unsecured Fixed Rate Notes***

**Senior Notes 2026**

On May 31, 2016 we issued $600 million in aggregate principal amount of 5.875% Senior Notes due 2026 (Senior Notes 2026) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2026 bear interest at a rate of 5.875% per annum, payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2016. Senior Notes 2026 will mature on June 1, 2026, unless earlier redeemed, in accordance with their terms, or repurchased.

We may redeem all or a portion of the Senior Notes 2026 at any time prior to June 1, 2021 at a redemption price equal to 100% of the principal amount of Senior Notes 2026 plus an applicable premium, plus accrued and unpaid interest, if any, to the redemption date. In addition, we may also redeem up to 40% of the aggregate principal amount of Senior Notes 2026, on one or

more occasions, prior to June 1, 2019, using the net proceeds from certain qualified equity offerings at a redemption price of 105.875% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. We may, on one or more occasions, redeem Senior Notes 2026, in whole or in part, at any time on and after June 1, 2021 at the applicable redemption prices set forth in the indenture governing the Senior Notes 2026, dated as of May 31, 2016 among the Company, the subsidiary guarantors party thereto, The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian trustee (the 2026 Indenture), plus accrued and unpaid interest, if any, to the redemption date.

If we experience one of the kinds of changes of control triggering events specified in the Indenture, we will be required to make an offer to repurchase Senior Notes 2026 at a price equal to 101% of the principal amount of Senior Notes 2026, plus accrued and unpaid interest, if any, to the date of purchase.

The 2026 Indenture contains covenants that limit our and certain of our subsidiaries' ability to, among other things: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur or guarantee additional indebtedness of the Company or the guarantors without such subsidiary becoming a subsidiary guarantor of the notes; and (iii) consolidate, amalgamate or merge with, or convey, transfer, lease or otherwise dispose of its property and assets substantially as an entirety to, another person. These covenants are subject to a number of important limitations and exceptions as set forth in the 2026 Indenture. The 2026 Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding notes to be due and payable immediately.

Senior Notes 2026 are initially guaranteed on a senior unsecured basis by our existing and future wholly-owned subsidiaries that borrow or guarantee the obligations under our existing senior credit facilities. Senior Notes 2026 and the guarantees rank equally in right of payment with all of our and our guarantors' existing and future senior unsubordinated debt and will rank senior in right of payment to all of the our and our guarantors' future subordinated debt. Senior Notes 2026 and the guarantees will be effectively subordinated to all of our and our guarantors' existing and future secured debt, including the obligations under the senior credit facilities, to the extent of the value of the assets securing such secured debt.

The foregoing description of the 2026 Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the 2026 Indenture, which is filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on May 31, 2016.

**Senior Notes 2023**

On January 15, 2015, we issued $800 million in aggregate principal amount of our 5.625% Senior Notes due 2023 (Senior Notes 2023) in an unregistered offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. Senior Notes 2023 bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on January 15 and July 15, commencing on July 15, 2015. Senior Notes 2023 will mature on January 15, 2023, unless earlier redeemed in accordance with their terms, or repurchased.

We may redeem all or a portion of the Senior Notes 2023 at any time prior to January 15, 2018 at a redemption price equal to 100% of the principal amount of Senior Notes 2023 plus an applicable premium, plus accrued and unpaid interest, if any, to the redemption date. In addition, we may also redeem up to 40% of the aggregate principal amount of Senior Notes 2023, on one or more occasions, prior to January 15, 2018, using the net proceeds from certain qualified equity offerings at a redemption price of 105.625% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. We may, on one or more occasion, redeem Senior Notes 2023, in whole or in part, at any time on and after January 15, 2018 at the applicable redemption prices set forth in the indenture governing the Senior Notes 2023, dated as of January 15, 2015, among the Company, the subsidiary guarantors party thereto, The Bank of New York Mellon (as successor to Citibank N.A.), as U.S. trustee, and BNY Trust Company of Canada (as successor to Citi Trust Company Canada), as Canadian trustee (the 2023 Indenture), plus accrued and unpaid interest, if any, to the redemption date.

If we experience one of the kinds of changes of control triggering events specified in the 2023 Indenture, we will be required to make an offer to repurchase Senior Notes 2023 at a price equal to 101% of the principal amount of Senior Notes 2023, plus accrued and unpaid interest, if any, to the date of purchase.

The 2023 Indenture contains covenants that limit our and certain of our subsidiaries' ability to, among other things: (i) create certain liens and enter into sale and lease-back transactions; (ii) create, assume, incur or guarantee additional indebtedness of the Company or the subsidiary guarantors without such subsidiary becoming a subsidiary guarantor of Senior Notes 2023; and (iii) consolidate, amalgamate or merge with, or convey, transfer, lease or otherwise dispose of its property and assets substantially as an entirety to, another person. These covenants are subject to a number of important limitations and exceptions as set forth in the 2023 Indenture. The 2023 Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding notes to be due and payable immediately.

Senior Notes 2023 are initially guaranteed on a senior unsecured basis by our existing and future wholly-owned subsidiaries that borrow or guarantee the obligations under our existing senior credit facilities. Senior Notes 2023 and the guarantees rank equally in right of payment with all of our and our subsidiary guarantors' existing and future senior unsubordinated debt and will rank senior in right of payment to all of our and our subsidiary guarantors' future subordinated debt. Senior Notes 2023 and the guarantees will be effectively subordinated to all of ours and our guarantors' existing and future secured debt, including the obligations under the Revolver and Term Loan B, to the extent of the value of the assets securing such secured debt.

The foregoing description of the 2023 Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the 2023 Indenture, which is filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on January 15, 2015.

***Term Loan B***

In connection with the acquisition of GXS, on January 16, 2014, we entered into a second credit facility, which provides for a $800 million term loan facility with certain lenders named therein, Barclays Bank PLC (Barclays), as sole administrative agent and collateral agent, and with Barclays and RBC Capital Markets as lead arrangers and joint bookrunners (Term Loan B). Repayments made under Term Loan B are equal to 0.25% of the original principal amount in equal quarterly installments for the life of Term Loan B, with the remainder due at maturity.

Borrowings under Term Loan B are secured by a first charge over substantially all of our assets on a pari passu basis with the Revolver. We entered into Term Loan B and borrowed the full amount of $800 million on January 16, 2014. Term Loan B has a seven year term.

Borrowings under Term Loan B bear interest at a rate per annum equal to an applicable margin plus, at the borrower's option, either (1) the eurodollar rate for the interest period relevant to such borrowing or (2) an ABR rate determined by reference to the greatest of (i) the prime rate of Barclays, (ii) the federal funds rate plus 0.50% per annum and (iii) the one month eurodollar rate plus 1.00% per annum. The applicable margin for borrowings under Term Loan B will be 2.5% with respect to LIBOR borrowings and 1.5% with respect to ABR rate borrowings.

Currently we have chosen for our borrowings under Term Loan B to bear a floating rate of interest at a rate per annum equal to 2.5% plus the higher of LIBOR or 0.75%. As of September 30, 2016 , the interest rate was 3.25%.

Term Loan B has incremental facility capacity of (i) $250 million plus (ii) additional amounts, subject to meeting a "consolidated senior secured net leverage" ratio not exceeding 2.75:1.00, in each case subject to certain conditions. Consolidated senior secured net leverage ratio is defined for this purpose as the proportion of our total debt reduced by unrestricted cash, including guarantees and letters of credit, that is secured by our or any of our subsidiaries' assets, over our trailing twelve months net income before interest, taxes, depreciation, amortization, restructuring, share-based compensation and other miscellaneous charges.

Under Term Loan B, we must maintain a "consolidated net leverage" ratio of no more than 4:1 at the end of each financial quarter. Consolidated net leverage ratio is defined for this purpose as the proportion of our total debt reduced by unrestricted cash, including guarantees and letters of credit, over our trailing twelve months net income before interest, taxes, depreciation, amortization, restructuring, share-based compensation and other miscellaneous charges. As of September 30, 2016 , our consolidated net leverage ratio was 1.8:1.

For further details relating to our Term Loan B, please see note 10 "Long-Term Debt" to our Condensed Consolidated Financial Statements .

***Revolver***

We currently have a $300 million committed revolving credit facility (the Revolver). Borrowings under the Revolver are secured by a first charge over substantially all of our assets, and on a pari passu basis with Term Loan B. The Revolver will mature on December 22, 2019 with no fixed repayment date prior to the end of the term and has financial covenants consistent with Term Loan B. As of September 30, 2016 , we have not drawn any amounts on the Revolver.

***Share Repurchase Plan***

On July 26, 2016, our board of directors (the Board) authorized the repurchase of up to $200 million of Common Shares (Share Repurchase Plan), pursuant to a normal course issuer bid. Shares may be repurchased from time to time in the open market, private purchases through forward, derivative, accelerated repurchase or automatic repurchase transactions or otherwise. The timing of any repurchase will depend on market conditions, our financial condition, results of operations, liquidity and other factors.

During the three months ended September 30, 2016 , we did not repurchase any of our Common Shares under the Share Repurchase Plan.

During the three months ended September 30, 2015 , we repurchased and cancelled 1,131,812 Common Shares for approximately $50.0 million under our previous share repurchase plan.

***Shelf Registration Statement***

In response to the demand and piggyback registration requests we received pursuant to the registration rights agreement entered into in connection with the acquisition of GXS, we filed a universal shelf registration statement on Form S-3 with the SEC, which became effective automatically. On May 10, 2016, we filed a post-effective Amendment No. 1 to the shelf registration statement to make the base prospectus included therein consistent with the updated Canadian base shelf short-form prospectus (as amended, the Shelf Registration Statement). The Shelf Registration Statement allows for primary and secondary offerings from time to time of equity, debt and other securities, including Common Shares, Preference Shares, debt securities, depositary shares, warrants, purchase contracts, units and subscription receipts. A base shelf short-form prospectus qualifying the distribution of such securities has also been filed with certain Canadian securities regulators. The type of securities and the specific terms thereof will be determined at the time of any offering and will be described in the applicable prospectus supplement to be filed separately with the SEC and such Canadian securities regulators.

***Pensions***

As of September 30, 2016 , our total unfunded pension plan obligations were $65.3 million , of which $1.7 million is payable within the next 12 months. We expect to be able to make the long-term and short-term payments related to these obligations in the normal course of operations.

Our anticipated payments under our most significant plans for the fiscal years indicated below are as follows:

| | Fiscal years ending June 30, | | |
|---|---|---|---|
| | CDT | GXS GER | GXS PHP |
| 2017 (nine months ended June 30) | $ 450 | $ 592 | $ 54 |
| 2018 | 641 | 878 | 88 |
| 2019 | 717 | 937 | 138 |
| 2020 | 784 | 989 | 128 |
| 2021 | 868 | 1,004 | 159 |
| 2022 to 2026 | 5,127 | 5,550 | 1,701 |
| Total | $ 8,587 | $ 9,950 | $ 2,268 |

For a detailed discussion on all pensions, see note 11 "Pension Plans and Other Post Retirement Benefits" to our Condensed Consolidated Financial Statements .

***Commitments and Contractual Obligations***

As of September 30, 2016 , we have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

| | | Payments due between | | | |
|---|---|---|---|---|---|
| | Total | October 1, 2016— June 30, 2017 | July 1, 2017— June 30, 2019 | July 1, 2019— June 30, 2021 | July 1, 2021 and beyond |
| Long-term debt obligations | $ 2,930,839 | $ 82,876 | $ 226,916 | $ 954,797 | $ 1,666,250 |
| Operating lease obligations [1] | 204,087 | 37,963 | 79,231 | 48,066 | 38,827 |
| Purchase obligations [2] | 15,784 | 13,360 | 2,170 | 254 | — |
| | $ 3,150,710 | $ 134,199 | $ 308,317 | $ 1,003,117 | $ 1,705,077 |

[1] Net of $6.2 million of sublease income to be received from properties which we have subleased to third parties.

[2] On September 12, 2016, we entered into a commitment letter with Barclays Bank PLC in connection with the Dell-EMC Acquisition (as defined in note 18). On September 26, 2016, we amended and restated the commitment letter (as amended and restated, the Commitment Letter) to add Citigroup Global Markets Inc. and Royal Bank of Canada as lenders (together with Barclays Bank PLC, the Lenders). Under the Commitment Letter, we obtained a financing commitment from the Lenders, severally and not jointly, to provide a first lien term loan facility in an aggregate principal

amount of up to $1.0 billion to finance a portion of the purchase price for the Dell-EMC acquisition. Under the terms of the Commitment Letter, we are subject to fees of $5.0 million with a maximum fee payable up to $10.0 million . We have included our maximum fee exposure under "Purchase Obligations" in the table above, although the final fees that we pay could ultimately be less. The Commitment Letter terminates on March 14, 2017, subject to extension.

The long-term debt obligations are comprised of interest and principal payments on Senior Notes and credit facilities. See note 10 "Long-Term Debt" to our Condensed Consolidated Financial Statements .

***Guarantees and Indemnifications***

We have entered into customer agreements which may include provisions to indemnify our customers against third party claims that our software products or services infringe certain third party intellectual property rights and for liabilities related to a breach of our confidentiality obligations. We have not made any material payments in relation to such indemnification provisions and have not accrued any liabilities related to these indemnification provisions in our Condensed Consolidated Financial Statements .

Occasionally, we enter into financial guarantees with third parties in the ordinary course of our business, including, among others, guarantees relating to taxes and letters of credit on behalf of parties with whom we conduct business. Such agreements have not had a material effect on our results of operations, financial position or cash flows.

**Litigation**

We are currently involved in various claims and legal proceedings.

Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 "Loss Contingencies" (Topic 450-20). Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances.

If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss in accordance with Topic 450-20. As of the date of this Quarterly Report on Form 10-Q , the aggregate of such estimated losses were not material to our consolidated financial position or results of operations and we do not believe as of the date of this filing that it is reasonably possible that a loss exceeding the amounts already recognized will be incurred that would be material to our consolidated financial position or results of operations.

**Contingencies**

As we have previously disclosed, the United States Internal Revenue Service (IRS) is examining certain of our tax returns for our fiscal year ended June 30, 2010 (Fiscal 2010) through our fiscal year ended June 30, 2012 (Fiscal 2012), and in connection with those examinations is reviewing our internal reorganization in Fiscal 2010 to consolidate certain intellectual property ownership in Luxembourg and Canada and our integration of certain acquisitions into the resulting structure. We also previously disclosed that the examinations may lead to proposed adjustments to our taxes that may be material, individually or in the aggregate, and that we have not recorded any material accruals for any such potential adjustments in our Condensed Consolidated Financial Statements .

As part of these examinations, (which are ongoing), on July 17, 2015 we received from the IRS a Notice of Proposed Adjustment ("NOPA") in draft form proposing a one-time approximately $280 million increase to our U.S. federal taxes arising from the reorganization in Fiscal 2010 and proposing penalties equal to 20% of the additional taxes, plus interest at the applicable statutory rate (which will continue to accrue until the matter is resolved and may be substantial). A NOPA is an IRS position and does not impose an obligation to pay tax. The draft NOPA may be changed before the final NOPA is issued, including because the IRS reserved the right in the draft NOPA to increase the adjustment. Based on discussions with the IRS, we expect we will receive an additional NOPA proposing an approximately $80 million increase to our U.S. federal taxes for Fiscal 2012 arising from the integration of Global 360 Holding Corp. into the structure that resulted from the reorganization, accompanied by proposed penalties and interest (although there can be no assurance that this will be the amount reflected in the NOPA when received, including because the IRS may assign a higher value to our intellectual property). Depending upon the outcome of these matters, additional state income taxes plus penalties and interest may be due. We currently estimate that, as of September 30, 2016 , adjustments under the draft NOPA in its present form and the anticipated additional NOPA could result in an aggregate liability of approximately $550 million , inclusive of U.S. federal and state taxes, penalties and interest.

We strongly disagree with the IRS' position and intend to vigorously contest the proposed adjustments to our taxable

income. We are examining various alternatives available to taxpayers to contest the proposed adjustments. Any such alternatives could involve a lengthy process and result in the incurrence of significant expenses. As of the date of this Quarterly Report on Form 10-Q , we have not recorded any material accruals in respect of these examinations in our Condensed Consolidated Financial Statements . An adverse outcome of these tax examinations could have a material adverse effect on our financial position and results of operations.

As part of our acquisition of GXS, we have inherited a tax dispute in Brazil between the Company's subsidiary, GXS Tecnologia da Informação (Brasil) Ltda. (GXS Brazil), and the municipality of São Paulo, in connection with GXS Brazil's judicial appeal of a tax claim in the amount of $2.7 million as of September 30, 2016 . We currently have in place a bank guarantee in the amount of $4.0 million in recognition of this dispute. However, we believe that the position of the São Paulo tax authorities is not consistent with the relevant facts and based on information available on the case and other similar matters provided by local counsel, we believe that we can defend our position and that no tax is owed. Although we believe that the facts support our position, the ultimate outcome of this matter could result in a loss of up to the claim amount discussed above, plus future interest or penalties that may accrue.

Historically, prior to our acquisition of GXS, GXS would charge certain costs to its subsidiaries, including GXS Brazil, primarily based on historical transfer pricing studies that were intended to reflect the costs incurred by subsidiaries in relation to services provided by the parent company to the subject subsidiary. GXS recorded taxes on amounts billed, that were considered to be due based on the intercompany charges. GXS subsequently re-evaluated its intercompany charges to GXS Brazil and related taxes and, upon taking into consideration the current environment and judicial proceedings in Brazil, concluded that it was probable that certain indirect taxes would be assessable and payable based upon the accrual of such intercompany charges and has approximately $5.3 million accrued for the probable amount of a settlement related to the indirect taxes, interest and penalties.

Our Indian subsidiary, GXS India Technology Centre Private Limited (GXS India), is subject to potential assessments by Indian tax authorities in the city of Bangalore. GXS India has received assessment orders from the Indian tax authorities alleging that the transfer price applied to intercompany transactions was not appropriate. Based on advice from our tax advisors, we believe that the facts that the Indian tax authorities are using to support their assessment are incorrect. We have filed appeals and anticipate an eventual settlement with the Indian tax authorities. We have accrued $1.5 million to cover our anticipated financial exposure in this matter.

Please also see "Risk Factors" included in our Annual Report on Form 10-K for Fiscal 2016.

***Off-Balance Sheet Arrangements***

We do not enter into off-balance sheet financing as a matter of practice, except for guarantees relating to taxes and letters of credit on behalf of parties with whom we conduct business, and the use of operating leases for office space, computer equipment, and vehicles. None of the operating leases described in the previous sentence has, and we currently do not believe that they potentially may have, a material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources. In accordance with U.S. GAAP, neither the lease liability nor the underlying asset is carried on the balance sheet, as the terms of the leases do not meet the criteria for capitalization.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to market risks associated with fluctuations in interest rates on our term loans and foreign currency exchange rates.

### *Interest rate risk*

Our exposure to interest rate fluctuations relate primarily to our Term Loan B.

As of September 30, 2016 , we had an outstanding balance of $778.0 million on Term Loan B. Term Loan B bears a floating interest rate of 2.5% plus the higher of LIBOR or 0.75%. As of September 30, 2016 , an adverse change of one percent on the interest rate would have the effect of increasing our annual interest payment on Term Loan B by approximately $7.8 million , assuming that the loan balance as of September 30, 2016 is outstanding for the entire period.

At June 30, 2016 , an adverse change of one percent would have had the effect of increasing our annual interest payments on Term Loan B by approximately $7.8 million , assuming that the loan balance was outstanding for the entire period.

Depending on the permanent financing for the Dell-EMC Acquisition, we may be subject to additional interest rate risk.

### *Foreign currency risk*

*Foreign currency transaction risk*

We transact business in various foreign currencies. Our foreign currency exposures typically arise from intercompany fees, intercompany loans and other intercompany transactions that are expected to be cash settled in the near term. We expect that we will continue to realize gains or losses with respect to our foreign currency exposures. Our ultimate realized gain or loss with respect to foreign currency exposures will generally depend on the size and type of cross-currency transactions that we enter into, the currency exchange rates associated with these exposures and changes in those rates. Additionally, we have hedged certain of our Canadian dollar foreign currency exposures relating to our payroll expenses in Canada.

Based on the foreign exchange forward contracts outstanding as at September 30, 2016 , a one cent change in the Canadian dollar to U.S. dollar exchange rate would have caused a change of approximately $0.3 million in the mark to market on our existing foreign exchange forward contracts.

At June 30, 2016 , a one cent change in the Canadian dollar to U.S. dollar exchange rate would have caused a change of approximately $0.3 million in the mark to market on our existing foreign exchange forward contracts.

*Foreign currency translation risk*

Our reporting currency is the U.S. dollar. Fluctuations in foreign currencies impact the amount of total assets and liabilities that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. In particular, the amount of cash and cash equivalents that we report in U.S. dollars for a significant portion of the cash held by these subsidiaries is subject to translation variance caused by changes in foreign currency exchange rates as of the end of each respective reporting period (the offset to which is recorded to accumulated other comprehensive income on our Condensed Consolidated Balance Sheets ).

The following table shows our cash and cash equivalents denominated in certain major foreign currencies as of September 30, 2016 (equivalent in U.S. dollar):

| (In thousands) | U.S. Dollar Equivalent at September 30, 2016 | U.S. Dollar Equivalent at June 30, 2016 |
|---|---|---|
| Euro | $ 174,199 | $ 182,524 |
| British Pound | 35,719 | 29,572 |
| Canadian Dollar | 27,651 | 22,103 |
| Swiss Franc | 24,901 | 30,298 |
| Other foreign currencies | 80,738 | 72,107 |
| Total cash and cash equivalents denominated in foreign currencies | 343,208 | 336,604 |
| U.S. dollar | 491,736 | 947,153 |
| Total cash and cash equivalents | $ 834,944 | $ 1,283,757 |

If overall foreign currency exchange rates in comparison to the U.S. dollar uniformly weakened by 10%, the amount of

cash and cash equivalents we would report in equivalent U.S. dollars would decrease by approximately $34.3 million (June 30, 2016— $33.7 million ).

## Item 4. Controls and Procedures

### (A) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q , our management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2016 , our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act were recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that information required to be disclosed by us in the reports we file under the Exchange Act (according to Rule 13(a)-15(e)) is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### (B) Changes in Internal Control over Financial Reporting (ICFR)

Based on the evaluation completed by our management, in which our Chief Executive Officer and Chief Financial Officer participated, our management has concluded that there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - Other Information

### Item 1A. Risk Factors

*The following risk factors update, and are in addition to, the risk factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for our fiscal year ended June 30, 2016, and should be read in conjunction therewith. These are not the only risks and uncertainties facing us. Additional risks not currently known to us or that we currently believe are immaterial may also impair our operating results, financial condition and liquidity. Our business is also subject to general risks and uncertainties that affect many other companies.*

***There can be no assurance that we will successfully complete the Dell-EMC Acquisition on the terms or timetable currently proposed or at all.***

The Master Acquisition Agreement contains a number of customary conditions that must be fulfilled to complete the Dell-EMC Acquisition, including the expiration or termination of any applicable waiting periods under the HSR Act. The Master Acquisition Agreement also contains certain customary rights of either party, as applicable, to terminate the agreement prior to the initial closing. In addition, if the Master Acquisition Agreement is terminated in specified circumstances, certain termination fees become payable. There can be no assurance that the conditions to closing will be satisfied or waived or that other events will not intervene to delay or prevent the completion of the Dell-EMC Acquisition.

Further, our ability to complete the Dell-EMC Acquisition is dependent upon our ability to secure the financing sources to pay the purchase price. Although the exact components of the permanent financing for the Dell-EMC Acquisition are yet to be determined, our objective is to maintain a conservative capital structure, including preserving our current credit ratings. As such, the permanent financing may include elements of cash on hand, borrowings under existing or new credit facilities, and newly issued equity. There can be no assurance that we will be successful in raising sufficient funds to finance the purchase price for the Dell-EMC Acquisition. We entered into the Commitment Letter, pursuant to which the Lenders, severally and not jointly, have committed to provide the Facility in an aggregate principal amount of up to $1.0 billion subject to a number of customary conditions. We cannot assure you that we will be able to satisfy the conditions set forth in the Commitment Letter. The closing of the Dell-EMC Acquisition is not contingent on our ability to obtain sufficient financing under the Commitment Letter or otherwise.

We have incurred, and will continue to incur, significant transaction costs in connection with the Dell-EMC Acquisition and a delay in closing, or a failure to complete, the Dell-EMC Acquisition could have a negative impact on our business and on the trading price of our Common Shares.

***We may fail to realize all of the anticipated benefits of the Dell-EMC Acquisition or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating the enterprise content division of Dell-EMC we acquire.***

Our ability to realize the anticipated benefits of the Dell-EMC Acquisition will depend, to a large extent, on our ability to integrate the enterprise content division of Dell-EMC we acquire, which is a complex, costly and time-consuming process. The nature of a carve-out acquisition makes it inherently more difficult to assume operations upon closing and to integrate activities. As a result, we will be required to devote significant management attention and resources to integrate the business practices and operations of OpenText and the enterprise content division of Dell-EMC we acquire. The integration process may disrupt our business and, if implemented ineffectively, would restrict the realization of the full expected benefits. The failure to meet the challenges involved in the integration process and to realize the anticipated benefits of the Dell-EMC Acquisition could cause an interruption of, or a loss of momentum in, our operations and could adversely affect our business, financial condition and results of operations.

In addition, the integration of the enterprise content division of Dell-EMC may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customers and other business relationships, and diversion of management's attention. Additional integration challenges include:

- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the acquisition;
- difficulties in the integration of operations and systems;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures;
- difficulties in the assimilation of employees; and
- coordinating a geographically dispersed organization.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect our business, financial condition and results of operations. In addition, even if the enterprise content division of Dell-EMC is integrated successfully, the full benefits of the Dell-EMC Acquisition may not be realized, including the synergies, cost savings or sales or growth opportunities that are expected. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in the integration process. All of these factors could cause dilution to our earnings per share, decrease or delay the expected accretive effect of the Dell-EMC Acquisition and negatively impact the price of our Common Shares.

***Our effective tax rate for the three months ended September 30, 2016 was positively impacted by a non-recurring income tax benefit.***

Our effective tax rate for the three months ended September 30, 2016 was a recovery of 1,606.8%, compared to a provision of 21.3% for the same period in the prior year. The decrease in tax rate was primarily due to a significant tax benefit of $876.1 million associated with the recognition of a net deferred tax asset resulting from the implementation of a reorganization of our subsidiaries worldwide, as discussed in note 14 "Income Taxes" to our Condensed Consolidated Financial Statements. This tax benefit is specifically tied to the reorganization and applied to this quarter only, and as a result, will not continue in the future periods.

**Item 6. Exhibits and Financial Statements Schedules**

The following documents are filed as a part of this report:

| Exhibit Number | Description of Exhibit |
|---|---|
| 2.1 | Agreement and Plan of Merger, dated as of September 12, 2016, by and among Open Text Corporation, EMC Corporation, EMC International Company, and EMC (Benelux) B.V. (1) |
| 4.1 | Amended and Restated Shareholder Rights Plan Agreement between open Text Corporation and Computershare Investor Services, Inc. dated September 23, 2016. (2) |
| 10.1 | Commitment Letter, dated as of September 12, 2016, by and between Barclays Bank PLC and Open Text Corporation. (1) |
| 10.2 | Amended and Restated Commitment Letter, dated as of September 26, 2016, by and among Open Text Corporation and Barclays Bank PLC, Citigroup Global Markets Inc. and Royal Bank of Canada. |
| 10.3 | Open Text Corporation 2004 Stock Option Plan, as amended and restated on September 23, 2016. (3) |
| 31.1 | Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of the Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of the Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL instance document. |
| 101.SCH | XBRL taxonomy extension schema. |
| 101.CAL | XBRL taxonomy extension calculation linkbase. |
| 101.DEF | XBRL taxonomy extension definition linkbase. |
| 101.LAB | XBRL taxonomy extension label linkbase. |
| 101.PRE | XBRL taxonomy extension presentation. |

(1) Filed as an Exhibit to the Company's current Report on Form 8-K, as filed with the SEC on September 13, 2016 and incorporated herein by reference.
(2) Filed as an Exhibit to the Company's current Report on Form 8-K, as filed with the SEC on September 23, 2016 and incorporated herein by reference.
(3) Filed as an exhibit to the Company's Registration Statement on Form S-8, as filed with the SEC on November 3, 2016, and incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**OPEN TEXT CORPORATION**

Date: November 3, 2016

By: /s/ MARK J. BARRENECHEA

**Mark J. Barrenechea**
**Chief Executive Officer and Chief Technology Officer**
**(Principal Executive Officer)**

/s/ JOHN M. DOOLITTLE

**John M. Doolittle**
**Executive Vice President and Chief Financial Officer**
**(Principal Financial Officer)**

/s/ ADITYA MAHESHWARI

**Aditya Maheshwari**
**Senior Vice President and Chief Accounting Officer**
**(Principal Accounting Officer)**

**Exhibit 10.2**

**BARCLAYS**
**745 Seventh Avenue**
**New York, New York 10019**

**CITIGROUP GLOBAL MARKETS INC.**
**390 Greenwich Street**
**New York, New York 10013**

**Royal Bank of Canada**
**Three World Financial Center**
**200 Vesey Street**
**New York, New York 10281**

September 26, 2016

Open Text Corporation
275 Frank Tompa Drive
Waterloo, Ontario
N2L 0A1
Canada

Attention: John Doolittle

**Amended and Restated Commitment Letter**

Ladies and Gentlemen:

Reference is hereby made to the Commitment Letter, dated as of September 12, 2016 (the " Original Commitment Letter ") by and between you and Barclays Bank PLC (" Barclays "). The Original Commitment Letter is hereby amended and restated and superseded in its entirety as follows.

You (the " Borrower ") have advised Barclays, Citigroup Global Markets Inc. (" CGMI "), Royal Bank of Canada (" Royal Bank ") and RBC Capital Markets. [1] (" RBCCM " and, together with Barclays, CGMI and Royal Bank, the " Commitment Parties ," " us " or " we ") that (a) you entered into a Master Acquisition Agreement dated as of September 12, 2016 including the schedules and exhibits thereto (as amended in accordance with the terms of this Commitment Letter (as defined below) and in effect from time to time, the " Acquisition Agreement ") to effect an acquisition (the " Acquisition ") of a line of business (the " Acquired Business ") from a group of companies identified to us as "Echo" (collectively, the " Seller ") and (b) in connection with the consummation of the Acquisition (the date thereof being, the " Closing Date "), you intend to incur a first lien term loan facility in an aggregate principal amount of up to $1,000.0 million (the " Term Facility "). You have further advised us that the proceeds of the Term Facility, together with cash on hand of the Borrower, proceeds from the incurrence of indebtedness under the Borrower's existing second amended and restated credit agreement effective as of January 15, 2015 (as amended, amended and restated and otherwise modified from time to time, the " Existing Revolving Credit Agreement ") and/or proceeds from the issuance by the Borrower of equity securities and/or equity-linked securities shall be used to (a) finance the Acquisition and (b) pay the fees, costs and expenses associated therewith (clause (a) and (b), together with the other transactions contemplated hereby to be entered into and consummated in connection with the Acquisition are herein referred to as the " Transactions "). Capitalized Terms used but not defined herein are used with the meanings assigned to them on the Exhibits attached hereto (such Exhibits, together with this letter, collectively, the " Commitment

[1] RBC Capital Markets is a marketing name for the capital markets businesses of Royal Bank of Canada and its affiliates.

Letter "). For purposes of this Commitment Letter, " Citi " shall mean CGMI, Citibank, N.A., Citicorp USA, Inc. and/or Citicorp North America, Inc.

Accordingly, based upon the foregoing and subject to the terms set forth below and solely to the conditions set forth in paragraph 5 below and in the Term Sheet (as defined below) under "Conditions Precedent to Borrowing," the Commitment Parties are pleased to provide their commitments as follows:

1. Commitment . (a) Barclays (acting alone or through or with affiliates selected by it) hereby commits (on a several, but not joint basis) to provide to the Borrower, 50% of the Term Facility, (b) CGMI (acting alone or through or with affiliates selected by it) hereby commits (on a several, but not joint basis) to provide to the Borrower, 25% of the Term Facility and (c) Royal Bank (acting alone or through or with affiliates selected by it) hereby commits (on a several, but not joint basis) to provide to the Borrower, 25% of the Term Facility (Barclays, CGMI and Royal Bank in such capacities, each an " Initial Term Lender " and, together, the " Initial Term Lenders "), in each case upon the terms, and subject only to the conditions set forth in paragraph 5 herein and under "Conditions Precedent to Borrowing," in the Summary of Principal Terms and Conditions attached hereto as Exhibit A (and incorporated by reference herein) (the " Term Sheet ") and Additional Conditions Precedent attached hereto as Exhibit B .

2. Appointment of Roles . You hereby appoint Barclays (acting alone or through or with affiliates selected by it), CGMI (acting alone or through or with affiliates selected by it) and Royal Bank (acting alone or through or with affiliates selected by it) to act as lead arrangers and bookrunning managers (in such capacities, collectively, the " Lead Arrangers ") for the Term Facility. You agree that no other bookrunners, agents or arrangers will be appointed, no other titles will be awarded and no compensation (other than that compensation expressly contemplated by this Commitment Letter and the Amended and Restated Fee Letter referred to below) will be paid to obtain a party's commitment to participate in the Term Facility unless you and we shall so agree. It is further agreed that Barclays shall have "lead left" placement on any Marketing Materials (as defined below) and all other offering or marketing materials in respect of the Term Facility and will perform the duties and exercise the authority customarily performed and exercised in such role.

3. Syndication . The Lead Arrangers intend to commence syndication of the Term Facility promptly following the date hereof to prospective lenders (together with the Initial Term Lenders, the " Lenders ") in consultation with you and until the earlier to occur of (a) a Successful Syndication (as defined in the Amended and Restated Fee Letter among us and you dated the date hereof (the " Amended and Restated Fee Letter ")) and (b) 60 days following the funding of the Term Facility (such earlier date, the " Syndication Date "), you agree to use commercially reasonable efforts to assist the Lead Arrangers in forming a syndicate for the Term Facility reasonably acceptable to us and you; provided that such syndication shall not relieve the Commitment Parties of their respective obligations set forth herein (including their obligations to fund the Term Facility on the Closing Date on the terms and conditions set forth in the Commitment Letter) and, unless you agree in writing, the Commitment Parties shall retain exclusive control over all rights and obligations with respect to their respective commitments, including all rights with respect to consents, modifications, waivers and amendments, until after the initial funding of the Term Facility on the Closing Date has occurred. Such syndication will be accomplished by a variety of means, including direct contact during the syndication for the Term Facility between senior management and advisors of the Borrower and the prospective lenders, which shall be reasonably acceptable to you. To assist the Lead Arrangers in their syndication efforts, you hereby agree to use your commercially reasonable efforts (a) to provide and cause your advisors to provide the Lead Arrangers and the syndicate members upon request with all customary information reasonably deemed necessary by the Lead Arrangers to complete syndication, including but not limited to information and evaluations prepared by you, your advisors or on your behalf relating to the Transactions; (b) to assist the Lead Arrangers upon request in the preparation of customary marketing materials (the " Marketing Materials "), including a customary

information memorandum with respect to the Term Facility in form and substance customary for transactions of this type and otherwise reasonably satisfactory to the Lead Arrangers, to be used in connection with the syndication of the Term Facility (the " Confidential Information Memorandum "); (c) upon reasonable advanced notice to make available your senior officers and representatives, to make telephonic or in-person presentations regarding the business and prospects of the Borrower and its subsidiaries and/or the Acquired Business at one or more meetings of proposed lenders at such reasonable times and in such reasonable places (as the case may be) to be mutually agreed upon; (d) to obtain, prior to the commencement of syndication, a credit rating for the Term Facility and update the corporate and corporate family ratings, as applicable, for the Borrower from each of Standard & Poor's Ratings Services and Moody's Investors Service, Inc. (in each case, taking into account the Transactions) and participate in a customary manner in the process of securing such ratings; (e) prior to the Syndication Date, to ensure that there shall be no competing issues, offerings, placements or arrangements of debt securities or commercial bank or other credit facilities by or on behalf of the Borrower or any of its subsidiaries being offered, placed or arranged without the consent of the Lead Arrangers, if such issuance, offering, placement or arrangement would reasonably be expected to materially impair the primary syndication of the Term Facility; and (f) to ensure that the Lead Arrangers' syndication efforts benefit from the existing lending and investment banking relationships of the Borrower and its subsidiaries. Notwithstanding the foregoing in this Section 3 and our right to syndicate our commitment hereunder, it is agreed that the success of any syndication of and receipt of commitments in respect of all or any portion of our commitments hereunder prior to the funding of the Term Facility shall not be a condition to our commitments hereunder.

Subject to the terms hereof and limitations and your consent rights set forth herein, the Lead Arrangers will lead the syndication and will manage, in consultation with you, all aspects of the syndication, including, without limitation, selection of lenders, determination of when the Lead Arrangers will approach potential lenders and the time of acceptance of the lenders' commitments, any naming rights, the final allocations of the commitments among the lenders and the amount and distribution of fees among the lenders. To assist the Lead Arrangers in their syndication efforts, subject to the limitations in the preceding paragraph, upon the request of the Lead Arrangers, you agree to use commercially reasonable efforts to promptly to prepare and provide to the Lead Arrangers the Marketing Materials with respect to you, and your subsidiaries and the Transactions, including annual projections of the Borrower (giving pro forma effect to the Transactions) through 2021 with respect to income statements and balance sheets (the " Projections "), that are not otherwise in any Lead Arranger's possession and that the Lead Arrangers reasonably requests in connection with the structuring, arrangement and syndication of the Term Facility.

At the request of the Commitment Parties, you agree to assist in the preparation of a version of the Marketing Materials (a " Public Version ") consisting exclusively of information with respect to you and your affiliates, the Acquired Business and the Acquisition that is either publicly available or not material with respect to you and your affiliates, the Seller and its subsidiaries, any of your or their respective securities or the Acquisition for purposes of United States federal and state securities laws and Canadian securities laws (such information, " Non-MNPI "). Such Public Versions, together with any other information prepared by you or the Seller or your or its affiliates or representatives and conspicuously marked "Public" (collectively, the " Public Information "), which at a minimum means that the word "Public" will appear prominently on the first page of any such information, may be distributed by us to prospective Lenders who have advised us that they wish to receive only Non-MNPI (" Public Side Lenders "). You acknowledge and agree that, in addition to Public Information and unless you promptly notify us otherwise, (a) term sheets, drafts and final definitive documentation with respect to the Term Facility, (b) administrative materials prepared by the Commitment Parties for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda) and (c) notifications of changes in the terms of the Term Facility may be distributed to Public Side Lenders. It is understood that in connection with your assistance described above, customary authorization letters will be included in the Marketing Materials that (i) authorize the distribution thereof to prospective

Lenders, (ii) represent that the Public Version of the Marketing Materials only includes non-MNPI and (iii) exculpate you, the Seller and us and your, our and their respective affiliates with respect to any liability related to the misuse (or, in the case of us and our affiliates, use) of the contents of the Marketing Materials or related materials by the recipients thereof and, in the case of us, any liability with respect to the contents of such Marketing Materials or related materials.

4. Fees . As consideration for and a condition precedent to our commitments hereunder and our undertakings to arrange, manage, structure and syndicate the Term Facility, in the event that the funding of the Term Facility occurs, you agree to pay to us the fees, as and when due and payable as set forth in the Term Sheet and in the Amended and Restated Fee Letter.

5. Conditions . Each Commitment Party's commitments and agreements and the funding of the Term Facility on the Closing Date hereunder are subject solely to the conditions set forth in this paragraph, in Exhibit A under the heading "Conditions Precedent to Borrowing" and in Exhibit B . Notwithstanding anything in this Commitment Letter, the Amended and Restated Fee Letter, the Term Facility Documentation (as defined in Exhibit A ) or any other agreement or undertaking to the contrary, (a) the only representations relating to you and your subsidiaries, the Acquired Business and the Seller and its subsidiaries and your or their respective businesses the making and accuracy of which shall be a condition to availability of the Term Facility on the Closing Date shall be (i) such of the representations made by or with respect to the Seller and the Acquired Business in the Acquisition Agreement as are material to the interests of the Lenders, but only to the extent that you or your affiliate have the right to terminate your obligations under the Acquisition Agreement or not consummate the Acquisition, in each case in accordance with the terms thereof as a result of a breach of such representations in the Acquisition Agreement (the " Acquisition Agreement Representations ") and (ii) the Specified Representations (as defined below) made by the Borrower in the Term Facility Documentation, and (b) the terms of the Term Facility Documentation shall be in a form such that they do not impair availability of the Term Facility on the Closing Date if the conditions set forth in this Commitment Letter are satisfied (it being understood that, to the extent any collateral (including the creation or perfection of any security interest) referred to in the Term Sheet cannot be provided on the Closing Date (other than the grant and perfection of security interests (x) in assets with respect to which a lien may be perfected by the filing of a financing statement under the Uniform Commercial Code, the Personal Property Security Act or by the filing of short-form security agreements with the United States Patent and Trademark Office and Canadian IP filings or (y) in capital stock of any U.S. or Canadian entity with respect to which a lien may be perfected by the delivery of a stock certificate) after your use of commercially reasonable efforts to do so and without undue burden or expense, then the delivery of such collateral shall not constitute a condition precedent to the availability of the Term Facility on the Closing Date but shall be required to be delivered after the Closing Date, within 60 days, pursuant to arrangements to be mutually agreed). For purposes hereof, " Specified Representations " means the representations and warranties relating to corporate existence and good standing, absence of conflicts with (a) charter documents or (b) material debt documents (including the Existing Term Credit Agreement and the Existing Revolving Credit Agreement), in each case as they relate to the entering into and performance of the Term Facility Documentation (as defined in Exhibit A) (including the incurrence of the Term Loans (as defined in Exhibit A)), power and authority, due authorization, execution, delivery and enforceability of the Loan Documents (in each case, as they relate to the entering into and performance of the Loan Documents), solvency of the Borrower and its subsidiaries on a consolidated basis, in each case, after giving effect to the Transactions (including any sales, divestitures or dispositions or discontinuances or restrictions on business activities, in each case that are entered into in order to obtain regulatory approval, including any sales, divestitures or dispositions or discontinuances or restrictions on business activities that are contemplated as of the Closing Date to be entered into after the Closing Date) (such representations and warranties to be consistent with the solvency certificates in the form attached as Exhibit C hereto), Federal Reserve margin regulations, Investment Company Act, the PATRIOT Act, use of proceeds not in violation of (i) OFAC (and any equivalent sanctions legislation in Canada)

and (ii) FCPA (and any equivalent anti-corruption legislation in Canada) and the creation, validity, priority and perfection of security interests in the Collateral (subject to the parenthetical in clause (b) above). This paragraph, and the provisions herein, shall be referred to as the " Certain Funds Provision ".

6. Information . You hereby represent and warrant that (a) all written information (in the case of information concerning the Acquired Business, to your knowledge), other than the Projections, budgets, estimates and other forward looking statements and information of a general economic or industry nature (the " Information ") that has been or will be made available to the Commitment Parties by or on behalf of you or any of your representatives or affiliates or the Seller or any of its representatives or affiliates in connection with the Transactions, when taken as a whole, is or will be, when furnished, correct in all material respects and does not or will not, as the case may be, taken as a whole, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made after giving effect to all supplements you provide from time to time in accordance with the second to the last sentence of this paragraph 6 and (b) the Projections, budgets, estimates and other forward-looking statements that have been made or will be made available to the Commitment Parties by or on behalf of you and that have been or will be made available to us or any Lender by you in connection with the Transactions have been or will be, as the case may be, prepared in good faith based upon assumptions believed by the preparer thereof to be reasonable at the time so made available (it being understood that such Projections are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond your control, and that actual results during the period or periods covered by such Projections may differ significantly from the projected results and that no assurance can be given that the projected results will be realized). You agree to supplement the Information and the Projections from time to time until the later of the Closing Date and the Syndication Date so that the representation and covenant in the preceding sentence each remains correct, in all material respects as if the Information and Projections were being made available at such time. In arranging the Term Facility, including the syndications of the Term Facility, we will be entitled to use and rely primarily on the Information and the Projections without responsibility for independent verification thereof.

7. Expenses . In the event that the funding of the Term Facility occurs, you agree to pay or reimburse the Commitment Parties for all reasonable and documented costs and expenses incurred by them or their respective affiliates in connection with the Term Facility relating to the preparation, negotiation, execution and delivery of this Commitment Letter and Amended and Restated Fee Letter, the Loan Documents and any security arrangements in connection therewith, subject to the provisions of the Amended and Restated Fee Letter. You further agree to pay all reasonable and documented costs and expenses of the Commitment Parties and their respective affiliates incurred in connection with enforcement of any of their rights and remedies hereunder. In addition, you hereby agree to pay when and as due the fees described in the Amended and Restated Fee Letter.

8. Indemnification . You agree to indemnify and hold harmless the Commitment Parties and their respective affiliates and the respective officers, directors, employees, agents and controlling persons of the foregoing (the Commitment Parties and each such other person being an " Indemnified Person "; and such affiliates, officers, directors, employees, agents and controlling persons of any such Indemnified Person are referred to herein as its " related parties "), from and against any and all losses, claims, damages, liabilities and expenses, joint or several, to which any such Indemnified Person may become subject arising out of or in connection with this Commitment Letter, the Amended and Restated Fee Letter, the Term Sheet, the Transactions, the Term Facility, the use of proceeds thereof or any claim, litigation, investigation or proceeding (any of the foregoing, a " Proceeding ") relating to any of the foregoing, regardless of whether any such Indemnified Person is a party thereto or whether a Proceeding is brought by a third party or by you or any of your affiliates, and to reimburse each such Indemnified Person within 30 days of receipt of reasonably detailed

invoice for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing; it being understood and agreed that you shall not be required to reimburse legal fees or expenses of more than one U.S. and one Canadian counsel (and, if reasonably necessary, one firm of local counsel in each other relevant jurisdiction) or more than one other advisor to all Indemnified Persons, taken as a whole (other than such additional counsel as may be appointed in the event of a conflict); provided that the foregoing indemnity and expense reimbursement will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent (in each case, as determined by a court of competent jurisdiction in a final and non-appealable decision) (A) (x) they have resulted from the willful misconduct, bad faith or gross negligence of such Indemnified Person or any of its related parties, (y) they have resulted from a material breach of the obligations of such Indemnified Person or any of such Indemnified Person's affiliates under this Commitment Letter, the Term Sheet, the Amended and Restated Fee Letter or the Term Facility Documentation when neither you nor any of your affiliates have breached the obligations hereunder or thereunder in any material respect or (B) they relate to any dispute solely among any Indemnified Persons to the extent such dispute does not arise from any act or omission of you or any of your affiliates (other than claims against an Indemnified Person acting in its capacity as an agent or arranger or similar role hereunder or under the Term Facility Documentation). Notwithstanding any other provision of this Commitment Letter, (i) no Indemnified Person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent such damages have resulted from the willful misconduct, bad faith or gross negligence, as determined by a court of competent jurisdiction in a final and non-appealable decision, of any Indemnified Person or any of its related parties and (ii) neither any Indemnified Person nor you or any of your subsidiaries or affiliates shall be liable for any special, indirect, consequential or punitive damages in connection with this Commitment Letter, the Amended and Restated Fee Letter, the Term Sheet, the Transactions, the Term Facility or any Proceeding (including, but not limited to any loss of profits, business or anticipated savings) other than any such damages incurred or paid by an Indemnified Party to a third party. You shall not be liable for any settlement of any Proceeding effected without your written consent (which consent shall not be unreasonably withheld or delayed). You shall not, without the prior written consent of any Indemnified Person, effect any settlement of any pending or threatened proceedings in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (i) includes an unconditional release of such Indemnified Person in form and substance reasonably satisfactory to such Indemnified Person from all liability or claims that are the subject matter of such proceedings and (ii) does not include any statement as to or any admission of fault, culpability, wrongdoing or a failure to act by or on behalf of any Indemnified Person.

9. Confidentiality. You agree that you will not disclose, directly or indirectly, the Amended and Restated Fee Letter and the contents thereof or this Commitment Letter and the Term Sheet and the contents thereof to any person without prior written approval of the Lead Arrangers, except that you may disclose (a) the Commitment Letter, the Term Sheet, the Amended and Restated Fee Letter and the contents hereof and thereof (i) to your officers, directors, agents, employees, attorneys, accountants, advisors, controlling persons or equity holders on a confidential and need-to-know basis and (ii) pursuant to any order of any court or administrative agency, or as required by applicable law, regulation or compulsory legal process or to the extent requested or required by any governmental and/or regulatory authorities (in which case you agree to inform us promptly thereof to the extent practicable and not prohibited by applicable law), (b) this Commitment Letter, the Term Sheet and the contents hereof and thereof and the Amended and Restated Fee Letter and the contents thereof, on a redacted basis, with such redaction to be reasonably acceptable to the Lead Arrangers, to the Seller and its officers, directors, employees, attorneys, accountants and advisors, controlling persons or equity holders and lenders (and their respective advisors), in each case, in connection with the Transactions and on a confidential and need-to-know basis, (c) the existence and contents of the Term Sheet to any rating agency in connection with the Transactions, (d) to the extent required by applicable law, the existence and contents of this Commitment Letter and the Term Sheet in any public filing or prospectus and (e) the aggregate fees may be disclosed as part

of a general disclosure of fees, costs and expenses in any funds flow, sources and uses or other similar tables. Further, we shall be permitted to use information related to the syndication and arrangement of the Term Facility in connection with marketing, press releases or other transactional announcements or updates provided to investor or trade publications in consultation with you. You agree that you will permit us to review and approve (such approval not to be unreasonably withheld) any reference to the Commitment Parties or any of our affiliates in connection with the Term Facility or the Transactions contained in any press release or similar public disclosure prior to public release.

You acknowledge that each Commitment Party and its affiliates may be providing debt financing, equity capital or other services (including, without limitation, financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. No Commitment Party nor any of its affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or any of its other relationships with you in connection with the performance by them and their affiliates of services for other companies, and no Commitment Party nor any of its affiliates will furnish any such information to other companies. By the same token, we will not make available to you confidential information that we have obtained or may obtain from any other customer. You also acknowledge that no Commitment Party nor any of its affiliates has any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, the Seller or your or its subsidiaries, confidential information obtained by such Commitment Party or any of its affiliates from other companies. You hereby acknowledge and agree that in connection with all aspects of the Transactions, you and each Commitment Party and any of its affiliates through which such Commitment Party may be acting (each a " Transaction Affiliate ") have an arm's length business relationship that creates no fiduciary duty on the part of any Commitment Party or any Transaction Affiliate and each expressly disclaims any fiduciary relationship. None of the Commitment Parties has not provided any legal, accounting, financial advisory, regulatory or tax advice with respect to the Transactions and the other transactions contemplated by this Commitment Letter and the Term Sheet and you have consulted with your own legal, accounting, financial advisory, regulatory and tax advisors to the extent you have deemed it appropriate to do so, and you waive, to the fullest extent permitted by law, any claims you may have against any Commitment Party for breach of fiduciary duty or alleged breach of fiduciary duty and agree that none of the Commitment Parties will have any liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on your behalf, including your equity holders, employees or creditors.

10. Termination . Our commitments and undertakings hereunder shall terminate in their entirety automatically without further notice or action by us at 11:59 p.m. New York City time on the earliest of (a) March 14, 2017, or if the Termination Date (as defined in the Acquisition Agreement) is extended pursuant to the first proviso in Section 7.1(b) of the Acquisition Agreement, June 14, 2017, or if the Termination Date is extended pursuant to the second proviso in Section 7.1(b) of the Acquisition Agreement, September 14, 2017, if the Term Facility Documentation is not executed and delivered by the Borrower and the Lenders by such date, (b) the date of execution and delivery of the Term Facility Documentation by the Borrower and the Lenders and the initial funding of the Loans thereunder and (c) the date the Acquisition Agreement terminates or expires or if the Acquisition is abandoned. The commitments hereunder may be voluntarily reduced in whole or in part by the Borrower at any time and this Commitment Letter may be terminated by the Borrower at any time, in each case, upon prior written notice to the other parties hereto; provided that, prior to the Closing Date, the Borrower may not voluntarily reduce the commitments under the Term Facility to less than $200 million unless the commitments are terminated in whole.

The reimbursement, indemnification, syndication, information, jurisdiction, governing law, waiver of jury trial and confidentiality provisions contained herein shall remain in full force and effect regardless of whether the Term Facility Documentation shall be executed and delivered and notwithstanding the termination

of this Commitment Letter or any Lender's commitments hereunder; provided that your obligations under this Commitment Letter (other than your obligations with respect to (a) assistance to be provided in connection with the syndication of the Term Facility and (b) confidentiality) shall automatically terminate and be superseded by the provisions of the Term Facility Documentation governing such matters, to the extent covered thereby, upon the execution and delivery thereof, and you shall automatically be released from all liability hereunder in connection therewith at such time.

11. Assignment; etc . This Commitment Letter and our commitments and undertakings hereunder shall not be assignable by any party hereto without the prior written consent of each other party hereto, and any attempted assignment shall be void and of no effect. In no event shall any Commitment Party be released from its obligations under any portion of this Commitment Letter so assigned except as provided in Section 3 above. This Commitment Letter is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the Indemnified Persons, except that the Commitment Parties may perform the duties and activities described hereunder through any of their respective affiliates and the provisions of the third preceding paragraph shall apply with equal force and effect to any of such affiliates so performing any such duties or activities.

12. Governing Law; Waiver of Jury Trial; etc. THIS COMMITMENT LETTER AND THE AMENDED AND RESTATED FEE LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK; AND TOGETHER CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND SUPERSEDE ANY PREVIOUS AGREEMENT, WRITTEN OR ORAL, BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF. EACH OF THE PARTIES HERETO WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER, THE AMENDED AND RESTATED FEE LETTER EACH ELEMENT OF THE TRANSACTIONS OR THE PERFORMANCE BY US OR ANY OF OUR AFFILIATES OF THE SERVICES CONTEMPLATED HEREBY. IN ADDITION, WITH RESPECT TO ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS COMMITMENT LETTER, THE AMENDED AND RESTATED FEE LETTER OR THE TRANSACTIONS OR THE PERFORMANCE OF ANY OF THE PARTIES HEREUNDER, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF (I) THE SUPREME COURT OF THE STATE OF NEW YORK, NEW YORK COUNTY AND (II) THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, LOCATED IN THE BOROUGH OF NEW YORK, AND ANY APPELLATE COURT FROM ANY SUCH COURT; (B) AGREES THAT ALL CLAIMS WITH RESPECT TO SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT; (C) WAIVES THE DEFENSE OF ANY INCONVENIENT FORUM TO SUCH NEW YORK STATE OR FEDERAL COURT; (D) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANOTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; (E) TO THE EXTENT THAT YOU OR YOUR PROPERTIES OR ASSETS HAVE OR HEREAFTER MAY HAVE ACQUIRED OR BE ENTITLED TO IMMUNITY (SOVEREIGN OR OTHERWISE) FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OF NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF A JUDGMENT OR FROM EXECUTION OF A JUDGMENT OR OTHERWISE), FOR YOURSELF OR YOUR PROPERTIES OR ASSETS, AGREES NOT TO CLAIM ANY SUCH IMMUNITY AND WAIVES SUCH IMMUNITY; AND (F) CONSENTS TO SERVICE OF PROCESS BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO YOU AT YOUR ADDRESS SET FORTH ON THE FIRST PAGE OF THIS

COMMITMENT LETTER AND AGREES THAT SUCH SERVICE SHALL BE EFFECTIVE WHEN SENT OR DELIVERED.

Notwithstanding the provisions of this Section 12 of this Commitment Letter, interpretation of the provisions of the Acquisition Agreement (including with respect to satisfaction of the conditions contained therein, whether the Acquisition has been consummated as contemplated by the Acquisition Agreement and any alleged Material Adverse Effect (as defined in the Acquisition Agreement)) and whether the representations made by or with respect to the Sellers and the Acquired Business in the Acquisition Agreement are accurate and whether as a result of any inaccuracy thereof you (or your applicable affiliate) have the right to terminate your (or its) obligations under the Acquisition Agreement (or the right pursuant to the Acquisition Agreement to decline to consummate the Acquisition), shall be governed and construed in accordance with the laws of the State of Delaware without regard to any conflict of laws principles, provisions or rules (whether of the State of Delaware or any other jurisdiction) that would result in the application of the laws of any jurisdiction other than the State of Delaware and Section 11.1 of the Acquisition Agreement shall govern with respect thereto.

13. Amendments; Counterparts; etc . No amendment or waiver of any provision hereof, the Amended and Restated Fee Letter or of the Term Sheet shall be effective unless in writing and signed by the parties hereto and then only in the specific instance and for the specific purpose for which given. This Commitment Letter, the Term Sheet and the Amended and Restated Fee Letter are the only agreements between the parties hereto with respect to the matters contemplated hereby and thereby and set forth the entire understanding of the parties with respect thereto. This Commitment Letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission (or in “pdf” or similar format by electronic mail) shall be effective as delivery of a manually executed counterpart of this Commitment Letter.

14. PATRIOT Act Notification . We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (as the same may be extended and in effect from time to time, the “ PATRIOT Act ”) and such other money-laundering legislation applicable to the Borrower and each Guarantor, each Commitment Party is required to obtain, verify and record information that identifies the Borrower, and each Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower and each Guarantor, that will allow such Commitment Party to identify the Borrower in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to each Commitment Party and each Lender. You hereby acknowledge and agree that each Commitment Party shall be permitted to share any or all such information with the Lenders.

15. Public Announcements; Notices . We may, subject to your prior written consent (not to be unreasonably withheld, delayed or conditioned), and subject to paragraph 9 above, at our expense, publicly announce as we may choose the capacities in which we or our affiliates have acted hereunder. Any notice given pursuant hereto shall be mailed or hand delivered in writing, if to (a) you, at your address set forth on page one hereof, (b) Barclays, at 745 Seventh Avenue, New York, New York 10019, (c) CGMI, at 390 Greenwich Street, New York, New York 10013 and (d) Royal Bank and RBCCM, at Three World Financial Center, 200 Vesey Street, New York, New York 10281.

If the foregoing proposal is acceptable to you, please so confirm by signing and returning to us the duplicate copy of this Commitment Letter and the Amended and Restated Fee Letter enclosed herewith. Unless we receive your executed duplicate copies hereof and thereof by 11:59 p.m., New York City time, on September

26, 2016, our commitments and undertakings hereunder will automatically expire at such time without further action or notice.

Each of the parties hereto agrees that the Commitment Letter is a binding and enforceable agreement with respect to the subject matter contained herein, it being acknowledged and agreed that the commitments provided hereunder are subject solely to the conditions expressly stated in paragraph 5 herein and under "Conditions Precedent to Borrowing," in the Summary of Principal Terms and Conditions attached hereto as Exhibit A and Additional Conditions Precedent attached hereto as Exhibit B (subject to the Certain Funds Provision), including the execution and delivery of the Term Facility Documentation (which shall be negotiated in good faith as required by the Documentation Considerations).

***[Signature Pages Follow]***

We are pleased to have this opportunity and we look forward to working with you on this transaction.

Very truly yours,

**BARCLAYS BANK PLC**

By: /s/ Robert Chen

Name: Robert Chen

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

**CITIGROUP GLOBAL MARKETS INC.**

By: /s/ Monique Renta

Name: Monique Renta

Title: Director

[Signature Page to Amended and Restated Commitment Letter]

**ROYAL BANK OF CANADA**

By: /s/ David J. Wirdnam

Name: David J. Wirdnam

Title: Authorized Signatory

[Signature Page to Amended and Restated Commitment Letter]

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Accepted and agreed to as of the date first written above:

**OPEN TEXT CORPORATION**

By: /s/ John Doolittle

Name: John Doolittle

Title: CFO

[Signature Page to Amended and Restated Commitment Letter]

**EXHIBIT A**

$1,000.0 Million First Lien Term Facility

Summary of Principal Terms and Conditions

Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the Commitment Letter to which this Exhibit A is attached.

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| Borrower : | Open Text Corporation (the " Borrower "). |
| Lead Arrangers and Joint Bookrunners : | Barclays Bank PLC (" Barclays' ), Citigroup Global Markets Inc. and RBC Capital Markets (in such capacity, each a " Lead Arranger " and collectively, the " Lead Arrangers "). |
| Administrative Agent and Collateral Agent : | Barclays will act as the sole administrative agent and sole collateral agent (in such capacities, the " Administrative Agent ") for the Lenders. |
| Transactions : | As described in the Commitment Letter. |
| Lenders : | The Commitment Parties (or one of their respective affiliates) and a syndicate of financial institutions and other lenders (the " Lenders ") arranged by the Lead Arrangers reasonably acceptable to the Borrower . |
| Closing Date : | The date that the initial loans are made under the Term Facility (the " Closing Date "). |
| Type and Amount : | First priority term loan facility in an aggregate principal amount of up to $1,000.0 million (the " Term Facility "), which shall be secured on a pari passu basis with the loans made under the Existing Term Loan Agreement (as defined below).<br><br>Loans under the Term Facility (the " Term Loans ") will be available to the Borrower in U.S. dollars. |
| Incremental Facility : | Same as provided under the Existing Term Loan Agreement. |
| Purpose : | The proceeds of loans under the Term Facility (together with the proceeds of cash on hand of the Borrower, proceeds from the incurrence of indebtedness under the Existing Revolving Credit Agreement and/or proceeds from the issuance by the Borrower of equity securities and/or equity-linked securities) will be used to pay the consideration in connection with the Transactions and to pay for fees and expenses related to the Transactions (the " Transaction Costs "). |
| Availability : | The full amount of the Term Facility must be drawn in a single drawing substantially concurrently with the consummation of the Acquisition. Amounts repaid or prepaid under the Term Facility may not be reborrowed. |

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| Interest Rates and Fees : | As set forth in Annex I to the Amended and Restated Fee Letter. |
| Maturity and Amortization : | The Term Facility will mature on the date that is seven years after the Closing Date and will be payable in equal quarterly installments in each year in aggregate annual amounts equal to 1.0% of the original principal amount of the Term Loans, with the balance payable at maturity. The Term Facility Documentation (as defined below) shall provide the right of individual Lenders to agree to extend the maturity of their Term Loans upon the request of the Borrower without the consent of any other Term Lender. |
| Guarantees : | Same as provided under the Existing Term Loan Agreement (as defined below). |
| Security : | Same as provided under the Existing Term Loan Agreement (the " Collateral ") on a pari passu basis with the Existing Term Loan Agreement pursuant to the Intercreditor Agreement referred to below. For the avoidance of doubt, the assets of the Acquired Business shall become part of the Collateral unless they fall into an excluded category of assets under the terms of the Existing Term Loan Agreement referred to below. |
| Documentation : | The definitive financing documentation for the Term Loan Facility shall contain the terms and conditions set forth in this Commitment Letter, it being understood and agreed that there shall not be any conditions to the funding of the Term Loan Facility other than as set forth in paragraph 5 of the Commitment Letter, under "Conditions to Borrowing" in this Exhibit A and in Exhibit B. The documentation with respect to the Term Facility (the " Term Facility Documentation ") shall be substantially identical to that certain Credit Agreement initially dated as of January 16, 2014, by and among GXS, Inc. (a wholly-owned subsidiary of the Borrower), the guarantors party thereto (including the Borrower), Barclays Bank PLC, as administrative agent, and the lenders party thereto from time to time (as amended, amended and restated or otherwise modified from time to time prior to the date of the Original Commitment Letter, the " Existing Term Loan Agreement " and the term loans made thereunder, the " Existing Term Loans "). The other documentation relating to the Term Facility (including, without limitation, any guaranty or collateral documents) (together with the Term Facility Documentation, the " Loan Documents ") shall be substantially consistent with the corresponding documentation for the Existing Term Loan Agreement. The Administrative Agent shall also become a party to that certain Intercreditor Agreement (the " Intercreditor Agreement ") dated as of January 16, 2014 (as amended from time to time) among the authorized representatives party thereto and Barclays Bank PLC, as Intercreditor Agent. |

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| Prepayments : | Same as applicable to the Existing Term Loans pursuant to the Existing Term Loan Agreement, except (i) any prepayment of the Term Loans in connection with a Repricing Transaction (as defined in the Existing Term Loan Agreement) prior to the six-month anniversary of the Closing Date shall be subject to a 1.00% prepayment premium and (ii) any mandatory prepayments shall not be required until all outstanding Existing Term Loans have been paid in full. |
| Conditions Precedent to Borrowing : | The conditions set forth in Section 5 of the Commitment Letter and in Exhibit B to the Commitment Letter. |
| Representations and Warranties; Affirmative and Negative Covenants and Events of Default : | As set forth in the Existing Term Loan Agreement; with (i) the modification of the Patriot Act representation and warranty to be a materiality qualified representation and warranty stating that the Loan Parties and the subsidiaries are in compliance with the Patriot Act and (ii) the addition of a representation and warranty relating to compliance with anti-corruption legislation in applicable jurisdictions. |
| Financial Covenant : | Same as the Existing Term Loan Agreement. |
| Voting : | As set forth in the Existing Term Loans under the Existing Term Loan Agreement. |
| Yield Protection and Increased Costs : | As set forth in the Existing Term Loan Agreement. |
| Assignments and Participations : | After the Closing Date, the Lenders will be permitted to assign loans and commitments on the same terms as applicable to the Existing Term Loans under the Existing Term Loan Agreement. |
| Expenses and Indemnification : | The Borrower shall pay on the Closing Date to the extent invoiced in reasonable detail prior thereto, all reasonable and documented out-of-pocket expenses of the Administrative Agent and the Lead Arrangers relating to the preparation, execution, delivery and administration of the Term Facility Documentation and the other Loan Documents and any other amendment or waiver with respect thereto, subject to the provisions of the Amended and Restated Fee Letter.<br>The indemnification provisions shall be the same as the provisions of the Existing Term Loan Agreement. |
| Governing Law and Forum : | Ontario, Canada. |
| Notwithstanding Provision : | Notwithstanding any other provision of this Commitment Letter, any subsidiaries of the Acquired Business (if any) (other than subsidiaries organized in the U.S. and Canada) shall not be required to provide guarantees or security under the Term Facility until 60 days after the Closing Date. |
| Counsel to Administrative Agent and Lead Arrangers : | Davis Polk & Wardwell LLP and Stikeman Elliott LLP. |

**EXHIBIT B**

Additional Conditions Precedent

Capitalized terms used in this Exhibit B shall have the meanings set forth in the Commitment Letter to which this Exhibit B is attached and the other Exhibits to the Commitment Letter. In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit B shall be determined by reference to the context in which it is used.

Subject to the Certain Funds Provision in all respects, the initial borrowings under the Term Facility shall be subject to the following conditions precedent:

1. Loan Documents consistent with the Term Sheet and the Commitment Letter shall have been executed and delivered by all parties thereto. Subject to the Certain Funds Provision, all documents and instruments required to perfect the Administrative Agent's security interests in the Collateral shall have been executed and delivered and, if applicable, be in the proper form for filing.

2. The Acquisition shall have been consummated, or substantially simultaneously with the initial borrowing under the Term Facility, shall be consummated, in accordance with the Acquisition Agreement (and no provision of the Acquisition Agreement shall have been waived, amended, supplemented or otherwise modified or any consent thereunder given in a manner material and adverse to the Lenders without the consent of the Lead Arrangers (such consent not to be unreasonably withheld, delayed or conditioned)) (it being understood that (i) any modification, amendment, consent, waiver or determination in respect of the definition of "Material Adverse Effect", (ii) any reduction in the consideration to be paid in respect of the Acquisition and (iii) the consummation of, or consent to or agreement to consummate, any material sale, divestiture or disposition or discontinuance or restriction on business activities in order to obtain regulatory approval, in each case that is not required by the terms of the Acquisition Agreement, shall in each case be deemed to be material and adverse to the interests of the Lenders).

3. There shall not have been a Material Adverse Effect (as defined in the Acquisition Agreement) on the Sellers (as defined in the Acquisition Agreement) or the Business (as defined in the Acquisition Agreement) (other than any such Material Adverse Effect that has been fully cured in all respects).

4. The Lead Arrangers shall have received (a) GAAP audited consolidated balance sheets and related statements of income, shareholders' equity and cash flows of the Borrower for the three most recent fiscal years; (b) GAAP unaudited consolidated balance sheets and related statements of income and cash flows of the Borrower for each subsequent fiscal quarter ending after the date of the balance sheet delivered pursuant to clause (a) and ended at least 45 days prior to the Closing Date, (c) GAAP audited consolidated balance sheets and related statements of operations, changes in net investment of parent and cash flows of the Acquired Business for the fiscal years ended December 31, 2014 and December 31, 2015 and any subsequent fiscal year ended at least 90 days prior to the Closing Date; and (d) GAAP unaudited consolidated balance sheets and related statements of operations and cash flows of the Acquired Business for the six months ending June 30, 2016 and any fiscal quarter after June 30, 2016 ended at least 75 days prior to the Closing Date (or, in the case of the fiscal quarter ending September 30, 2016, at least 76 days prior to the Closing Date).

5. The Lead Arrangers shall have received pro forma financial statements of the Borrower and its subsidiaries consisting of a pro forma consolidated balance sheet and related consolidated statement of income as of and for the twelve-month period ending on the last day of the most recently completed four-fiscal quarter period ended at least 60 days prior to the Closing Date, prepared after giving

effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income) substantially in accordance with the requirements under Regulation S-X under the Securities Act of 1933, as amended prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income).

6. The Administrative Agent shall have received solvency certificates substantially in the forms attached hereto as Exhibit C from the chief financial officer or another senior financial or accounting officer of the Borrower certifying as to the solvency of the Borrower and its subsidiaries on a consolidated basis after giving effect to the Transactions and the other transactions contemplated hereby.

7. The Administrative Agent shall have received such legal opinions (including opinions (i) from counsel to the Borrower and its subsidiaries (and such counsel may be internal counsel of the Borrower with respect to general corporate matters) and (ii) from such other special and local counsel as may be reasonably required by the Lead Arrangers), documents and other instruments as are customary for transactions of this type, including corporate documents and officers' and public officials' certifications, customary evidence of authority and customary lien and judgment searches and evidence of insurance.

8. The Borrower and each of the Guarantors shall have provided the documentation and other information to the Lenders that are reasonably requested by the Lenders no later than ten business days prior to the Closing Date under the applicable "know-your-customer" rules and regulations, including the PATRIOT Act, in each case at least three business days prior to the Closing Date.

9. All accrued fees and expenses (subject to the provisions of the Amended and Restated Fee Letter) and other compensation due and payable to the Administrative Agent, the Lead Arrangers and the Lenders required to be paid on the Closing Date (in each case, to the extent invoiced in reasonable detail at least two business days prior to the Closing Date) shall have been paid.

10. The Lead Arrangers shall have been afforded a period of at least ten (10) consecutive business days (unless a shorter period of time is reasonably acceptable to the Lead Arrangers) following the date of delivery of the information necessary to prepare the Confidential Information Memorandum (collectively, the " Required Information ") and throughout which the condition set forth in paragraph 3 of this Exhibit B has been satisfied and nothing has occurred and no condition exists that would cause such condition to fail to be satisfied assuming the Closing Date were to be scheduled for any time during such ten (10) consecutive Business Day period to seek to syndicate the Term Facility (such period, the " Marketing Period "); provided that (x) such Marketing Period shall commence no earlier than September 6, 2016, (y) the Marketing Period shall exclude November 25, 2016 and (z) if the Marketing Period has not ended on or prior to December 19, 2016, the Marketing Period shall not commence prior to January 3, 2017. If the Borrower in good faith reasonably believes that it has delivered the Required Information, it may deliver to the Lead Arrangers written notice to that effect (stating when it believes it completed any such delivery), in which case the Borrower shall be deemed to have delivered the Required Information on the date specified in such notice and the ten (10) consecutive business day period described above shall be deemed to have commenced on the date specified in such notice, in each case unless the Lead Arrangers, within two (2) business days after their receipt of such notice from the Borrower, deliver a written notice to the Borrower to that effect (stating with specificity which information is required to complete the Required Information).

11. The Administrative Agent shall have received an accurate certificate from a responsible officer of the Borrower, certifying that the requirements set forth in each of (a) clause (k) of the definition of "Permitted Debt" as defined in the Existing Term Loan Agreement and (b) clause (o) of the definition of "Permitted Debt" as defined in the Existing Revolving Credit Agreement will be satisfied on

the Closing Date, in each case of clauses (a) and (b) determined on a pro forma basis after giving effect to the Transactions (including the incurrence of the Term Loans and any sales, divestitures or dispositions or discontinuances or restrictions on business activities, in each case that are entered into in order to obtain regulatory approval, including any sales, divestitures or dispositions or discontinuances or restrictions on business activities that are contemplated as of the Closing Date to be entered into after the Closing Date).

12. The Specified Representations shall be true and correct in all material respects and the Acquisition Agreement Representations shall be true and correct.

**EXHIBIT C**

Form of Company Solvency Certificate

This Certificate is being delivered pursuant to Section [ ] of the Credit Agreement dated as of [ ] (the " Credit Agreement "), among Open Text Corporation (the " Borrower "), the Lenders party thereto and Barclays Bank PLC, as Administrative Agent. Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Credit Agreement.

The undersigned, [ ], hereby certifies that he is the [ ] of Borrower and that he is knowledgeable of the financial and accounting matters of Borrower and its subsidiaries, the Credit Agreement and the covenants and representations (financial and other) contained therein and that, as such, he is authorized to execute and deliver this Certificate on behalf of the Borrower .

The undersigned, solely in his capacity as an officer of the Borrower , and not in his individual capacity, hereby further certifies that on the date hereof, immediately after the consummation of the Transactions to occur on the date hereof:

(a) the aggregate of the property of Borrower and its subsidiaries is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all their obligations, due and accruing due;

(b) Borrower and its subsidiaries, taken as a whole, are paying their current obligations in the ordinary course of business as they generally became due; and

(c) Borrower and its subsidiaries, taken as a whole, will be able to meet their obligations as they generally become due.

[Signature page follows]

**Exhibit 31.1**

## CERTIFICATIONS

I, Mark J. Barrenechea, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Open Text Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ MARK J. BARRENECHEA

**Mark J. Barrenechea**
**Chief Executive Officer and Chief Technology Officer**

Date: November 3, 2016

**Exhibit 31.2**

**CERTIFICATIONS**

I, John M. Doolittle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Open Text Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Securities Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JOHN M. DOOLITTLE

**John M. Doolittle**
**Executive Vice President and Chief Financial Officer**

Date: November 3, 2016

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350, AS ADOPTED**
**PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Open Text Corporation (the “Company”) for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission (the “Report”), I, Mark J. Barrenechea, Chief Executive Officer and Chief Technology Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARK J. BARRENECHEA

**Mark J. Barrenechea**
**Chief Executive Officer and Chief Technology Officer**

Date: November 3, 2016

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350, AS ADOPTED**
**PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Open Text Corporation (the “Company”) for the quarter ended September 30, 2016 as filed with the Securities and Exchange Commission (the “Report”), I, John M. Doolittle, Executive Vice President and Chief Financial Officer of the Company, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN M. DOOLITTLE

**John M. Doolittle**
**Executive Vice President and Chief Financial Officer**

Date: November 3, 2016