# OPEN TEXT CORP

## FORM 8-K
(Current report filing)

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| Sector | Technology |
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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

# FORM 8-K

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

**Date of Report (Date of earliest event reported): December 9, 2016**

# Open Text Corporation
**(Exact name of Registrant as specified in its charter)**

| Canada | 0-27544 | 98-0154400 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (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)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 8.01 Other Events**

As previously announced by Open Text Corporation (OpenText or the Company) on September 12, 2016, and reported on OpenText's Current Report on Form 8-K dated September 12, 2016, the Company entered into a Master Acquisition Agreement dated September 12, 2016 (the Master Acquisition Agreement), with EMC Corporation, a Massachusetts corporation, EMC International Company, a company organized under the laws of Ireland, and EMC (Benelux) B.V., a *besloten vennootschap* organized under the laws of Netherlands (collectively referred to as Dell-EMC), pursuant to which OpenText has agreed to acquire (the Anticipated Acquisition) certain assets and assume certain liabilities of the enterprise content division of Dell-EMC (the ECD Business). The Anticipated Acquisition is expected to close within 90 to 120 days of the date of the Master Acquisition Agreement and is subject to customary regulatory approvals and closing conditions.

Filed herewith under the exhibits are the following:

- Audited consolidated financial statements of the ECD Business as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014.
- Unaudited consolidated financial statements of the ECD Business as of September 30, 2016 and December 31, 2015 and for the nine months ended September 30, 2016 and 2015.
- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016, presented as if the Anticipated Acquisition and the financing transactions described therein occurred on September 30, 2016, and the Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended June 30, 2016 and for the three months ended September 30, 2016, presented as if the Anticipated Acquisition of the ECD Business and the financing transactions described therein occurred on July 1, 2015.

The Company is not yet required to file the historical financial statements of the ECD Business under Article 3-05 of Regulation S-X under the Securities Act of 1933, as amended (the "Securities Act"), or pro forma financial statements giving effect to the Anticipated Acquisition under Article 11 of Regulation S-X under the Securities Act on a Current Report on Form 8-K. However, the Company is filing the historical audited and unaudited financial statements of the ECD Business and the unaudited pro forma condensed consolidated financial statements with this Current Report on Form 8-K to aid investor understanding and to comply with the rules of the Canadian securities regulatory authorities in connection with a proposed offering of its common shares that is being made in each of the provinces of Canada in addition to the United States.

***The Acquisition***

On September 12, 2016, OpenText entered into the Master Acquisition Agreement to acquire the ECD Business. The purchase price for the Anticipated Acquisition, which is payable in cash, is approximately $1.62 billion.

OpenText expects the initial closing of the Anticipated Acquisition to take place within 90 to 120 days of the date of the Master Acquisition Agreement, except in certain jurisdictions where requirements of local law require the transfer of local assets and liabilities to be deferred to a later date. The consummation of the Anticipated Acquisition is subject to certain customary conditions. The consummation of the Anticipated Acquisition is not subject to any financing condition. Further information about the Anticipated Acquisition, including a copy of the Master Acquisition Agreement, is contained in OpenText's Current Report on Form 8-K filed with the SEC and the applicable Canadian securities regulatory authorities on September 13, 2016 and September 12, 2016, respectively.

***The ECD Business***

The following information should be read in conjunction with the financial statements of the ECD Business as of and for the years ended December 31, 2015 and 2014, and as of September 30, 2016 and for the nine months ended September 30, 2016 and 2015, included in this Current Report on Form 8-K as Exhibit 99.1 and Exhibit 99.2.

The ECD Business provides enterprise software and cloud solutions that help organizations leverage their business content throughout its lifecycle to drive their digital agenda. The ECD Business' offerings include enterprise content management solutions and archiving software. The ECD Business' enterprise content management solutions enable the digitization and flow of content through organizations and include intelligent capture of information, enterprise content library services, customer communications, information governance and compliance as well as purpose built industry solutions. The ECD Business' archiving software helps customers take cost out of their current information technology (IT) environments by archiving inactive information to decommission legacy applications and make their current applications run better.

The ECD Business is headquartered in Pleasanton, California. The ECD Business employs approximately 2,000 individuals and has more than 5,600 customers worldwide across the Americas, the "EMEA" region, which primarily consists of countries in Europe, Africa, and the Middle East, and the "Asia Pacific" region, which primarily consists of Japan, Australia, China, Korea, Philippines, Singapore and New Zealand. Customers of the ECD Business operate in a wide range of industry verticals, including those in which OpenText has a strong presence as well as those that complement OpenText's current industry focus. For the year ended December 31, 2015, the ECD Business had revenue of approximately $581 million and gross profit of $384 million, compared to $629 million and $404 million in 2014, respectively. From 2014 to 2015, the ECD Business' gross margins increased from 64.2% to 66.1%.

The ECD Business offers a suite of leading Enterprise Content Management (ECM) solutions with deep industry focus, including the Documentum™, InfoArchive™ and LEAP™ product families, as well as a secondary portfolio of related products. The Anticipated Acquisition is expected to deepen OpenText's existing Enterprise Information Management (EIM) offerings with a substantial portfolio focused on ECM and Information Life Cycle Management markets.

- **Documentum** features a set of proven products that enable customers to better manage content across the enterprise with security and compliance. It consists of an expansive portfolio of products, including but not limited to Documentum Content Server, Documentum Records Manager, Documentum D2, and Documentum xCP. The Documentum product line also includes industry solutions for life science, healthcare, energy and engineering, addressing activities such as clinical trials, regulatory submissions, medical image management, capital projects management, and asset operations.
- **InfoArchive** enables IT organizations to decommission legacy apps and archive inactive data, significantly reducing IT costs. It also extracts data from these legacy environments for reuse in third-platform applications and for more complete analysis and insight.
- **LEAP** offers a next-generation SaaS platform for ECM. It is comprised of a set of consumer-grade, end-user productivity apps that enable users to access, share, create and collaborate on content in entirely new ways across any device.
- Related portfolio products include Captiva, ApplicationXtender, Document Sciences xPression, and eRoom, which provide capabilities in the areas of information capture, document management, customer communications management, and collaboration.

The ECD Business markets and sells its products through a direct sales force and indirect channels such as independent distributors and value-added resellers.

***Strategic Rationale for the Anticipated Acquisition***

We anticipate the Anticipated Acquisition will provide several significant strategic benefits to OpenText, including the following:

- **Expand OpenText's EIM products and services portfolio** . The Anticipated Acquisition is expected to deepen OpenText's EIM offering with a set of proven products that enable customers to manage content across the enterprise with security and increased information governance and compliance.
- **Onboard deep industry solutions, intellectual property and expertise** . The Anticipated Acquisition will bring new capabilities focused on the ECM and Information Management Lifecycle markets, a strong intellectual property portfolio and approximately 2,000 employees with deep market and industry experience.
- **Access a new installed base of marquee customers in key verticals** . The Anticipated Acquisition adds solutions and capacity to the OpenText portfolio for the healthcare, life sciences and public sector verticals, while strengthening OpenText's presence in financial services, utilities and industrial goods. The ECD Business' products are deployed to the ten largest global pharmaceutical companies, nine of the ten largest global banks, nine of the ten largest global insurance companies, seven of the ten largest global oil and gas companies and eight of the ten largest U.S. utility companies. The ECD Business' products are deployed to more than 5,600 customers globally.

- **Provide mutual cross-sell opportunities for both OpenText EIM and ECD Business customers** . We believe the Anticipated Acquisition has the potential to enable OpenText to cross-sell its EIM portfolio to the ECD Business' customers as well as offer the ECD Business customers OpenText cloud services, managed service arrangements and SaaS offerings.
- **Consistent with our M&A growth strategy.** We have a stated goal of driving growth with selective acquisitions. Over the past several years, we have acquired companies that augment our existing solutions and expand our reach into new adjacent areas and geographies. We believe the Anticipated Acquisition underscores what we view as a core competitive advantage in sourcing, acquiring and integrating highly complementary companies.

***Preliminary Financial Impact of the Anticipated Acquisition***

The Company believes that the Anticipated Acquisition will contribute strong recurring revenues, net income and operating cash flow to OpenText. We expect to be able to align the ECD Business with OpenText's target adjusted operating margin profile within 12 months of the completion of the Anticipated Acquisition, driven in large part by anticipated cost savings realized from the following areas:

- The elimination of duplicate corporate level costs;
- Lower marketing and branding costs;
- Efficiencies from increased scale of operations;
- The migration of customer support, services, research and development and general and administrative labor to lower cost jurisdictions; and
- Sales channel efficiencies.

We expect to incur non-recurring, one-time transition costs of approximately $15 million related to anticipated IT integration, employee on-boarding and contract negotiation, in the first year post closing. In addition, OpenText may incur other non-recurring, one-time transaction charges related to severance expenses and restructuring associated with the Anticipated Acquisition. These charges are similarly expected to be realized in the first year after closing.

OpenText anticipates that the Anticipated Acquisition will be accretive to the Company's earnings per share (EPS) and non-GAAP-based EPS, beginning in the quarter the Anticipated Acquisition closes.

We caution you that OpenText may not realize the anticipated benefits of the Anticipated Acquisition. Additionally, the ECD Business is subject to risks similar to those applicable to OpenText's existing business, and OpenText will continue to be subject to those risks following the Anticipated Acquisition. Such risks may be exacerbated should the Anticipated Acquisition close and the ECD Business' products are added to OpenText's existing EIM portfolio. See "Risk Factors" in Item 1A of OpenText's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 and in Item 1A of OpenText's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.

***Forward-Looking Statements***

This report contains forward-looking statements concerning the future performance of OpenText's business, its operations and its financial results and condition, including with respect to the Anticipated Acquisition, the financing transactions related to the Anticipated Acquisition, the anticipated cost savings from the Anticipated Acquisition and accretion to EPS and non-GAAP-based EPS beginning in the quarter the Anticipated Acquisition closes, and the anticipated integration of the ECD Business. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms. These statements reflect beliefs and assumptions which are based on OpenText's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. OpenText's 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. OpenText's beliefs and assumptions may prove to be inaccurate and consequently the Company's actual results could differ materially from the expectations set out herein.

Actual results or events could differ materially from those contemplated in such forward-looking statements as a result of risks and uncertainties. Certain of these risks and uncertainties are described from time to time in OpenText's filings with the SEC, including, but not limited to OpenText's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, as well as documents filed with securities regulatory authorities in Canada. If any of these risks or uncertainties materialize or any of these assumptions prove incorrect, the actual results or performance of OpenText and its consolidated subsidiaries could differ materially from those expressed or implied by forward-looking statements. Any forward-looking statement the Company makes in this report speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or how they may affect the Company. In any event, these and other important factors may cause actual results to differ materially from those indicated by the Company's forward-looking statements. The Company has no duty, and does not intend, to update or revise the forward-looking statements made in this document, except as may be required by law. In light of these risks and uncertainties, future events or circumstances described in any forward-looking statement in this document might not occur.

**Item 9.01 Financial Statements and Exhibits**

**(a)** ***Audited Consolidated Financial Statements of the ECD Business***

The following audited financial statements of the ECD Business are included as Exhibit 99.1 to this Current Report on Form 8-K:

- Report of Independent Auditors, Pricewaterhouse Coopers LLP
- Consolidated Balance Sheets as of December 31, 2015 and 2014
- Consolidated Statements of Operations for the years ended December 31, 2015 and 2014
- Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014
- Consolidated Statements of Changes in Net Investment of Parent for the years ended December 31, 2015 and 2014
- Notes to the Audited Consolidated Financial Statements

**(b)** ***Unaudited Consolidated Financial Statements of the ECD Business***

The following unaudited financial statements of the ECD Business are included as Exhibit 99.2 to this Current Report on Form 8-K:

- Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015
- Consolidated Statements of Operations for the nine months ended September 30, 2016 and 2015
- Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015
- Notes to the Unaudited Consolidated Financial Statements

**(c)** ***Unaudited Pro Forma Condensed Consolidated Financial Statements***

The Unaudited Pro Forma Condensed Consolidated Financial Statements of OpenText, giving effect to the Anticipated Acquisition and the financing transactions described therein as if they occurred on September 30, 2016 for the Unaudited Pro Forma Condensed Consolidated Balance Sheet, and on July 1, 2015 for the Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended June 30, 2016 and for the three months ended September 30, 2016, are included as Exhibit 99.3 to this Current Report on Form 8-K:

- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016
- Unaudited Pro Forma Condensed Consolidated Statement of Income for the three months ended September 30, 2016
- Unaudited Pro Forma Condensed Consolidated Statement of Income for the year ended June 30, 2016
- Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

**(d)** ***Exhibits***

| Exhibit No. | Description |
|---|---|
| 23.1 | Consent of Independent Accountants, PricewaterhouseCoopers LLP |
| 99.1 | Audited consolidated financial statements of the ECD Business, as of and for the years ended December 31, 2015 and 2014 and the notes related thereto |
| 99.2 | Unaudited consolidated financial statements of the ECD Business as of September 30, 2016 and December 31, 2015 and for the nine months ended September 30, 2016 and 2015 and the notes related thereto |
| 99.3 | Unaudited Pro Forma Condensed Consolidated Financial Statements of OpenText after giving effect to the Anticipated Acquisition and the financing transactions described therein |

## SIGNATURES

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

| | |
|---|---|
| | OPEN TEXT CORPORATION |
| December 9, 2016 | By: /s/ John M. Doolittle |
| | John M. Doolittle |
| | Executive Vice President and Chief Financial Officer |

## Exhibit Index

| Exhibit No. | Description |
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| 99.3 | Unaudited Pro Forma Condensed Consolidated Financial Statements of OpenText after giving effect to the Anticipated Acquisition and the financing transactions described therein |

**Exhibit 23.1**

**Consent of Independent Accountants**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-184670, 333-146351, 333-121377 and 333-87024), and S-3 (No. 333-195479) of Open Text Corporation of our report dated August 3, 2016, except with respect to our opinion on the financial statements insofar as it relates to the revision described in Note B as to which the date is December 5, 2016, relating to the financial statements of the Enterprise Content Division of Dell Technologies, Inc., which appears in this Current Report on Form 8-K of Open Text Corporation dated December 9, 2016.

/s/ PricewaterhouseCoopers LLP
Boston, MA
December 9, 2016

## Independent Auditors' Report

To the Board of Directors and
Management of EMC Corporation:

We have audited the accompanying financial statements of the Enterprise Content Division of EMC Corporation which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, of cash flows and of changes in net investment of Parent for the years then ended.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise Content Division of EMC Corporation as of December 31, 2015 and 2014, and the results of its operations, its cash flows, and its changes in net investment of Parent for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note L to the financial statements, the Enterprise Content Division has entered into significant transactions with its Parent, EMC Corporation, a related party.

/s/ Pricewaterhouse Coopers LLP
Boston, MA
August 3, 2016, except for the effects of the revision discussed in Note B to the financial statements, as to which the date is December 5, 2016

**ENTERPRISE CONTENT DIVISION OF EMC CORPORATION**
**BALANCE SHEETS**
(In thousands)

| | As of December 31, 2015 | As of December 31, 2014 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Accounts receivable, less allowance for doubtful accounts of $6,754 and $2,400, respectively | $ 150,793 | $ 166,039 |
| Other current assets | 6,624 | 6,612 |
| Total current assets | 157,417 | 172,651 |
| Property, plant and equipment, net | 9,279 | 7,284 |
| Intangible assets, net | 5,804 | 11,819 |
| Goodwill | 1,807,859 | 1,807,859 |
| Deferred income taxes | 17,946 | 12,972 |
| Other assets, net | 28,874 | 40,687 |
| Total assets | $2,027,179 | $2,053,272 |
| **LIABILITIES AND NET INVESTMENT OF PARENT** | | |
| Current liabilities: | | |
| Accounts payable | 14,749 | 18,766 |
| Accrued expenses | 57,374 | 56,095 |
| Income taxes payable | 25,371 | 23,728 |
| Deferred revenue | 175,719 | 177,396 |
| Total current liabilities | 273,213 | 275,985 |
| Deferred revenue | 15,084 | 15,247 |
| Income taxes payable | 3,475 | 3,979 |
| Other long-term liabilities | 4,544 | 1,097 |
| Total liabilities | 296,316 | 296,308 |
| Commitments and Contingencies (Note I) | | |
| Net investment of Parent | 1,730,863 | 1,756,964 |
| Total liabilities and net investment of Parent | $2,027,179 | $2,053,272 |

The accompanying notes are an integral part of the financial statements

**ENTERPRISE CONTENT DIVISION OF EMC CORPORATION**
**STATEMENT OF OPERATIONS**
(In thousands)

| | Year Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Revenues: | | |
| License | $151,510 | $160,414 |
| Services | 429,418 | 468,552 |
| Total revenue | 580,928 | 628,966 |
| Costs and expenses: | | |
| Cost of license | 44,753 | 52,232 |
| Cost of services | 152,384 | 173,223 |
| Research and development | 70,395 | 71,376 |
| Selling, general and administrative | 164,935 | 194,351 |
| Restructuring | 16,651 | 16,028 |
| Total operating expenses | 449,118 | 507,210 |
| Operating income | 131,810 | 121,756 |
| Income tax provision | 25,973 | 28,304 |
| Net income | $105,837 | $ 93,452 |

The accompanying notes are an integral part of the financial statements

**ENTERPRISE CONTENT DIVISION OF EMC CORPORATION**
**STATEMENTS OF CASH FLOWS**
(In thousands)

| | For the Year Ended December 31, 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net Income | $ 105,837 | $ 93,452 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 34,908 | 49,113 |
| Provision for doubtful accounts | 4,354 | 522 |
| Non-cash restructuring costs | 1,202 | 319 |
| Impairment of asset | 1,228 | — |
| Deferred income taxes | (5,038) | (1,386) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 10,892 | 44,773 |
| Other assets, net | 601 | 2,978 |
| Accounts payable | (4,017) | (193) |
| Deferred revenue | (1,840) | 5,416 |
| Accrued expenses | (3,295) | 11 |
| Income taxes payable | 1,203 | (904) |
| Other liabilities | 3,447 | 312 |
| Net cash provided by operating activities | 149,482 | 194,413 |
| Additions to property, plant and equipment | (2,594) | (4,784) |
| Capitalized software development costs | (14,950) | (23,900) |
| Other investing | — | (415) |
| Net cash used in investing activities | (17,544) | (29,099) |
| Net distributions to Parent | (131,938) | (165,314) |
| Net cash used in financing activities | (131,938) | (165,314) |
| Net increase/(decrease) in cash and cash equivalents | — | — |
| Cash and cash equivalents at beginning of period | — | — |
| Cash and cash equivalents at end of period | $ — | $ — |
| **Non-cash financing activity:** | | |
| Stock-based compensation from Parent | $ 23,141 | $ 22,787 |
| Allocation of corporate functions provided by Parent | $ 8,936 | $ 7,571 |

The accompanying notes are an integral part of the financial statements

**ENTERPRISE CONTENT DIVISION OF EMC CORPORATION**
**STATEMENTS OF CHANGES IN NET INVESTMENT OF PARENT**
(In thousands)

| | Net Investment of Parent |
|---|---|
| Balance, January 1, 2014 | $1,828,826 |
| Net income | 93,452 |
| Net distribution to Parent | (165,314) |
| Balance, December 31, 2014 | 1,756,964 |
| Net income | 105,837 |
| Net distribution to Parent | (131,938) |
| Balance, December 31, 2015 | $1,730,863 |

The accompanying notes are an integral part of the financial statements

## A. Basis of Presentation

These accompanying financial statements include the historical accounts of the Enterprise Content Division ("ECD"), which are included in the consolidated financial statements of EMC Corporation ("EMC" or the "Parent"). ECD is not a legal entity and did not exist as a legal entity during the periods presented in the accompanying financial statements.

***Proposed Transaction with Dell***

On October 12, 2015, EMC entered into an Agreement and Plan of merger ("Merger Agreement") among EMC, Denali Holding Inc., a Delaware corporation ("Denali"), Dell Inc., a Delaware corporation, and Universal Acquisition Co., a Delaware corporation and direct wholly owned subsidiary of Denali ("Merger Sub"), pursuant to which, among other things and subject to the conditions set forth therein, Merger Sub will merge with and into EMC (the "Merger"), with EMC continuing as the surviving corporation and a wholly owned subsidiary of Denali. The transaction is expected to close in mid-2016. The completion of the Merger is subject to certain conditions including the receipt of certain regulatory approvals in various jurisdictions.

In conjunction with this transaction, it is possible that the Board of Directors of ECD's Parent may explore a disposition of ECD. Should a disposition be concluded and a sale be executed by the Parent at an amount below the carrying value of ECD, a triggering event for impairment testing of goodwill and long-lived assets would arise at that time. Completion of such impairment testing may result in an impairment of goodwill and other long-lived assets.

***Nature of the Business***

Headquartered in Pleasanton, California, ECD provides enterprise software and cloud solutions that help organizations leverage their business content throughout its lifecycle to drive their digital agenda. ECD's offerings include enterprise content management solutions and archiving software. ECD's enterprise content management solutions enable the digitization and flow of content through organizations and includes intelligent capture of information, enterprise content library services, customer communications, information governance and compliance as well as purpose built industry solutions. ECD's archiving software helps customers take cost out of their current IT environments by archiving inactive information to decommission legacy applications and make their current applications run better.

***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") from the consolidated financial statements and accounting records at EMC.

The financial information reported for ECD in the accompanying balance sheets, statements of operations and statements of cash flows, together with the related footnotes have been compiled from the underlying records of EMC. These financial statements have been carved out from the historical results of operations, the cost basis of assets and liabilities and the cash flows of EMC using both specific identification and the allocation methodologies described below. All intercompany balances and transactions within ECD have been eliminated.

Net investment of Parent represents EMC's interest in the net assets of ECD and represents the cumulative investment by EMC in ECD, net of distributions, through the dates presented, inclusive of cumulative operating results. Balances that were not historically settled in cash are included in net investment of Parent.

During the periods presented, ECD functioned as part of the larger group of entities controlled by EMC, and accordingly, EMC performed certain services for ECD on an ongoing basis. Therefore, certain costs related to ECD have been allocated from the Parent. These allocated costs are primarily related to corporate administrative and overhead expenses and employee related costs for the following functional groups: information technology, legal services, accounting and finance services, human resources, marketing and contract support, customer support, facility and other corporate and infrastructure services. The costs associated with these services and support functions have been allocated to ECD primarily based on a percentage of ECD revenues to EMC's total revenues, or as a percentage of ECD headcount to EMC's total headcount, based on the nature of the corporate cost. These methods reflect the best estimate of the time spent by EMC employees within the above functions on tasks related to ECD for the benefit of ECD. Costs allocated for these functions are included in selling, general and administrative expenses within the financial statements. The tax provisions for ECD have been provided using a separate tax return methodology.

The accompanying financial statements reflect the assets and liabilities that are directly attributable to ECD. Cash has been excluded from ECD's financial statements. For several of its subsidiaries and divisions including ECD, EMC uses a centralized approach to cash management and financing of its operations. Accordingly, none of the cash or cash equivalents, debt, and interest thereon not directly related to ECD, has been reflected in these financial statements.

Management believes the assumptions and allocations are reasonable. The expenses and cost allocations have been determined on a basis considered to be a reasonable reflection of the utilization of services provided to or the benefit received by ECD during the periods relative to the total costs incurred by EMC. However, the amounts recorded may not be representative of the amounts that would have been incurred had ECD been an entity that operated independently of EMC. Consequently, these financial statements may not be indicative of ECD's future performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had ECD operated as a separate entity apart from EMC during the periods presented.

## B. Revision of Prior Period Financial Statements

During the quarter ended June 30, 2016, ECD identified an error which affected the balance sheets as of December 31, 2015 and 2014 and the statements of cash flows for the periods then ended. The error relates to the improper classification of ECD's unbilled accounts receivable for professional services within Net investment of Parent within the consolidated financial statements. The unbilled accounts receivable for professional services for the annual periods as of December 31, 2015 and December 31, 2014 amounted to $14.9 million and $23.1 million, respectively. The classification error had no impact on the statement of operations. ECD concluded that this error was not material to the December 31, 2015 and 2014 reporting periods. While not material, ECD has elected to perform a revision for this correction, which is reflected in the Balance Sheets and Statement of Cash Flows as of December 31, 2015 and 2014 and related footnotes.

The effects of this error on the Balance Sheets and Statement of Cash Flows is as follows (in thousands):

| **Revised Balance Sheets** | **December 31, 2015** | | | **December 31, 2014** | | |
|---|---|---|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As revised** | **As previously reported** | **Adjustment** | **As revised** |
| Accounts receivable, less allowance for doubtful accounts | $ 135,922 | $ 14,871 | $ 150,793 | $ 142,965 | $ 23,074 | $ 166,039 |
| Total current assets | 142,546 | 14,871 | 157,417 | 149,577 | 23,074 | 172,651 |
| Total assets | 2,012,308 | 14,871 | 2,027,179 | 2,030,198 | 23,074 | 2,053,272 |
| Net investment of Parent | 1,715,992 | 14,871 | 1,730,863 | 1,733,890 | 23,074 | 1,756,964 |

| **Revised Statements of Cash Flows** | **December 31, 2015** | | | **December 31, 2014** | | |
|---|---|---|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As revised** | **As previously reported** | **Adjustment** | **As revised** |
| Changes in assets and liabilities: | | | | | | |
| Accounts receivable | $ 2,689 | $ 8,203 | $ 10,892 | $ 49,732 | $ (4,959) | $ 44,773 |
| Net cash provided by operating activities | 141,279 | 8,203 | 149,482 | 199,372 | (4,959) | 194,413 |
| Net distribution to Parent | (123,735) | (8,203) | (131,938) | (170,273) | 4,959 | (165,314) |

## C. Summary of Significant Accounting Policies

***Use of Accounting Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***Revenue Recognition***

ECD derives revenue from sales of its software licenses and services. ECD recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is probable. This policy is applicable to all sales, including sales to resellers and end-users.

License revenue consists of software licenses. ECD software applications provide customers with resource management, backup and archiving, information management and intelligence, and data analytics. Depending on the nature of the arrangement, revenue for software license sales is generally recognized upon shipment or electronic delivery. For certain arrangements, revenue is recognized based on usage or ratably over the term of the arrangement. License revenue from royalty arrangements is recognized upon either receipt of royalty reports or payments from third parties.

Services revenue consists of installation services, professional services, software maintenance and training. ECD recognizes revenue from support or maintenance contracts ratably over the contract period and recognizes the costs associated with these contracts as incurred. Generally, professional services are not considered essential to the functionality of products as these services do not alter the product capabilities and may be performed by customers or other vendors. Professional services revenues are recognized using the proportional performance method, which recognizes revenue based on labor costs incurred in proportion to total expected labor costs to perform the service.

When more than one element such as software and services is contained in a single arrangement, revenue is allocated to the undelivered elements based upon their fair value using vendor-specific objective evidence (“VSOE”) with the residual revenue allocated to the delivered elements. If ECD cannot objectively determine the VSOE of the fair value of any undelivered software element, revenue is deferred for all software components until all elements are delivered and services have been performed, until fair value can objectively be determined for any remaining undelivered elements, or until software maintenance is the only undelivered element in which case revenue is recognized over the remaining maintenance term for all software elements.

ECD allocates the amount of revenue recognized for delivered elements to the amount that is not subject to forfeiture or refund or contingent on the future delivery of products or services.

ECD markets and sells its products through a direct sales force and indirect channels such as independent distributors and value-added resellers. For substantially all indirect sales, revenues are recognized on products sold to resellers and distributors when evidenced by a master distribution agreement, together with evidence of an end-user arrangement, on a transaction-by-transaction basis.

***Deferred Revenue***

Deferred revenue consists primarily of deferred software maintenance revenues and unearned license revenues, which are recognized ratably over the contract term, and deferred professional services, including training, which are recognized as these services are provided.

***Allowance for Doubtful Accounts***

ECD maintains an allowance for doubtful accounts for the estimated probable losses on uncollectible accounts receivable. The allowance is determined by assessing the creditworthiness of its customers, the historical experience of its channel partners, the age of the receivable and current market and economic conditions.

**(in thousands of U.S. Dollars, except share and per share amounts)**

***Property, plant and equipment***

Property, plant and equipment are recorded at cost. Depreciation commences when the asset is placed in service and is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Furniture and fixtures | 7-8 years |
| Equipment and software | 2-5 years |
| Improvements | 3-5 years |
| Capitalized products | 3 years |

Upon retirement or disposition, the asset cost and related accumulated depreciation are de-recognized with any gain or loss recognized in the results of operations. Repair and maintenance costs, including planned maintenance, are expensed as incurred.

***Research and Development and Capitalized Software Development Costs***

Research and development ("R&D") costs are expensed as incurred. R&D costs include salaries and benefits, stock-based compensation, consulting expense, facilities related costs, material costs, depreciation expense, and travel costs.

Software development costs incurred subsequent to establishing technological feasibility through the general release of the software products are subject to capitalization. Capitalized costs are amortized straight-line over 24 months, which represents the estimated economic life of the products. GAAP requires that annual amortization expense of the capitalized software development costs be the greater of the amounts computed using the ratio of gross revenue to a products' total current and anticipated revenues, or the straight-line method over the products' remaining estimated economic life.

During 2015, amounts capitalized were $15.7 million and amortization expense was $27.2 million. Amortization expense includes an impairment of $1.2 million related to a project write-off. During 2014, amounts capitalized were $24.9 million and amortization expense was $38.7 million. Unamortized software development costs were $26.9 million and $38.4 million at December 31, 2015 and 2014, respectively, and are included in other assets, net in the balance sheets.

***Long-lived Assets***

Purchased intangible assets, other than goodwill, are amortized over their estimated useful lives which range from one to seventeen years. Intangible assets include goodwill, purchased technology, trademarks and tradenames, customer relationships and customer lists. The intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are estimated to be realized. Goodwill is not amortized and is carried at its historical cost.

ECD periodically reviews long-lived assets for impairment. Reviews are initiated whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. When performed, each impairment test, other than goodwill, is based on a comparison of the undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset is written down to its estimated fair value.

ECD tests goodwill for impairment in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The test is based on a comparison of the reporting unit's book value to its fair market value. Both qualitative and quantitative tests are performed on goodwill. When using a quantitative approach, fair value is estimated by employing various methodologies, including comparisons to similar industry companies as well as discounted cash flow estimates. The determination of relevant comparable industry companies impacts the assessment of fair value. Should the operating performance of the reporting units change in comparison to these companies or should the valuation of these companies change, this could impact the assessment of the fair value of the reporting units. The discounted cash flow analyses factor in assumptions on revenue and expense growth rates. These estimates are based upon ECD's historical experience and projections of future activity, factoring in customer demand, changes in technology and a cost structure necessary to achieve the related revenues. Additionally, these discounted cash flow analyses factor in expected amounts of working capital and weighted average cost of capital. Changes in judgments on any of these factors could materially impact the value of the reporting unit. There were no impairments during the years ended December 31, 2015 or 2014.

***Income Taxes***

Historically, ECD operated as product and service lines within the group of EMC legal entities, thus the calculation of income taxes for ECD required judgment and use of both estimates and allocations. Historical and current ECD-related foreign tax credits, federal and state research credits and net operating losses have been fully applied against EMC's consolidated returns as ECD is included in EMC's consolidated U.S. federal and state income tax returns. For the purposes of these consolidated financial statements, ECD's income tax expense and deferred tax balances have been recorded as if ECD had filed on a tax return separate from EMC.

ECD began fiscal year 2014 with no foreign tax credits or R&D credits. Deferred tax assets and liabilities generated in the current year but not utilized on a separate return basis will be carried forward.

As part of the process of preparing the consolidated financial statements, ECD is required to estimate its provision for income taxes in each of the jurisdictions in which it operates. This process involves estimating actual current tax exposure, including assessing the risks associated with tax audits, together with assessing temporary differences resulting from the different treatment of items for tax and financial reporting purposes. These differences result in deferred tax assets and liabilities, which are included within the balance sheets. ECD assesses the likelihood that its deferred tax assets will be realized through future taxable income and will record a valuation allowance, if necessary, to reduce gross deferred tax assets to an amount that ECD believes is more likely than not to be realized. In the event that actual results differ from these estimates, the provision for income taxes could be materially impacted.

***Sales Taxes***

Sales and other taxes collected from customers and subsequently remitted to government authorities are recorded as accounts receivable with a corresponding offset recorded to sales taxes payable. These balances are removed from the balance sheet as cash is collected from customers and remitted to the tax authorities.

***Accounting for Stock-Based Compensation***

ECD has no separate employee stock compensation plans; however, certain employees of ECD participate in EMC's stock-based compensation programs. At December 31, 2015, stock-based compensation awards were outstanding under EMC's stock plans.

EMC uses the Black-Scholes option-pricing model to determine the fair value of its stock option awards. For stock options, restricted stock and restricted stock units, ECD recognizes compensation cost on a straight-line basis over the awards' vesting periods for those awards which contain only a service vesting feature. For awards with a performance condition vesting feature, when achievement of the performance condition is deemed probable, ECD recognizes compensation cost on a graded-vesting basis over the awards' expected vesting periods.

## D. Accounts Receivable, net

Accounts receivable, net consisted of the following at December 31, 2015 and 2014 (table in thousands):

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Billed receivables | $ 139,404 | $ 140,857 |
| Unbilled receivables | 18,143 | 27,582 |
| Allowance for doubtful accounts | (6,754) | (2,400) |
| Receivables, net | $ 150,793 | $ 166,039 |

Unbilled receivables primarily represent professional services for which service has been provided and revenue has been recognized prior to period-end, but which have not been billed to the customer at period-end. ECD estimates substantially all of unbilled receivables at December 31, 2015 will be billed within one year.

## E. Property, Plant and Equipment

Property, plant and equipment consisted of the following (table in thousands):

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Furniture and fixtures | $ 494 | $ 939 |
| Equipment and software | 50,372 | 50,076 |
| Buildings and improvements | 1,172 | 2,515 |
| Capitalized products | 1,547 | 1,403 |
| Total property and equipment | 53,585 | 54,933 |
| Accumulated depreciation | (44,306) | (47,649) |
| Property, plant and equipment, net | $ 9,279 | $ 7,284 |

Depreciation expense was $4.0 million and $4.3 million in 2015 and 2014, respectively.

## F. Intangible Assets and Goodwill

***Intangible Assets***

During the year ended December 31, 2014, ECD acquired $0.4 million in intangible assets related to the acquisition of the assets of BRT Incorporated. Intangible assets, excluding goodwill, consisted of (table in thousands):

| | December 31, 2015 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Purchased technology | $166,855 | $ (166,258) | $ 597 |
| Trademarks and tradenames | 10,060 | (10,016) | 44 |
| Customer relationships and customer lists | 183,100 | (177,937) | 5,163 |
| Other | 1,380 | (1,380) | — |
| Total intangible assets, excluding goodwill | $361,395 | $ (355,591) | $5,804 |

| | December 31, 2014 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Purchased technology | $166,855 | $ (165,309) | $ 1,546 |
| Trademarks and tradenames | 10,060 | (9,972) | 88 |
| Customer relationships and customer lists | 183,100 | (172,915) | 10,185 |
| Other | 1,380 | (1,380) | — |
| Total intangible assets, excluding goodwill | $361,395 | $ (349,576) | $11,819 |

Amortization expense on intangible assets was $6.0 million and $7.7 million in 2015 and 2014, respectively. As of December 31, 2015, amortization expense on intangible assets for the next five years is expected to be as follows (table in thousands):

| Year | Amortization |
|---|---|
| 2016 | $ 1,207 |
| 2017 | 743 |
| 2018 | 591 |
| 2019 | 487 |
| 2020 | 473 |

***Goodwill***

There were no changes in the carrying amount of goodwill, net, for the years ended December 31, 2015 and 2014.

***Valuation of Goodwill and Intangible Assets***

An assessment of the recoverability of goodwill is performed, at least annually, in the fourth quarter of each year. The assessment is performed at the reporting unit level. ECD constitutes one reporting unit as a whole. Authoritative accounting guidance allows companies the option to assess qualitatively whether it is necessary to perform step one of the two quantitative step goodwill impairment tests. ECD performed qualitative assessments of goodwill during 2014. The qualitative assessment was performed to determine whether a quantitative assessment was necessary and it was determined there were no indicators of potential impairment in 2014.

In 2015 ECD evaluated goodwill using a quantitative model as part of step one of the goodwill impairment test. No impairment indicator was identified and accordingly, step two of the goodwill impairment test was not performed. The valuation of ECD was calculated to be $1.8 billion. Given the relatively small difference between the company’s carrying value and fair value, we performed a sensitivity analysis and noted that an increase in the discount rate by 100 basis points or a decrease in the terminal growth rate by 100 basis points would have resulted in a goodwill impairment indicator requiring step two of the goodwill impairment test to be performed. Completion of the step two test can result in goodwill impairment.

## G. Accrued Expenses

Accrued expenses consisted of the following (tables in thousands):

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Salaries and benefits | $ 32,667 | $ 36,327 |
| Restructuring | 10,027 | 6,904 |
| Other | 14,680 | 12,864 |
| Total Accrued Expenses | $ 57,374 | $ 56,095 |

## H. Income Taxes

For purposes of these financial statements, ECD’s income tax expense and deferred tax balances have been recorded as if ECD had filed on a separate return basis.

The provision (benefit) for income taxes for the years ended December 31, 2015 and 2014 consisted of the following (table in thousands):

| | 2015 | 2014 |
|---|---|---|
| Federal: | | |
| Current | $25,371 | $23,728 |
| Deferred | (4,419) | (1,127) |
| | 20,952 | 22,601 |
| State: | | |
| Current | 2,628 | 2,063 |
| Deferred | (575) | (120) |
| | 2,053 | 1,943 |
| Foreign: | | |
| Current | 3,012 | 3,899 |
| Deferred | (44) | (139) |
| | 2,968 | 3,760 |
| Total provision for income taxes | $25,973 | $28,304 |

The effective income tax rate is based upon income for the year, composition of the income in different countries, effect of tax law changes and adjustments, if any, for potential tax consequences, benefits and/or resolutions of tax audits or other tax contingencies. A reconciliation of our income tax provision to the statutory federal tax rate is as follows (tables in thousands, except for rates):

| | 2015 | | 2014 | |
|---|---|---|---|---|
| Statutory federal tax rate | $ 46,120 | 35.00% | $ 42,615 | 35.00% |
| State taxes, net of federal taxes | 2,053 | 1.56% | 1,943 | 1.60% |
| Accounting for historical uncertain tax positions | (504) | (0.38)% | (504) | (0.41)% |
| Tax rate differential for international jurisdictions and other international related tax items | (21,482) | (16.30)% | (15,717) | (12.91)% |
| U.S. domestic production activities deduction | (1,201) | (0.91)% | (1,483) | (1.22)% |
| Permanent items | 987 | 0.75% | 1,450 | 1.19% |
| | $ 25,973 | 19.72% | $ 28,304 | 23.25% |

Substantially all of the tax rate differential for international jurisdictions was driven by the earnings of our Irish operations.

The components of the deferred tax assets and liabilities are as follows (table in thousands):

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Deferred Tax Asset | Deferred Tax Liability | Deferred Tax Asset | Deferred Tax Liability |
| Accounts receivable | $ 2,194 | $ — | $ 1,154 | $ — |
| Accrued expenses | 14,312 | — | 12,564 | — |
| Deferred revenue | 3,161 | — | 3,045 | — |
| Property, plant and equipment | 73 | — | 11 | — |
| Intangible and other assets, net | — | (10,196) | — | (14,237) |
| Equity | 4,795 | — | 5,022 | — |
| Credit carryforwards | 203 | — | 336 | — |
| Net operating losses | 3,404 | — | 5,077 | — |
| Total deferred tax assets and liabilities | $ 28,142 | $ (10,196) | $ 27,209 | $ (14,237) |

ECD has gross federal net operating loss carryforwards of $8.9 million and $13.4 million at December 31, 2015 and 2014, respectively. These federal net operating loss carryforwards are subject to annual limitations under Section 382 of the Internal Revenue Code of 1986 (“Code”), as amended, for U.S. tax purposes. If not utilized, the federal net operating loss carryforwards will begin to expire in 2017. ECD has federal tax credit carryforwards of $0.2 million and $0.3 million at December 31, 2015 and 2014, respectively, which will begin to expire in 2019 if not utilized. These tax credit carryforwards are subject to annual limitations under Section 382 of the Code, as amended, for U.S. tax purposes.

In November 2015, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance on the balance sheet classification of deferred taxes which requires that all deferred taxes be presented as non-current. ECD elected to early adopt this new accounting guidance for the year ended December 31, 2015 and applied it retrospectively to all years presented in these consolidated financial statements.

Deferred income taxes have not been provided on basis differences related to investments in foreign subsidiaries. These basis differences consisted primarily of undistributed earnings permanently invested in these entities. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not practicable.

The following table reflects changes in unrecognized tax benefits since January 1, 2014 (table in thousands):

| | 2015 | 2014 |
|---|---|---|
| Unrecognized tax benefits, beginning of year | $3,562 | $3,923 |
| Tax positions related to current year: | | |
| Additions | 528 | 496 |
| Tax positions related to prior years: | | |
| Reductions | (923) | (857) |
| Unrecognized tax benefits, end of year | $3,167 | $3,562 |

As of December 31, 2015 and 2014, $3.2 million and $3.6 million, respectively, of the unrecognized tax benefits, if recognized, would have been recorded as a reduction to income tax expense.

ECD is part of EMC’s consolidated tax return which is routinely under audit by the Internal Revenue Service (the “IRS”). EMC has concluded all U.S. federal income tax matters for years through 2008. In the third quarter of 2012, the IRS commenced a federal income tax audit for the tax years 2009 and 2010. The IRS completed their field audit for the tax years 2009 and 2010 and issued Revenue Agent Reports (“RARs”) in the first quarter of 2016. EMC disagrees with certain proposed adjustments and has filed a formal protest to the IRS Appeals Division. In the first quarter of 2015, the IRS commenced a federal income tax audit for the tax year 2011, which is still ongoing. ECD also has income tax audits in process in numerous state, local and international jurisdictions. Based on the timing and outcome of examinations of EMC, the result of the expiration of statutes of limitations for specific jurisdictions or the timing and result of ruling requests from taxing authorities, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in ECD’s balance sheets. EMC anticipates that several of these audits may be finalized within the next twelve months. While EMC expects the amount of unrecognized tax benefits to change in the next twelve months, EMC does not expect the change to have a significant impact on ECD’s results of operations or financial position.

ECD recognizes interest expense and penalties related to income tax matters in income tax expense. For 2015 and 2014, $0.1 million and $0.1 million, respectively, in interest benefit was recognized. In addition to the unrecognized tax benefits noted above, the gross balance of the accrued interest and penalties was $0.6 million and $0.7 million as of December 31, 2015 and 2014, respectively.

## I. Stock-Based Compensation

ECD employees participate in the EMC Corporation 2003 Stock Plan (the “2003 Plan”), which provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units. The exercise price for a stock option shall not be less than 100% of the fair market value of EMC's common stock on the date of grant. Options generally become exercisable in annual installments over a period of three to five years after the date of grant and expire ten years after the date of grant. Restricted stock is common stock that is subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Restricted stock units represent the right to receive shares of common stock in the future, with the right to future delivery of the shares subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Grants of restricted stock awards or restricted stock units that vest only by the passage of time will not vest fully in less than three years after the date of grant.

Stock-based compensation cost is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the employees' requisite service period, generally the vesting period of the award. The expense is amortized over the service period using the graded vesting method for restricted stock and restricted stock units. The following tables summarize the components of total Parent stock-based compensation expense included in ECD's statements of operations for the years ended December 31, 2015 and 2014 (in thousands):

| | 2015 | 2014 |
|---|---|---|
| Cost of product | $ 1,074 | $ 1,277 |
| Cost of services | 7,804 | 6,870 |
| Research and development | 4,259 | 5,328 |
| Selling, general and administrative | 10,004 | 9,312 |
| Total parent stock-based compensation | $23,141 | $22,787 |

The following table summarizes Parent restricted stock and restricted stock unit activity applicable to ECD since January 1, 2014 (shares in thousands):

| | Number of Shares | Weighted Average Grate Date Fair Value |
|---|---|---|
| Restricted stock and restricted stock units outstanding at January 1, 2014 | 1,937 | $ 25.55 |
| Granted | 801 | 28.78 |
| Vested | (560) | 24.96 |
| Forfeited | (173) | 25.99 |
| Outstanding at December 31, 2014 | 2,005 | 26.85 |
| Granted | 1,163 | 26.37 |
| Vested | (666) | 26.48 |
| Forfeited | (194) | 27.08 |
| Restricted stock and restricted stock units outstanding at December 31, 2015 | 2,308 | 26.73 |

The total intrinsic values of restricted stock and restricted stock units that vested in 2015 and 2014 were $17.9 million and $16.0 million, respectively. As of December 31, 2015, restricted stock and restricted stock units representing 2.3 million shares were outstanding and unvested, with an aggregate intrinsic value of $61.7 million. These shares and units are scheduled to vest through 2019. Of the total shares of restricted stock and restricted stock units outstanding, 2.0 million shares and units will vest upon fulfilling service conditions, of which vesting of 0.1 million shares and units will accelerate upon achieving performance conditions. The remaining 0.3 million shares and units will vest only if certain performance conditions are achieved. Pursuant to the terms of the pending Dell and EMC Merger Agreement, all eligible outstanding restricted stock and restricted stock units will vest upon the close of the transaction.

## J. Commitments and Contingencies

***Operating Lease Commitments***

ECD leases office space in Pleasanton, CA, which contains renewal options and escalation clauses and expires in 2018. Rent expense for 2015 and 2014 was $1.3 million and $1.4 million, respectively.

Minimum commitments under non-cancelable operating lease agreements as of December 31, 2015 are as follows (table in thousands):

| Year | Amount |
|---|---|
| 2016 | $ 2,018 |
| 2017 | 2,067 |
| 2018 | 1,058 |
| Total minimum lease payments | $ 5,143 |

These commitments do not include lease commitments of any non-ECD subsidiaries of EMC Corporation to which ECD is not an obligor.

***Guarantees and Indemnification Obligations***

ECD occasionally enters into agreements in the ordinary course of business with, among others, customers, resellers, original equipment manufacturers (“OEMs”), systems integrators and distributors. Most of these agreements require ECD to indemnify the other party against third-party claims alleging that an ECD product infringes a patent and/or copyright. Certain agreements in which ECD grants limited licenses to specific ECD-trademarks require ECD to indemnify the other party against third-party claims alleging that the use of the licensed trademark infringes a third-party trademark. Certain of these agreements require ECD to indemnify the other party against certain claims relating to the loss or processing of data, to real or tangible personal property damage, personal injury or the acts or omissions of ECD, its employees, agents or representatives. In addition, from time to time, ECD has made certain guarantees regarding the performance of its systems. ECD also made certain guarantees for obligations of its subsidiaries.

ECD has agreements with certain vendors, financial institutions, lessors and service providers pursuant to which it has agreed to indemnify the other party for specified matters, such as acts and omissions of ECD, its employees, agents or representatives.

ECD has procurement or license agreements with respect to technology that is used in its products and agreements in which ECD obtained rights to a product from an OEM. Under some of these agreements, ECD has agreed to indemnify the supplier for certain claims that may be brought against such party with respect to ECD’s acts or omissions relating to the supplied products or technologies.

Based upon ECD’s historical experience and information known as of December 31, 2015, ECD believes its liability on the above guarantees and indemnities at December 31, 2015 is not material.

***Litigation***

From time to time and in the normal course of business, various claims could be made against ECD. At this time and in the opinion of management, there are no pending claims for which the outcome is expected to result in a material adverse effect on the financial position or results of operations of ECD.

## K. Restructuring Charges

During the year ended December 31, 2015 and 2014, ECD incurred restructuring charges of $16.7 million and $16.0 million, respectively.

During 2015 and 2014, ECD implemented restructuring programs to create further operational efficiencies which resulted in workforce reductions of 145 and 206 positions, respectively. The actions impacted positions around the globe and all of these actions are expected to be completed or were completed within a year of the start of each program.

During 2015 and 2014, ECD recognized $5.0 million and $1.1 million, respectively, of lease termination costs for facilities vacated in the period in accordance with our plan as part of all of our restructuring programs and for costs associated with terminating other contractual obligations.

The activity for the restructuring programs is presented below (tables in thousands):

***Year Ended, December 31, 2015:***

| Category | Balance as of December 31, 2014 | 2015 Charges | Utilization | Balance as of December 31, 2015 |
|---|---|---|---|---|
| Workforce reductions | $ 6,404 | $11,596 | $ (8,429) | $ 9,571 |
| Consolidation of excess facilities and other contractual obligations | 1,595 | 5,055 | (1,651) | 4,999 |
| Total | $ 7,999 | $16,651 | $ (10,080) | $ 14,570 |

***Year Ended, December 31, 2014:***

| Category | Balance as of December 31, 2013 | 2014 Charges | Utilization | Balance as of December 31, 2014 |
|---|---|---|---|---|
| Workforce reductions | $ 6,192 | $14,908 | $ (14,696) | $ 6,404 |
| Consolidation of excess facilities and other contractual obligations | 786 | 1,120 | (311) | 1,595 |
| Total | $ 6,978 | $16,028 | $ (15,007) | $ 7,999 |

**L. Related Party**

***Distributions to Parent***

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Gross Distribution | $ 164,015 | $ 195,672 |
| Stock-based compensation expense contributed by Parent | (23,141) | (22,787) |
| Corporate costs contributed by Parent | (8,936) | (7,571) |
| Distribution to Parent, net | $ 131,938 | $ 165,314 |

***Corporate Allocations***

The statements of operations include the allocation of the following corporate costs (table in thousands):

| Category | December 31, 2015 | December 31, 2014 |
|---|---|---|
| HR and employee-related | $ 1,745 | $ 2,042 |
| Legal | 2,895 | 2,364 |
| Finance | 1,249 | 1,518 |
| Allocated IT expenses | 958 | 1,139 |
| External communications | 572 | 331 |
| Executive management and governance | 816 | 837 |
| Other | 701 | (660) |
| Total corporate allocations | $ 8,936 | $ 7,571 |

All allocations above were determined based on a percentage of ECD revenues to EMC's total revenues, or as a percentage of ECD headcount to EMC's total headcount, based on the nature of the corporate cost.

**M. Subsequent Events**

These financial statements reflect management's evaluation of subsequent events, through August 3, 2016, the date the financial statements were available to be issued.

**Exhibit 99.2**

**ENTERPRISE CONTENT DIVISION OF DELL TECHNOLOGIES INC.**
**BALANCE SHEETS**
(In thousands)

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| **ASSETS** | (unaudited) | |
| Current assets: | | |
| Accounts receivable, less allowance for doubtful accounts of $2,362 and $6,754, respectively | $ 89,626 | $ 150,793 |
| Other current assets | 6,416 | 6,624 |
| Total current assets | 96,042 | 157,417 |
| Property, plant and equipment, net | 9,863 | 9,279 |
| Intangible assets, net | 4,883 | 5,804 |
| Goodwill | 1,807,859 | 1,807,859 |
| Deferred income taxes | 21,009 | 17,946 |
| Other assets, net | 22,991 | 28,874 |
| Total assets | $ 1,962,647 | $ 2,027,179 |
| **LIABILITIES AND NET INVESTMENT OF PARENT** | | |
| Current liabilities: | | |
| Accounts payable | 14,165 | 14,749 |
| Accrued expenses | 36,021 | 57,374 |
| Income taxes payable | 16,320 | 25,371 |
| Deferred revenue | 160,135 | 175,719 |
| Total current liabilities | 226,641 | 273,213 |
| Deferred revenue | 18,952 | 15,084 |
| Income taxes payable | 3,027 | 3,475 |
| Other long-term liabilities | 4,518 | 4,544 |
| Total liabilities | 253,138 | 296,316 |
| Commitments and Contingencies (Note I) | | |
| Net investment of Parent | 1,709,509 | 1,730,863 |
| Total liabilities and net investment of Parent | $ 1,962,647 | $ 2,027,179 |

The accompanying notes to the unaudited financial statements are an integral part of the financial statements

**ENTERPRISE CONTENT DIVISION OF DELL TECHNOLOGIES INC.**
**STATEMENT OF OPERATIONS**
(In thousands – unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Revenues: | | |
| License | $103,342 | $102,552 |
| Services | 315,320 | 324,721 |
| Total revenue | 418,662 | 427,273 |
| Costs and expenses: | | |
| Cost of license | 24,560 | 32,862 |
| Cost of services | 113,983 | 114,904 |
| Research and development | 65,847 | 52,396 |
| Selling, general and administrative | 132,728 | 130,912 |
| Restructuring | (904) | 16,060 |
| Total operating expenses | 336,214 | 347,134 |
| Operating income | 82,448 | 80,139 |
| Income tax provision | 15,925 | 16,200 |
| Net income | $ 66,523 | $ 63,939 |

The accompanying notes to the unaudited financial statements are an integral part of the financial statements

## ENTERPRISE CONTENT DIVISION OF DELL TECHNOLOGIES INC.
## STATEMENTS OF CASH FLOWS
(In thousands – unaudited)

| | Nine Months Ended September 30, 2016 | Nine Months Ended September 30, 2015 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net Income | $ 66,523 | $ 63,939 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 19,694 | 25,614 |
| Provision for doubtful accounts | (4,392) | 53 |
| Non-cash restructuring costs | 281 | 1,111 |
| Impairment of asset | — | 1,228 |
| Deferred income taxes | (3,063) | (3,062) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 65,559 | 56,339 |
| Other assets, net | 612 | 1,080 |
| Accounts Payable | (584) | (3,304) |
| Deferred revenue | (11,716) | (11,508) |
| Accrued expenses | (21,625) | (15,415) |
| Income tax payable | (9,499) | (7,681) |
| Other liabilities | (26) | 3,665 |
| Net cash provided by operating activities | 101,764 | 112,059 |
| Additions to property, plant and equipment | (4,289) | (1,561) |
| Capitalized software development costs | (9,598) | (11,518) |
| Net cash used in investing activities | (13,887) | (13,079) |
| Net distributions to Parent | (87,877) | (98,980) |
| Net cash used in financing activities | (87,877) | (98,980) |
| Net increase/(decrease) in cash and cash equivalents | — | — |
| Cash and cash equivalents at beginning of period | — | — |
| Cash and cash equivalents at end of period | $ — | $ — |
| **Non-cash financing activity:** | | |
| Stock-based compensation from Parent | $ 46,082 | $ 16,573 |
| Allocation of corporate functions provided by Parent | $ 6,790 | $ 8,138 |

The accompanying notes to the unaudited financial statements are an integral part of the financial statements

## A. Basis of Presentation

These accompanying financial statements include the historical accounts of the Enterprise Content Division ("ECD"), which are included in the consolidated financial statements of Dell Technologies, Inc. ("Dell Technologies" or the "Parent", formerly EMC Corporation). ECD is not a legal entity and did not exist as a legal entity during the periods presented in the accompanying financial statements. As a result, these financial statements may not be indicative of ECD's future performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had ECD operated as a separate entity apart from Dell Technologies during the periods presented.

### *Merger with Dell*

On September 7, 2016, EMC Corporation ("EMC") became a wholly-owned subsidiary of Dell Technologies as a result of the merger of Universal Acquisition Co., a Delaware corporation and wholly-owned subsidiary of Dell Technologies ("Merger Sub"), with and into EMC, with EMC surviving as a wholly-owned subsidiary of Dell Technologies (the "Merger").

### *Proposed Transaction with Open Text*

In conjunction with the Merger, EMC explored a disposition of ECD, and on September 12, 2016, entered into the Master Acquisition Agreement with Open Text Corporation ("OpenText") to acquire ECD for $1.62 billion. The acquisition is subject to regulatory approvals and customer closing conditions and is expected to close in early 2017.

### *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") from the consolidated financial statements and accounting records at Dell Technologies. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in management's opinion, all adjustments of a normal, recurring nature that are necessary for the fair statement of ECD's financial position, results of operations and cash flows for the interim periods, but are not necessarily indicative of the results expected for the full fiscal year or any other period.

The accompanying interim consolidated financial statements and these related notes should be read in conjunction with the consolidated financial statements and related notes included in ECD's annual financial statements for the year ended December 31, 2015.

In accordance with the provisions of Accounting Standards Update No. 2014-17, ECD has elected not to apply push down accounting with respect to the reporting impacts of the Merger. Thus, these financial statements reflect ECD's activity within Dell Technologies and are prepared utilizing EMC's accounting policies prior to the Merger.

The financial information reported for ECD in the accompanying balance sheets, statements of operations and statements of cash flows, together with the related footnotes have been compiled from the underlying records of Dell Technologies. These financial statements have been carved out from the historical results of operations, the cost basis of assets and liabilities and the cash flows of Dell Technologies using both specific identification and the allocation methodologies described below. All intercompany balances and transactions within ECD have been eliminated.

Net investment of Parent represents Dell Technologies's interest in the net assets of ECD and represents the cumulative investment by Dell Technologies in ECD, net of distributions, through the dates presented, inclusive of cumulative operating results. Balances that were not historically settled in cash are included in net investment of Parent.

During the periods presented, ECD functioned as part of the larger group of entities controlled by Dell Technologies (formerly EMC), and accordingly, Dell Technologies performed certain services for ECD on an ongoing basis. Therefore, certain costs related to ECD have been allocated from the Parent. These allocated costs are primarily related to corporate administrative and overhead expenses and employee related costs for the following functional groups: information technology, legal services, accounting and finance services, human resources, marketing and contract support, customer support, facility and other corporate and infrastructure services. The costs associated with these services and support functions have been allocated to ECD primarily based on a percentage of ECD revenues to Dell Technologies's total revenues, or as a percentage of ECD headcount to Dell Technologies's total headcount, based on the nature of the corporate cost. These methods reflect the best estimate of the time spent by Dell Technologies employees within the above functions on tasks related to ECD for the benefit of ECD. Costs allocated for these functions are included in selling, general and administrative expenses within the financial statements. The tax provisions for ECD have been provided using a separate tax return methodology.

The accompanying financial statements reflect the assets and liabilities that are directly attributable to ECD. Cash has been excluded from ECD's financial statements. For several of its subsidiaries and divisions including ECD, Dell Technologies uses a centralized approach to cash management and financing of its operations. Accordingly, none of the cash or cash equivalents, debt, and interest thereon not directly related to ECD, has been reflected in these financial statements.

Management believes the assumptions and allocations are reasonable. The expenses and cost allocations have been determined on a basis considered to be a reasonable reflection of the utilization of services provided to or the benefit received by ECD during the periods relative to the total costs incurred by Dell Technologies. However, the amounts recorded may not be representative of the amounts that would have been incurred had ECD been an entity that operated independently of Dell Technologies.

## B. Summary of Significant Accounting Policies

### *Use of Accounting Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### *Long-lived Assets*

Purchased intangible assets, other than goodwill, are amortized over their estimated useful lives which range from one to seventeen years. Intangible assets include goodwill, purchased technology, trademarks and tradenames, customer relationships and customer lists. The intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are estimated to be realized. Goodwill is not amortized and is carried at its historical cost.

ECD periodically reviews long-lived assets for impairment. Reviews are initiated whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. When performed, each impairment test, other than goodwill, is based on a comparison of the undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset is written down to its estimated fair value.

ECD tests goodwill for impairment in the fourth quarter of each year or more frequently if events or changes in circumstances indicate that the asset might be impaired. The test is based on a comparison of the reporting unit's book value to its fair market value. Both qualitative and quantitative tests are performed on goodwill. When using a quantitative approach, fair value is estimated by employing various methodologies, including comparisons to similar industry companies as well as discounted cash flow estimates. The determination of relevant comparable industry companies impacts the assessment of fair value. Should the operating performance of the reporting units change in comparison to these companies or should the valuation of these companies change, this could impact the assessment of the fair value of the reporting units. The discounted cash flow analyses factor in assumptions on revenue and expense growth rates. These estimates are based upon ECD's historical experience and projections of future activity, factoring in customer demand, changes in technology and a cost structure necessary to achieve the related revenues. Additionally, these discounted cash flow analyses factor in expected amounts of working capital and weighted average cost of capital. Changes in judgments on any of these factors could materially impact the value of the reporting unit.

The Merger was considered to be a triggering event for a goodwill and long-lived asset impairment test. Accordingly, ECD performed an impairment test as of September 7, 2016. Refer to footnote E for additional details. There were no impairments during the nine months ended September 30, 2016 and 2015.

## C. Accounts Receivable, net

Accounts receivable, net consisted of the following as of September 30, 2016 and December 31, 2015 (table in thousands):

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Billed receivables | $ 69,222 | $ 139,404 |
| Unbilled receivables | 22,766 | 18,143 |
| Allowance for doubtful accounts | (2,362) | (6,754) |
| Receivables, net | $ 89,626 | $ 150,793 |

Unbilled receivables primarily represent professional services for which service has been provided and revenue has been recognized prior to period-end, but which have not been billed to the customer at period-end. ECD estimates substantially all of unbilled receivables as of September 30, 2016 will be billed within one year.

## D. Property, Plant and Equipment

Property, plant and equipment consisted of the following (table in thousands):

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Furniture and fixtures | $ 301 | $ 494 |
| Equipment and software | 44,275 | 50,372 |
| Building and improvements | 957 | 1,172 |
| Capitalized products | 1,811 | 1,547 |
| Total property and equipment | 47,344 | 53,585 |
| Accumulated Depreciation | (37,481) | (44,306) |
| Property, plant and equipment, net | $ 9,863 | $ 9,279 |

Depreciation expense was $3.7 million and $2.6 million for the nine months ended September 30, 2016 and 2015, respectively. During the nine months ended September 30, 2016, ECD retired $10.5 million in fully depreciated assets.

## E. Intangible Assets and Goodwill

***Intangible Assets***

During the nine months ended September 30, 2016, there were no changes in the carrying amount of intangibles. Intangible assets, excluding goodwill, consisted of the following (table in thousands):

| | September 30, 2016 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Purchased technology | $166,855 | $ (166,359) | $ 496 |
| Trademarks and tradenames | 10,060 | (10,038) | 22 |
| Customer relationships and customer lists | 183,100 | (178,735) | 4,365 |
| Other | 1,380 | (1,380) | — |
| Total intangible assets, excluding goodwill | $361,395 | $ (356,512) | $ 4,883 |

| | December 31, 2015 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Purchased technology | $166,855 | $ (166,258) | $ 597 |
| Trademarks and tradenames | 10,060 | (10,016) | 44 |
| Customer relationships and customer lists | 183,100 | (177,937) | 5,163 |
| Other | 1,380 | (1,380) | — |
| Total intangible assets, excluding goodwill | $361,395 | $ (355,591) | $ 5,804 |

Amortization expense on intangible assets was $0.9 million and $4.1 million for the nine months ended September 30, 2016 and 2015, respectively. As of September 30, 2016, amortization expense on intangible assets for the remainder of 2016 and the next five years is expected to be as follows (table in thousands):

| Year | Amortization |
|---|---|
| 2016 | $ 286 |
| 2017 | 743 |
| 2018 | 591 |
| 2019 | 487 |
| 2020 | 473 |
| 2021 | 463 |

***Goodwill***

In conjunction with the Merger, EMC explored a disposition of ECD. The completion of the Merger resulted in a triggering event for impairment testing of goodwill and long-lived assets. Accordingly, ECD management conducted an impairment test as of September 7, 2016 utilizing the quantitative testing approach for goodwill as described in footnote B. Based on the results of this test, the fair value of ECD was calculated to be $1.87 billion. As the fair value exceeds the carrying value of $1.70 billion, there was no resulting requirement to perform step two of the goodwill impairment test. The discount rate is the largest driver of the fair value calculation. Applying a sensitivity analysis, it was noted that an increase in the discount rate of 11% by 200 basis points would result in a goodwill impairment indicator requiring step two of the goodwill impairment test to be performed.

Based on its updated impairment testing, ECD management concluded that no impairment of ECD's goodwill existed as of the Merger date. Further, ECD management periodically reviews long-lived assets for impairment. ECD initiates reviews for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test, other than goodwill, is based on a comparison of the un-discounted cash flows to the recorded value of the asset. There was no noted impairment of long-lived assets.

There were no additional factors identified that would require a re-assessment as of September 30, 2016. There were no changes in the carrying amount of goodwill for the nine months ended September 30, 2016 and 2015.

## F. Accrued Expenses

Accrued expenses consisted of the following (tables in thousands):

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Salaries and benefits | $ 23,284 | $ 32,667 |
| Restructuring | 1,085 | 10,027 |
| Other | 11,652 | 14,680 |
| Total Accrued Expenses | $ 36,021 | $ 57,374 |

## G. Income Taxes

For purposes of these financial statements, ECD's income tax expense and deferred tax balances have been recorded as if ECD had filed on a separate return basis.

ECD's effective income tax rates were 19.31% and 20.21% for the nine months ended September 30, 2016 and 2015, respectively. The effective income tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax audits or other tax contingencies.

ECD is part of EMC's consolidated tax return which is routinely under audit by the Internal Revenue Service (the "IRS"). EMC has concluded all U.S. federal income tax matters for years through 2008. In the third quarter of 2012, the IRS commenced a federal income tax audit for the tax years 2009 and 2010. The IRS completed their field audit for the tax years 2009 and 2010 and issued Revenue Agent Reports ("RARs") in the first quarter of 2016. EMC disagrees with certain proposed adjustments and has filed a formal protest to the IRS Appeals Division. In the first quarter of 2015, the IRS commenced a federal income tax audit for the tax year 2011, which is still ongoing. ECD also has income tax audits in process in numerous state, local and international jurisdictions. Based on the timing and outcome of examinations of EMC, the result of the expiration of statutes of limitations for specific jurisdictions or the timing and result of ruling requests from taxing authorities, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in ECD's balance sheets. Dell Technologies anticipates that several of these audits may be finalized within the next twelve months. While Dell Technologies expects the amount of unrecognized tax benefits to change in the next twelve months, Dell Technologies does not expect the change to have a significant impact on ECD's results of operations or financial position.

## H. Stock-Based, Incentive and Retention Compensation

### *Stock-Based Compensation*

ECD employees participated in the EMC Corporation 2003 Stock Plan (the "2003 Plan"), which provided for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units. The 2013 Plan was terminated as a result of the Merger.

The exercise price for a stock option shall not be less than 100% of the fair market value of EMC's common stock on the date of grant. Options generally become exercisable in annual installments over a period of three to five years after the date of grant and expire ten years after the date of grant. Restricted stock is common stock that is subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Restricted stock units represent the right to receive shares of common stock in the future, with the right to future delivery of the shares subject to a risk of forfeiture or other restrictions that will lapse upon satisfaction of specified conditions. Grants of restricted stock awards or restricted stock units that vest only by the passage of time will not vest fully in less than three years after the date of grant.

Stock-based compensation cost is measured at the grant date based on the calculated fair value of the award. The expense is recognized over the employees' requisite service period, generally the vesting period of the award. The expense is amortized over the service period using the graded vesting method for restricted stock and restricted stock units. The following tables summarize the components of total Parent stock-based compensation expense included in ECD's statements of operations for the nine months ended September 30, 2016 and 2015 (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Cost of product | $ 686 | $ 780 |
| Cost of services | 12,281 | 5,476 |
| Research and development | 10,678 | 3,058 |
| Selling, general and administrative | 17,451 | 7,259 |
| Restructuring | 590 | — |
| Total stock-based compensation | $41,686 | $16,573 |

Included in the table above for the nine months ended September 30, 2016, is $27.0 million in stock-based compensation charges related to the acceleration of vesting of EMC stock options and restricted stock units as a result of the Merger. The accelerated stock compensation expense is considered a related party Parent stock compensation expense. Stock-based compensation accounting guidance requires this expense to be recorded at the subsidiary level.

***Incentive and Retention Compensation***

During the period from September 7, 2016 to September 30, 2016, ECD incurred compensation costs related to Merger-related retention bonuses and ECD employees participating in Dell's cash long-term incentive plan. The following tables summarize the components of total Parent incentive and retention compensation expense included in ECD's statements of operations for the nine months ended September 30, 2016 (in thousands):

| | September 30, 2016 |
|---|---|
| Cost of services | $ 1,061 |
| Research and development | 1,416 |
| Selling, general and administrative | 1,919 |
| Total Parent incentive and retention compensation | $ 4,396 |

By analogy to stock-based compensation accounting guidance, these charges have been recorded at the subsidiary level as they relate to Parent compensation plans impacting ECD employees.

## I. Commitments and Contingencies

***Guarantees and Indemnification Obligations***

ECD occasionally enters into agreements in the ordinary course of business with, among others, customers, resellers, original equipment manufacturers ("OEMs"), systems integrators and distributors. Most of these agreements require ECD to indemnify the other party against third-party claims alleging that an ECD product infringes a patent and/or copyright. Certain agreements in which ECD grants limited licenses to specific ECD-trademarks require ECD to indemnify the other party against third-party claims alleging that the use of the licensed trademark infringes a third-party trademark. Certain of these agreements require ECD to indemnify the other party against certain claims relating to the loss or processing of data, to real or tangible personal property damage, personal injury or the acts or omissions of ECD, its employees, agents or representatives. In addition, from time to time, ECD has made certain guarantees regarding the performance of its systems. ECD also made certain guarantees for obligations of its subsidiaries.

ECD has agreements with certain vendors, financial institutions, lessors and service providers pursuant to which it has agreed to indemnify the other party for specified matters, such as acts and omissions of ECD, its employees, agents or representatives.

ECD has procurement or license agreements with respect to technology that is used in its products and agreements in which ECD obtained rights to a product from an OEM. Under some of these agreements, ECD has agreed to indemnify the supplier for certain claims that may be brought against such party with respect to ECD's acts or omissions relating to the supplied products or technologies.

Based upon ECD's historical experience and information known as of September 30, 2016, ECD believes its liability on the above guarantees and indemnities at September 30, 2016 is not material.

***Litigation***

From time to time and in the normal course of business, various claims could be made against ECD. At this time and in the opinion of management, there are no pending claims for which the outcome is expected to result in a material adverse effect on the financial position or results of operations of ECD.

## J. Restructuring Charges

During the nine months ended September 30, 2016 and 2015, ECD incurred a restructuring recovery of $0.9 million and a restructuring charge of $16.1 million, respectively.

During the nine months ended September 30, 2016 and 2015, ECD implemented restructuring programs to create further operational efficiencies which resulted in the workforce reductions of 4 and 128 positions, respectively. The actions impacted positions around the globe and all of these actions are expected to be completed or were completed within a year of the start of each program.

During the nine months ended September 30, 2016 and 2015, ECD recognized $0.3 million and $5.0 million, respectively, of lease termination costs for the facilities vacated in the period in accordance with the programs and for costs associated with terminating other contractual obligations.

The activity for the restructuring programs is presented below (tables in thousands):

***Nine Months ended September 30, 2016:***

| Category | Balance as of December 31, 2015 | Charges | Utilization | Balance as of September 30, 2016 |
|---|---|---|---|---|
| Workforce reductions | $ 9,571 | $(1,759) | $ (6,795) | $ 1,017 |
| Consolidation of excess facilities and other contractual obligations | 4,999 | 265 | (1,565) | 3,699 |
| Total | $ 14,570 | $(1,494) | $ (8,360) | $ 4,716 |

***Nine Months ended September 30, 2015:***

| Category | Balance as of December 31, 2014 | Charges | Utilization | Balance as of September 30, 2016 |
|---|---|---|---|---|
| Workforce reductions | $ 6,404 | $11,005 | $ (8,872) | $ 8,537 |
| Consolidation of excess facilities and other contractual obligations | 1,595 | 5,055 | (712) | 5,938 |
| Total | $ 7,999 | $16,060 | $ (9,584) | $ 14,475 |

## K. Related Party

***Distributions to Parent***

| | September 30, 2016 | September 30, 2015 |
|---|---|---|
| Gross Distribution | $ 140,749 | $ 123,691 |
| Stock-based and other incentive compensation expense contributed by Parent | (46,082) | (16,573) |
| Corporate costs contributed by Parent | (6,790) | (8,138) |
| Distribution to Parent, net | $ 87,877 | $ 98,980 |

***Corporate Allocations***

The statements of operations include the allocation of the following corporate costs (table in thousands):

| Category | September 30, 2016 | September 30, 2015 |
|---|---|---|
| HR and employee-related | $ 1,305 | $ 1,311 |
| Legal | 1,941 | 2,177 |
| Finance | 923 | 948 |
| Allocated IT expenses | 680 | 719 |
| External communications | 864 | 400 |
| Executive management and governance | 292 | 389 |
| Other | 785 | 2,194 |
| Total corporate allocations | $ 6,790 | $ 8,138 |

All allocations above were determined based on a percentage of ECD revenues to Dell Technologies's total revenues, or as a percentage of ECD headcount to Dell Technologies's total headcount, based on the nature of the corporate cost.

## L. Subsequent Events

These financial statements reflect management's evaluation of subsequent events through December 5, 2016, the date the financial statements were available to be issued.

**Unaudited Pro Forma Condensed Consolidated Financial Statements**

On September 12, 2016, Open Text Corporation (OpenText or the Company) entered into a Master Acquisition 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 the Company has agreed to acquire (the Anticipated Acquisition) certain assets and assume certain liabilities of the enterprise content division of Dell-EMC (the ECD Business). The purchase price for the Anticipated Acquisition, which is payable in cash, is expected to be approximately $1.62 billion. The consummation of the Anticipated Acquisition is subject to certain customary closing conditions.

No valuation opinions required by securities legislation or an exchange or market were used to support the consideration payable by OpenText in respect of the Anticipated Acquisition, nor has any such valuation opinion been obtained by OpenText.

OpenText has no plans or proposals for material changes in its business affairs or the affairs of the ECD Business, which may have a significant effect on the results of operations and financial position of OpenText after giving effect to the completion of the Anticipated Acquisition.

Prior to the completion of the Anticipated Acquisition and subject to market and other conditions, the Company plans to raise approximately $500 million through the issuance of its common shares (the Equity Offering) and approximately $500 million through (i) the issuance of new senior notes or the reopening of existing senior notes (the Notes Offering,) and/or (ii) borrowing under its existing or new credit facilities (the Additional Debt Financing and, together with the Notes Offering, the Debt Financing). The Equity Offering and the Debt Financing are together referred to as the Financing Transactions. The Company intends to finance the Anticipated Acquisition and pay related fees and expenses with the net proceeds from the Financing Transactions and cash on hand. There can be no assurance that OpenText will commence or complete the Equity Offering or the Notes Offering or complete the Additional Debt Financing. This Current Report on Form 8-K is not an offer to sell or a solicitation of an offer to buy any common shares or senior notes. To the extent that the Company does not commence or complete the Notes Offering or the Equity Offering prior to the completion of the Anticipated Acquisition, the Company plans to pursue other sources of financing which may include additional borrowings under its existing or new credit facilities.

In this regard and in connection with the Anticipated Acquisition, OpenText entered into a commitment letter with Barclays Bank PLC on September 12, 2016, which was amended and restated on September 26, 2016 (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). Pursuant to the Commitment Letter, the Lenders, severally and not jointly, have committed to provide a first lien term loan facility (the New Facility) in an aggregate principal amount of up to $1.0 billion to finance a portion of the Anticipated Acquisition. The obligations of the Lenders to provide the New 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). Funding of the Anticipated Acquisition with the proceeds of the Financing Transactions will result in the reduction of the Lenders' obligations under the Commitment Letter.

The Company is not yet required to file the historical financial statements of the ECD Business under Article 3-05 of Regulation S-X under the Securities Act of 1933, as amended (the Securities Act), or pro forma financial statements giving effect to the Anticipated Acquisition under Article 11 of Regulation S-X under the Securities Act on a Current Report on Form 8-K. However, the Company is filing the historical financial statements of the ECD Business and the pro forma financial statements with this Current Report on Form 8-K to aid investor understanding and to comply with the rules of the Canadian securities regulatory authorities, as this Current Report on Form 8-K will be incorporated by reference into the short form base shelf prospectus and the applicable prospectus supplement for the Equity Offering being made in each of the provinces of Canada, in addition to the United States.

The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016 is presented as if both the Anticipated Acquisition and the Financing Transactions occurred on September 30, 2016. The Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended June 30, 2016 and the three months ended September 30, 2016 are presented as if both the Anticipated Acquisition and the Financing Transactions occurred on July 1, 2015.

**Details and Assumptions about the Transaction**

While the Anticipated Acquisition and the Financing Transactions have not closed as of the filing of this Current Report on Form 8-K, the Unaudited Pro Forma Condensed Consolidated Financial Statements give pro forma effect to the Anticipated Acquisition and the Financing Transactions. The actual details of the transactions at the time of closing of the Anticipated Acquisition and the Financing Transactions could be materially different. For purposes of preparing the Unaudited Pro Forma Condensed Consolidated Financial Statements, the following assumptions about the Anticipated Acquisition and the Financing Transactions have been made:

- Total purchase price of $1.62 billion
- The Anticipated Acquisition was financed through
  - $500 million raised through the Equity Offering;
  - $500 million raised through the Debt Financing at an assumed interest rate of 5.875% based on the interest rate for OpenText's outstanding Senior Notes due 2026, which were issued on May 31, 2016; and
  - cash on hand of $620 million for the remainder of the purchase price.

**Other Assumptions**

Other significant assumptions and estimates were made in determining the preliminary allocation of the purchase price in the Unaudited Pro Forma Condensed Consolidated Financial Statements. These preliminary estimates and assumptions are subject to change upon the actual closing of the Anticipated Acquisition and during the measurement period (up to one year from the actual acquisition date) as the Company finalizes the fair valuations of the net tangible assets, intangible assets, tax-related assets and liabilities and the resultant goodwill. In particular, the final valuations of identifiable intangible and net tangible assets may change significantly from preliminary estimates. These changes could result in material variances between the Company's future financial results and the amounts presented in the Unaudited Pro Forma Condensed Consolidated Financial Statements, including variances in fair values recorded, as well as expenses and cash flows associated with them.

**Presentation**

The Unaudited Pro Forma Condensed Consolidated Financial Statements were prepared using the most recently made available financial statements of OpenText and the ECD Business. For OpenText, the most recently available financial statements included:

- a condensed consolidated balance sheet as of September 30, 2016;
- a consolidated statement of income for the year ended June 30, 2016; and
- a condensed consolidated statement of income for the three months ended September 30, 2016.

For the ECD Business, the most recently available financial statements included:

- a consolidated balance sheet as of September 30, 2016;
- a consolidated statement of operations for the twelve months ended June 30, 2016; and
- a consolidated statement of operations for the three months ended September 30, 2016.

OpenText's fiscal year ends on June 30 and historically, prior to the acquisition by Dell Technologies on September 7, 2016, EMC's fiscal year ended on December 31. To comply with the rules and regulations of the Securities and Exchange Commission (the SEC) (as will be applicable to the pro forma financial information required to be filed with the Current Report on Form 8-K after the closing of the Anticipated Acquisition under Item 9.01(b) thereof) and Canadian securities regulatory authorities for companies with different fiscal year ends, the Unaudited Pro Forma Condensed Consolidated Financial Statements have been prepared utilizing periods that differ by less than 93 days. The Unaudited Pro Forma Condensed Consolidated Statement of Income for the three months ended September 30, 2016 was prepared by combining the historical statement of income of OpenText for the three months ended September 30, 2016 and the historical statement of operations of the ECD Business for the three months ended September 30, 2016. The Unaudited Pro forma Consolidated Statement of Income for the year ended June 30, 2016 was prepared by combining the historical statement of income of OpenText for the year ended June 30, 2016 and the historical statement of operations of the ECD Business for the twelve months ended June 30, 2016, which was calculated by taking the audited statement of operations of the ECD Business for the year ended December 31, 2015, subtracting the unaudited statement of operations for the six months ended June 30, 2015, and adding the unaudited statement of operations for the six months ended June 30, 2016 (see Note 4). The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016 was prepared by combining the historical balance sheet of OpenText as of September 30, 2016 and the historical balance sheet of the ECD Business as of September 30, 2016.

The Unaudited Pro Forma Condensed Consolidated Financial Statements are provided for illustrative purposes only and are not intended to represent or be indicative of the consolidated results of operations or financial position of OpenText that would have been recorded had the acquisition of the ECD Business been completed as of the dates presented, and should not be taken as representative of future results of operations or financial position of the combined company. For instance, the Unaudited Pro Forma Condensed Consolidated Statement of Income for the year ended June 30, 2016 does not reflect the fact that the Company subsequently implemented a worldwide reorganization of its subsidiaries in July 2016, which had a material impact to the Company's results of operations in future quarters. The Unaudited Pro Forma Condensed Consolidated Financial Statements also do not reflect the impacts of any potential operational efficiencies, cost savings or economies of scale that the Company may achieve with respect to the combined operations of OpenText and the ECD Business and do not include all costs that are expected to be directly attributed to the Anticipated Acquisition, such as but not limited to: costs necessary to integrate the operations of the ECD Business with OpenText and restructuring costs that may be necessary to achieve cost savings and operating synergies. Additionally, the Unaudited Pro Forma Condensed Consolidated Financial Statements do not include any non-recurring charges or credits directly attributable to the Anticipated Acquisition.

**Open Text Corporation**
**Unaudited Pro Forma Condensed Consolidated Balance Sheet**
**As of September 30, 2016**
**(In thousands of U.S. Dollars)**

| | OpenText | ECD | Reclassifications | Pro Forma Adjustments | | Reclassifications and Pro Forma Adjustments Combined |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | $ 834,944 | $ — | $ — | $ (639,063) | (A) | $ 195,881 |
| Short-term investments | 2,726 | — | — | | | 2,726 |
| Accounts receivable trade, net of allowance for doubtful accounts | 297,537 | 89,626 | — | (89,626) | (B) | 297,537 |
| Income taxes recoverable | 19,954 | — | — | | | 19,954 |
| Prepaid expenses and other current assets | 70,643 | 6,416 | — | (1,925) | (C) | 75,134 |
| Total current assets | 1,225,804 | 96,042 | — | (730,614) | | 591,232 |
| Property and equipment | 181,728 | 9,863 | — | (4,066) | (D) | 187,525 |
| Goodwill | 2,595,614 | 1,807,859 | — | (1,047,479) | (E) | 3,355,994 |
| Acquired intangible assets | 831,197 | 4,883 | — | 851,817 | (F) | 1,687,897 |
| Deferred tax assets | 1,100,897 | 21,009 | — | 126,343 | (G) | 1,248,249 |
| Other assets | 65,533 | 22,991 | — | (22,166) | (H) | 66,358 |
| Deferred charges | 62,512 | — | — | — | | 62,512 |
| Long-term income taxes recoverable | 9,025 | — | — | — | | 9,025 |
| Total assets | $6,072,310 | $1,962,647 | $ — | $ (826,165) | | $ 7,208,792 |
| **LIABILITIES, NET INVESTMENT OF PARENT, AND SHAREHOLDERS' EQUITY** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | $ 233,536 | $ 50,186 | $ — | $ (42,432) | (I) | $ 241,290 |
| Current portion of long-term debt | 8,000 | — | — | — | | 8,000 |
| Deferred revenues | 389,890 | 160,135 | — | (35,041) | (J) | 514,984 |
| Income taxes payable | 39,203 | 16,320 | — | (16,320) | (K) | 39,203 |
| Total current liabilities | 670,629 | 226,641 | — | (93,793) | | 803,477 |
| Long-term liabilities: | | | | | | |
| Accrued liabilities | 31,481 | 4,518 | — | (4,230) | (L) | 31,769 |
| Deferred credits | 7,589 | — | — | — | | 7,589 |
| Pension liability | 63,691 | — | — | — | | 63,691 |
| Long-term debt | 2,137,276 | — | — | 496,937 | (M) | 2,634,213 |
| Deferred revenues | 46,247 | 18,952 | — | (8,633) | (J) | 56,566 |
| Long-term income taxes payable | 145,787 | 3,027 | — | (3,027) | (K) | 145,787 |
| Deferred tax liabilities | 90,381 | — | — | 12,090 | (G) | 102,471 |
| Total long-term liabilities | 2,522,452 | 26,497 | — | 493,137 | | 3,042,086 |
| Net investment of Parent | — | 1,709,509 | — | (1,709,509) | (N) | — |
| Shareholders' equity: | | | | | | |
| Share capital | 822,135 | — | — | 484,000 | (O) | 1,306,135 |
| Additional paid-in capital | 155,323 | — | — | — | | 155,323 |
| Accumulated other comprehensive income | 48,730 | — | — | — | | 48,730 |
| Retained earnings | 1,877,639 | — | — | — | | 1,877,639 |
| Treasury stock | (25,166) | — | — | — | | (25,166) |
| Non-controlling interest | 568 | — | — | — | | 568 |
| Total shareholders' equity | 2,879,229 | — | — | 484,000 | | 3,363,229 |
| Total liabilities, net investment of Parent, and shareholders' equity | $6,072,310 | $1,962,647 | $ — | $ (826,165) | | $ 7,208,792 |

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

**Open Text Corporation**
**Unaudited Pro Forma Condensed Consolidated Statement of Income**
**For the Three Months Ended September 30, 2016**
**(In thousands of U.S. Dollars, except per share data)**

| | OpenText | ECD | | Reclassifications | | Pro Forma Adjustments | | Reclassifications and Pro Forma Adjustments Combined |
|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | |
| License | $ 60,656 | $ 30,870 | | $ (2,567) | (Q) | $ — | | $ 88,959 |
| Cloud services and subscriptions | 169,687 | — | | 7,966 | (Q) | — | | 177,653 |
| Customer support | 210,206 | — | | 74,887 | (Q) | — | | 285,093 |
| Professional service and other | 51,115 | 104,040 | | (80,286) | (Q) | — | | 74,869 |
| Total revenues | 491,664 | 134,910 | | — | | — | | 626,574 |
| Cost of revenues: | | | | | | | | |
| License | 3,845 | 7,303 | | (3,594) | (R) | — | | 7,554 |
| Cloud services and subscriptions | 70,292 | — | | 4,323 | (R) | — | | 74,615 |
| Customer support | 25,738 | — | | 11,756 | (R) | — | | 37,494 |
| Professional service and other | 41,343 | 42,425 | | (16,602) | (R) | — | | 67,166 |
| Amortization of acquired technology-based intangible assets | 23,135 | — | | 3,495 | (R) | 13,551 | (S) | 40,181 |
| Total cost of revenues | 164,353 | 49,728 | | (622) | | 13,551 | | 227,010 |
| Gross profit | 327,311 | 85,182 | | 622 | | (13,551) | | 399,564 |
| Operating expenses: | | | | | | | | |
| Research and development | 58,572 | 28,479 | | (536) | (R) | — | | 86,515 |
| Sales and marketing | 95,148 | 54,337 | | (11,868) | (R) | — | | 137,617 |
| General and administrative | 38,197 | — | | 11,485 | (R) | 252 | (T) | 49,934 |
| Depreciation | 15,270 | — | | 1,259 | (R) | (203) | (U) | 16,326 |
| Amortization of acquired customer-based intangible assets | 33,608 | — | | 282 | (R) | 11,187 | (S) | 45,077 |
| Special charges | 12,454 | 448 | | — | | (3,720) | (V) | 9,182 |
| Total operating expenses | 253,249 | 83,264 | | 622 | | 7,516 | | 344,651 |
| Income from operations | 74,062 | 1,918 | (P) | — | | (21,067) | | 54,913 |
| Other income (expense), net | 6,699 | — | | — | | — | | 6,699 |
| Interest and other related expense, net | (27,275) | — | | — | | (7,402) | (W) | (34,677) |
| Income before income taxes | 53,486 | 1,918 | | — | | (28,469) | | 26,935 |
| Provision for (recovery of) income taxes | (859,425) | (506) | | — | | (7,865) | (X) | (867,796) |
| Net income (loss) for the period | 912,911 | 2,424 | | — | | (20,604) | | 894,731 |
| Less: Net (income) attributable to non-controlling interest | (27) | — | | — | | — | | (27) |
| Net income (loss), attributable to controlling interest | $ 912,884 | $ 2,424 | | $ — | | $ (20,604) | | $ 894,704 |
| Earnings per share, attributable to OpenText—basic | $ 7.52 | | | | | | | $ 6.89 |
| Earnings per share, attributable to OpenText—diluted | $ 7.46 | | | | | | | $ 6.84 |
| Weighted average number of Common Shares outstanding—basic | 121,455 | | | | | 8,356 | (Y) | 129,811 |
| Weighted average number of Common Shares outstanding—diluted | 122,371 | | | | | 8,356 | (Y) | 130,727 |
| Dividends declared per Common Share | $ 0.23 | | | | | | | $ 0.23 |

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

**Open Text Corporation**
**Unaudited Pro Forma Consolidated Statement of Income**
**For the Twelve Months Ended June 30, 2016**
**(In thousands of U.S. Dollars, except per share data)**

| | OpenText | ECD | Reclassifications | | Pro Forma Adjustments | | Reclassifications and Pro Forma Adjustments Combined |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| License | $ 283,710 | $ 157,049 | $ (8,270) | (Q) | $ — | | $ 432,489 |
| Cloud services and subscriptions | 601,018 | — | 27,610 | (Q) | — | | 628,628 |
| Customer support | 746,409 | — | 304,575 | (Q) | — | | 1,050,984 |
| Professional service and other | 193,091 | 423,002 | (323,915) | (Q) | — | | 292,178 |
| Total revenues | 1,824,228 | 580,051 | — | | — | | 2,404,279 |
| Cost of revenues: | | | | | | | |
| License | 10,296 | 42,550 | (24,536) | (R) | — | | 28,310 |
| Cloud services and subscriptions | 244,021 | — | 16,075 | (R) | — | | 260,096 |
| Customer support | 89,861 | — | 37,017 | (R) | — | | 126,878 |
| Professional service and other | 155,584 | 145,103 | (54,600) | (R) | — | | 246,087 |
| Amortization of acquired technology-based intangible assets | 74,238 | — | 24,141 | (R) | 44,043 | (S) | 142,422 |
| Total cost of revenues | 574,000 | 187,653 | (1,903) | | 44,043 | | 803,793 |
| Gross profit | 1,250,228 | 392,398 | 1,903 | | (44,043) | | 1,600,486 |
| Operating expenses: | | | | | | | |
| Research and development | 194,057 | 73,598 | (2,125) | (R) | — | | 265,530 |
| Sales and marketing | 344,235 | 159,220 | (32,743) | (R) | — | | 470,712 |
| General and administrative | 140,397 | — | 29,224 | (R) | 1,009 | (T) | 170,630 |
| Depreciation | 54,929 | — | 4,540 | (R) | (317) | (U) | 59,152 |
| Amortization of acquired customer-based intangible assets | 113,201 | — | 3,007 | (R) | 42,869 | (S) | 159,077 |
| Special charges | 34,846 | 304 | — | | — | | 35,150 |
| Total operating expenses | 881,665 | 233,122 | 1,903 | | 43,561 | | 1,160,251 |
| Income from operations | 368,563 | 159,276 | — | | (87,604) | | 440,235 |
| Other income (expense), net | (1,423) | — | — | | — | | (1,423) |
| Interest and other related expense, net | (76,363) | — | — | | (29,607) | (W) | (105,970) |
| Income before income taxes | 290,777 | 159,276 | — | | (117,211) | | 332,842 |
| Provision for (recovery of) income taxes | 6,282 | 31,704 | — | | (18,441) | (X) | 19,545 |
| Net income (loss) for the period | 284,495 | 127,572 | — | | (98,770) | | 313,297 |
| Net (income) attributable to non-controlling interest | (18) | — | — | | — | | (18) |
| Net income (loss), attributable to controlling interest | $ 284,477 | $ 127,572 | $ — | | $ (98,770) | | $ 313,279 |
| Earnings per share, attributable to OpenText—basic | $ 2.34 | | | | | | $ 2.41 |
| Earnings per share, attributable to OpenText—diluted | $ 2.33 | | | | | | $ 2.40 |
| Weighted average number of Common Shares outstanding—basic | 121,463 | | | | 8,356 | (Y) | 129,819 |
| Weighted average number of Common Shares outstanding—diluted | 122,038 | | | | 8,356 | (Y) | 130,394 |
| Dividends declared per Common Share | $ 0.83 | | | | | | $ 0.83 |

See accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements
## (in thousands of U.S. Dollars, except share and per share amounts)

**Note 1: Basis of Pro Forma Presentation**

Prior to the Anticipated Acquisition, historical financial statements of the ECD Business were included in the consolidated financial statements of Dell-EMC. The ECD Business is not a legal entity and did not exist as a legal entity during the periods presented in the accompanying Unaudited Pro Forma Condensed Consolidated Financial Statements.

The Unaudited Pro Forma Condensed Consolidated Financial Statements were prepared using the most recently made available financial statements of OpenText and the ECD Business. For OpenText, the most recently available financial statements included:

- a condensed consolidated balance sheet as of September 30, 2016;
- a consolidated statement of income for the year ended June 30, 2016; and
- a condensed consolidated statement of income for the three months ended September 30, 2016.

For the ECD Business, the most recently available financial statements included:

- a consolidated balance sheet as of September 30, 2016;
- a consolidated statement of operations for the twelve months ended June 30, 2016; and
- a consolidated statement of operations for the three months ended September 30, 2016.

OpenText's fiscal year ends on June 30 and historically, prior to the acquisition by Dell Technologies on September 7, 2016, EMC's fiscal year ended on December 31. To comply with the rules and regulations of the SEC (as will be applicable to the pro forma financial information required to be filed with the Current Report on Form 8-K after the closing of the Anticipated Acquisition under Item 9.01(b) thereof) and Canadian securities regulatory authorities for companies with different fiscal year ends, the Unaudited Pro Forma Condensed Consolidated Financial Statements have been prepared utilizing periods that differ by less than 93 days. The Unaudited Pro forma Condensed Consolidated Statement of Income for the three months ended September 30, 2016 was prepared using the historical statement of income of OpenText for the three months ended September 30, 2016 and the historical statement of operations of the ECD Business for the three months ended September 30, 2016. The Unaudited Pro forma Consolidated Statement of Income for the year ended June 30, 2016 was prepared using the historical statement of income of OpenText for the year ended June 30, 2016 and the historical statement of operations of the ECD Business for the twelve months ended June 30, 2016, which was calculated by taking the audited statement of operations of the ECD Business for the year ended December 31, 2015, subtracting the unaudited statement of operations for the six months ended June 30, 2015, and adding the unaudited statement of operations for the six months ended June 30, 2016 (see Note 4). The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016 was prepared using the historical balance sheet of OpenText as of September 30, 2016 and the historical balance sheet of the ECD Business as of September 30, 2016.

The Unaudited Pro Forma Condensed Consolidated Financial Statements are based upon the historical financial statements of OpenText and the ECD Business after giving effect to the Anticipated Acquisition and the Financing Transactions. The Anticipated Acquisition is expected to be accounted for as a business combination pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805 "Business Combinations" (Topic 805). In accordance with Topic 805, the Company recognizes separately from goodwill, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree, generally at the acquisition date fair value as defined by ASC Topic 820 "Fair Value Measurements and Disclosures". Goodwill, as of the acquisition date is measured as the excess of consideration transferred, which is also measured at fair value, and the net of the acquisition date fair value of the identifiable assets acquired and the liabilities assumed.

The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2016 is presented as if both the Anticipated Acquisition and the Financing Transactions occurred on September 30, 2016. The Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended June 30, 2016 and the three months ended September 30, 2016 are presented as if both the Anticipated Acquisition and the Financing Transactions occurred on July 1, 2015. The Unaudited Pro Forma Condensed Consolidated Statements of Income exclude any non-recurring charges or credits directly attributable to the Anticipated Acquisition.

## Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements
## (in thousands of U.S. Dollars, except share and per share amounts)

**Details and Assumptions about the Transaction**

While the Anticipated Acquisition and the Financing Transactions have not closed as of the filing of this Current Report on Form 8-K, the Unaudited Pro Forma Condensed Consolidated Financial Statements give pro forma effect to the Anticipated Acquisition and the Financing Transactions. The actual details of the transactions at the time of closing of the Anticipated Acquisition and the Financing Transactions could be materially different. For purposes of preparing the Unaudited Pro Forma Condensed Consolidated Financial Statements, the following assumptions about the Anticipated Acquisition and the Financing Transactions have been made:

- Total purchase price of $1.62 billion
- The Anticipated Acquisition was assumed to be financed through
  - $500 million raised through the Equity Offering;
  - $500 million raised through the Debt Financing at an assumed interest rate of 5.875% based on the interest rate for OpenText's outstanding Senior Notes due 2026, which were issued on May 31, 2016; and
  - cash on hand of $620 million for the remainder of the purchase price.

Other significant assumptions and estimates were made in determining the preliminary allocation of the purchase price in the Unaudited Pro Forma Condensed Consolidated Financial Statements. These preliminary estimates and assumptions are subject to change upon the actual closing of the Anticipated Acquisition and during the measurement period (up to one year from the actual acquisition date) as the Company finalizes the fair valuations of the net tangible assets, intangible assets, tax-related assets and liabilities and the resultant goodwill. In particular, the final valuations of identifiable intangible and net tangible assets may change significantly from the Company's preliminary estimates. These changes could result in material variances between its future financial results and the amounts presented in the Unaudited Pro Forma Condensed Consolidated Financial Statements, including variances in fair values recorded, as well as expenses and cash flows associated with them.

The Company continues to review, in detail, the ECD Business accounting policies. As a result of the review it may identify differences in accounting policies between the two companies, that when conformed, could have a material impact on the financial results of the combined company. Based on information available at the time of the filing of this Current Report on Form 8-K, the Company is not aware of any differences in accounting policies that would have a material impact on the financial results of the combined company other than those reflected in the Unaudited Pro Forma Condensed Consolidated Financial Statements described in Note 3.

The Unaudited Pro Forma Condensed Consolidated Financial Statements are provided for illustrative purposes only and are not intended to represent or be indicative of the consolidated results of operations or financial position of OpenText that would have been recorded had the Anticipated Acquisition and the Financing Transactions been completed as of the dates presented, and should not be taken as representative of future results of operations or financial position of the combined company. For instance, the Pro Forma Condensed Consolidated Statement of Income for the year ended June 30, 2016 does not reflect the fact that the Company subsequently implemented a worldwide reorganization of its subsidiaries in July 2016, which had a material impact to the Company's results of operations in future quarters. The Unaudited Pro Forma Condensed Consolidated Financial Statements also do not reflect the impacts of any potential operational efficiencies, cost savings or economies of scale that the Company may achieve with respect to the combined operations of OpenText and the ECD Business (although no assurance can be given that any can be achieved) and do not include all costs that are expected to be directly attributed to the Anticipated Acquisition, such as, but not limited to, costs necessary to integrate the operations of the ECD Business with OpenText and restructuring costs that may be necessary to achieve cost savings and operating synergies. Additionally, the Unaudited Pro Forma Condensed Consolidated Financial Statements do not include any non-recurring charges or credits directly attributable to the Anticipated Acquisition.

The Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the historical consolidated financial statements of OpenText and accompanying notes contained in OpenText's Annual Report on Form 10-K and Quarterly Report on Form 10-Q for its fiscal year ended June 30, 2016 and three months ended September 30, 2016, respectively, and the historical audited consolidated financial statements for the year ended December 31, 2015 and the unaudited consolidated financial statements for the nine months ended September 30, 2016 of the ECD Business and accompanying notes contained in this Current Report on Form 8-K.

Unless otherwise indicated all dollar amounts included herein are expressed in thousands of U.S. dollars.

## Note 2: Preliminary Purchase Price Allocation

### Description of the Anticipated Acquisition of the ECD Business

The Company currently anticipates that it will acquire the ECD Business in an all-cash transaction for a purchase price of $1.62 billion. For the purpose of the Unaudited Pro Forma Condensed Consolidated Financial Statements, the purchase price of the ECD Business has been allocated to the ECD Business' tangible and identifiable intangible assets acquired and liabilities assumed, based on their estimated fair values as though the Anticipated Acquisition occurred on September 30, 2016. For certain assets and liabilities, the book values as of the balance sheet date have been determined to reflect fair values. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation undertaken by the Company and the Company's estimates and assumptions are subject to change upon the closing of the Anticipated Acquisition and within the measurement period (up to one year from the actual acquisition date). The Company expects to continue to obtain information to assist it in determining the fair value of the net assets acquired at the acquisition date and during the measurement period.

The Company's preliminary purchase price allocation for the ECD Business is as follows:

| | |
|---|---|
| Current assets | $ 4,491 |
| Non-current assets | 153,974 |
| Intangible assets | 856,700 |
| Goodwill | 760,380 |
| Total assets acquired | 1,775,545 |
| Current liabilities assumed | (132,848) |
| Non-current liabilities assumed | (22,697) |
| Net assets acquired | $1,620,000 |

*Preliminary Pre-Acquisition Contingencies Assumed*

The Unaudited Pro Forma Condensed Consolidated Financial Statements do not include any estimate for pre-acquisition contingencies that may be assumed upon the closing of the Anticipated Acquisition. Currently, the Company does not anticipate that it will assume any pre-acquisition contingencies from the ECD Business, however, upon the closing of the Anticipated Acquisition, the Company will gather information and evaluate whether any pre-acquisition contingencies have been assumed. If identified, such amounts will be included in the purchase price allocation at their fair value and will result in additional goodwill.

**(in thousands of U.S. Dollars, except share and per share amounts)**

**Note 3: Reclassifications and Pro Forma Adjustments Notes**

The following adjustments have been reflected in the Unaudited Pro Forma Condensed Consolidated Financial Statements:

A. Represents, as of September 30, 2016, the impact on OpenText's cash as of the closing of the Anticipated Acquisition as set forth below:

| | |
|---|---|
| Gross Proceeds from the Debt Financing (see Note 1) | $ 500,000 |
| Gross Proceeds from the Equity Offering (see Note 1) | 500,000 |
| Less: | |
| Total cash consideration paid for the Anticipated Acquisition | (1,620,000) |
| Estimated debt issuance costs relating to the Debt Financing (1) | (3,063) |
| Estimated share issuance costs relating to the Equity Offering (1) | (16,000) |
| Net decrease in OpenText cash and cash equivalents | $ (639,063) |

(1) Represents estimated fees and expenses related to the respective offering, including discounts and commissions, legal, accounting and advisory fees and other transaction costs.

A one dollar increase or decrease in the amount raised through the Equity Offering would result in the same corresponding one dollar decrease or increase in the amount raised through the Debt Financing.

If the Company did not finance the transaction through the Financing Transactions, as assumed under Note 1 above, but rather relied solely on the Commitment Letter to finance the Anticipated Acquisition, then OpenText cash and cash equivalents on a pro forma combined basis would be an outflow of approximately $630.0 million.

B. To eliminate the historical Accounts Receivable of the ECD Business not acquired as part of the Anticipated Acquisition.

C. To record the following estimated fair value adjustments:

| | |
|---|---|
| Exclude prepaid expense not acquired as part of the Anticipated Acquisition | $(2,934) |
| Estimated leasehold fair value adjustment to prepaid expense and other current assets | 1,009 |
| Net preliminary adjustment to prepaid expense and other current assets | $(1,925) |

D. To record the estimated fair value adjustments to property and equipment.

E. To eliminate the historical goodwill of the ECD Business and to record the preliminary valuation of goodwill related to the Anticipated Acquisition:

| | |
|---|---|
| Elimination of the ECD Business' historical goodwill | $(1,807,859) |
| Preliminary goodwill from the Anticipated Acquisition | 760,380 |
| Net preliminary adjustment to goodwill | $(1,047,479) |

F. To eliminate the historical intangible assets of the ECD Business and to record the preliminary valuation of intangible assets related to the Anticipated Acquisition:

| | |
|---|---|
| Elimination of the ECD Business' historical intangible assets | $ (4,883) |
| Preliminary valuation of technology intangible assets acquired from the Anticipated Acquisition | 375,000 |
| Preliminary valuation of customer intangible assets acquired from the Anticipated Acquisition | 481,700 |
| Net preliminary adjustment to intangible assets | $851,817 |

G. To record a preliminary deferred tax asset / liability associated with the preliminary valuation of intangible assets and deferred revenue acquired, net of an adjustment to eliminate the historical deferred tax asset and liability balances of the ECD Business.

**(in thousands of U.S. Dollars, except share and per share amounts)**

H. To record the following estimated fair value adjustments:

| | |
|---|---|
| Elimination of the ECD Business' historical capitalized software | $(20,897) |
| Exclude other assets not acquired as part of the Anticipated Acquisition | (2,025) |
| Estimated fair value adjustment of leased assets | 756 |
| Net preliminary adjustment to other assets | $(22,166) |

I. To eliminate accounts payable and accrued liabilities of the ECD Business that are not acquired as part of the Anticipated Acquisition.

J. To record the preliminary fair value adjustment to deferred revenues acquired. The fair value represents an amount equivalent to estimated cost plus an appropriate profit margin to perform the services related to open contracts based on deferred revenue balances of the ECD Business as of September 30, 2016. The preliminary deferred revenue fair value adjustment is not reflected on the Unaudited Pro Forma Condensed Consolidated Statements of Income as it primarily relates to the current portion and is a non-recurring charge.

| | Current Deferred Revenue | Long-term Deferred Revenue |
|---|---|---|
| Elimination of the ECD Business' historical deferred revenue | $(160,135) | $ (18,952) |
| Estimated fair value of deferred revenue acquired | 125,094 | 10,319 |
| Net preliminary adjustment to deferred revenue | $ (35,041) | $ (8,633) |

K. To exclude income taxes payable of the ECD Business that are not acquired as part of the Anticipated Acquisition.

L. To record the following estimated fair value adjustments:

| | |
|---|---|
| Exclude long-term liabilities of the ECD Business not acquired as part of the Anticipated Acquisition | $(4,518) |
| Estimated fair value adjustment of asset retirement obligations | 288 |
| Net preliminary adjustment to long-term liabilities | $(4,230) |

M. To record borrowings from the Debt Financing:

| | |
|---|---|
| **Non-current portion of debt** | |
| New long-term debt from the Debt Financing | $500,000 |
| New estimated debt issuance costs from the Debt Financing (1) | (3,063) |
| Net adjustment to non-current debt | $496,937 |

(1) The Company early adopted accounting standards update no. 2015-03 "Simplifying the Presentation of Debt Issuance Costs" in its fourth quarter of Fiscal 2016. As a result, the Company presents debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability.

A one dollar increase or decrease in the amount raised through the Equity Offering would result in the same corresponding one dollar decrease or increase in the amount raised through the Debt Financing and would cause the net adjustment to total debt to decrease or increase by a corresponding amount, less the impact of debt issuance costs.

If the Company did not finance the Anticipated Acquisition through the Financing Transactions, as assumed under Note 1 above, but rather relied solely on the Commitment Letter to finance the Anticipated Acquisition, the net adjustment to the current portion and non-current portion of long term debt would be approximately $142.9 million and $847.1 million, respectively, after adjusting for approximately $10 million in debt issuance costs.

(in thousands of U.S. Dollars, except share and per share amounts)

N. To eliminate the ECD Business' historical net investment of Parent.

O. To record the following adjustments to the respective components of share capital:

| | |
|---|---|
| **Share capital** | |
| To record the issuance of OpenText shares from the Equity Offering | $500,000 |
| New estimated equity issuance costs from the Equity Offering | (16,000) |
| Net adjustment to share capital | $484,000 |

For each dollar increase or decrease in the amount raised through the Equity Offering, the net adjustment to share capital would increase or decrease by a corresponding amount, less the impact of equity issuance costs.

If the Company did not finance the Anticipated Acquisition through the Financing Transactions, as assumed under Note 1 above, but rather relied solely on the Commitment Letter to finance the Anticipated Acquisition, there would be no adjustment to share capital.

P. Included in the ECD Business' income from operations is a one-time, non-recurring charge of approximately $27 million relating to accelerated stock awards that vested upon ECD being acquired by Dell Technologies and approximately $4 million of compensation costs related to merger-related retention bonuses with ECD employees participating in Dell Technologies' cash-based long term incentive plan. For more information see Note H to the ECD Business' financial statements for the nine months ended September 30, 2016, which has been included in this Current Report on Form 8-K under Exhibit 99.2. These charges have not been adjusted on a pro forma basis as they were not a direct result of the Anticipated Acquisition.

The following illustrates the impact of these non-recurring charges on the ECD Business' results of operations for the three months ended September 30, 2016:

| | |
|---|---|
| Cost of revenues: customer support | $ 1,574 |
| Cost of revenues: professional services | 6,688 |
| Research and development expense | 8,851 |
| Sales and marketing expense | 9,035 |
| General and administrative expense | 4,697 |
| Total | $30,845 |

Q. To reclassify the ECD Business' revenue presentation to conform to OpenText's presentation:

| | Three Months Ended September 30, 2016 | Year Ended June 30, 2016 |
|---|---|---|
| Cloud services and subscriptions | $ 7,966 | $ 27,610 |
| Customer support | 74,887 | 304,575 |
| Reclassification from the ECD Business' license revenue | (2,567) | (8,270) |
| Reclassification from the ECD Business' service revenue | (80,286) | (323,915) |
| Net impact to total revenue | $ — | $ — |

(in thousands of U.S. Dollars, except share and per share amounts)

R. To reclassify the ECD Business' presentation of operating expenses to conform to OpenText's presentation:

**For the three months ended September 30, 2016:**

| | Reclassify Customer support cost of revenues | Reclassify Cloud services and subscriptions cost of revenues | Reclassify amortization of acquired technology to cost of revenues | Reclassify amortization of customer relationships as a separate line within operating expenses | Reclassify depreciation as a separate line within operating expenses | Reclassify general & administrative from Selling, general and administrative expenses | Reclassify amortization of capitalized software | Total reclassifications |
|---|---|---|---|---|---|---|---|---|
| **Cost of revenues:** | | | | | | | | |
| License | $ — | $ (99) | $ (25) | $ — | $ — | $ — | $ (3,470) | $ (3,594) |
| Cloud services | — | 4,323 | — | — | — | — | — | 4,323 |
| Customer support | 11,790 | — | — | — | (34) | — | — | 11,756 |
| Professional service and other | (11,790) | (4,224) | — | — | (588) | — | — | (16,602) |
| Amortization of acquired technology-based intangible assets | — | — | 25 | — | — | — | 3,470 | 3,495 |
| **Operating expenses:** | | | | | | | | |
| Research and development | — | — | — | — | (536) | — | — | (536) |
| Sales and marketing | — | — | — | (277) | (76) | (11,515) | — | (11,868) |
| General and administrative | — | — | — | (5) | (25) | 11,515 | — | 11,485 |
| Depreciation | — | — | — | — | 1,259 | — | — | 1,259 |
| Amortization of acquired customer-based intangible assets | — | — | — | 282 | — | — | — | 282 |
| Total impact to statement of income | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

(in thousands of U.S. Dollars, except share and per share amounts)

**For the twelve months ended June 30, 2016:**

| | Reclassify Customer support cost of revenues | Reclassify Cloud services and subscriptions cost of revenues | Reclassify amortization of acquired technology to cost of revenues | Reclassify amortization of customer relationships as a separate line within operating expenses | Reclassify depreciation as a separate line within operating expenses | Reclassify general & administrative from Selling, general and administrative expenses | Reclassify amortization of capitalized software | Total reclassifications |
|---|---|---|---|---|---|---|---|---|
| Cost of revenues: | | | | | | | | |
| License | $ — | $ (395) | $ (28) | $ — | $ — | $ — | $ (24,113) | $ (24,536) |
| Cloud services | — | 16,075 | — | — | — | — | — | 16,075 |
| Customer support | 37,174 | — | — | — | (157) | — | — | 37,017 |
| Professional service and other | (37,174) | (15,680) | — | — | (1,746) | — | — | (54,600) |
| Amortization of acquired technology-based intangible assets | — | — | 28 | — | — | — | 24,113 | 24,141 |
| Operating expenses: | | | | | | | | |
| Research and development | — | — | — | — | (2,125) | — | — | (2,125) |
| Sales and marketing | — | — | — | (2,970) | (386) | (29,387) | — | (32,743) |
| General and administrative | — | — | — | (37) | (126) | 29,387 | — | 29,224 |
| Depreciation | — | — | — | — | 4,540 | — | — | 4,540 |
| Amortization of acquired customer-based intangible assets | — | — | — | 3,007 | — | — | — | 3,007 |
| Total impact to statement of income | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

S. To record amortization relating to the estimated identifiable intangible assets that are expected to be recorded at the time of the Anticipated Acquisition of the ECD Business and to eliminate the ECD Business' historical amortization of intangible assets:

| | Three Months Ended September 30, 2016 | Year Ended June 30, 2016 |
|---|---|---|
| **Amortization of acquired technology assets** | | |
| Amortization of acquired intangible assets relating to the Anticipated Acquisition | $ 17,046 | $ 68,184 |
| Elimination of the ECD Business' historical intangible asset amortization | (3,495) | (24,141) |
| Net adjustment | $ 13,551 | $ 44,043 |
| **Amortization of acquired customer assets** | | |
| Amortization of acquired intangible assets relating to the Anticipated Acquisition | $ 11,469 | $ 45,876 |
| Elimination of the ECD Business' historical intangible asset amortization | (282) | (3,007) |
| Net adjustment | $ 11,187 | $ 42,869 |

**(in thousands of U.S. Dollars, except share and per share amounts)**

The Company has estimated the useful lives of acquired technology and customer intangible assets to be approximately 6 years and 11 years, respectively, which are being amortized on a straight-line basis.

T. To record the additional rent expense relating to lease fair value adjustment.

U. To adjust depreciation expense on account of the adjustment to the fair value of property and equipment and to eliminate the ECD Business' historical depreciation.

V. To eliminate acquisition-related transaction costs incurred by OpenText in connection with the Anticipated Acquisition as these costs are directly attributable to the Anticipated Acquisition and do not have a continuing impact on the combined company's financial results.

W. To record the estimated interest expense and the estimated amortization of debt issuance costs resulting from the Debt Financing:

| | Three Months Ended September 30, 2016 | Year Ended June 30, 2016 |
|---|---|---|
| Estimated interest expense associated with the Debt Financing | $ 7,344 | $ 29,376 |
| Estimated amortization of debt issuance costs associated with the Debt Financing | 58 | 231 |
| Net adjustment to interest and other related expense, net | $ 7,402 | $ 29,607 |

As discussed in Note 1, the interest rate on the Debt Financing is currently assumed at 5.875% based on the interest rate for OpenText's outstanding Senior Notes due 2026, which were issued on May 31, 2016. For more details relating to the Company's Senior Notes due 2026 and our existing credit facilities, see the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 under Note 10 "Long Term Debt". There can be no assurance that OpenText will commence or complete the Notes Offering or the Additional Debt Financing. However, for purposes of the Unaudited Pro Forma Condensed Consolidated Financial Statements, the Company made various assumptions as discussed under Note 1 above. The debt issuance costs assumed as part of the Debt Financing are being amortized over 10 years.

For each 1% increase or decrease in the assumed interest rate in connection with the Debt Financing, interest expense would increase or decrease, as applicable, by approximately $1.3 million for the three months ended September 30, 2016 and $5.0 million for the year ended June 30, 2016, respectively.

A one dollar increase or decrease in the amount raised through the Equity Offering would result in the same corresponding one dollar decrease or increase in the amount raised through the Debt Financing. For every one dollar increase or decrease in the amount raised through the Equity Offering, the net adjustment to interest and other related expense, net, would decrease or increase by a factor of this amount multiplied by the interest rate, which is currently assumed at 5.875% annually. Correspondingly, interest expense would then be prorated for the three months ended September 30, 2016 and twelve months ended June 30, 2016, respectively.

If the Company did not finance the Anticipated Acquisition through the Financing Transactions, as assumed under Note 1 above, but rather relied solely on the Commitment Letter to finance the Anticipated Acquisition, the net adjustment to interest and other related expense, net, assuming an interest rate of 3.25% and a life of 7 years, would be an expense of $8.4 million and $33.8 million, respectively, for the three months ended September 30, 2016 and twelve months ended June 30, 2016.

X. To record the pro forma tax impact at the weighted average estimated income tax rates applicable to the jurisdictions in which the pro forma adjustments are expected to be recorded. Additionally, the pro forma tax provision for the three months ended September 30, 2016 includes the impact of a $876.1 million tax benefit that OpenText recognized in its first quarter of Fiscal 2017 associated primarily with the recognition of a net deferred tax asset arising from the entry of intellectual property (IP) in Canada. For more details relating to this tax benefit, please see OpenText's quarterly report on Form 10-Q for the quarter ended September 30, 2016. The effective tax rate of the combined company in future periods will be significantly different than the pro forma rate for the three months ended September 30, 2016 as the $876.1 million tax benefit is specific to the IP reorganization that occurred in that period.

Y. To record the estimated issuance of OpenText common shares in connection with the Equity Offering.

For each one dollar increase or decrease in the amount raised through the Equity Offering, the weighted average shares outstanding on a diluted basis of OpenText, on a pro forma basis, would increase or decrease. For example, an increase of $100 million in the Equity Offering would increase the weighted average shares outstanding on a diluted basis by approximately 1.7 million shares for each of the three months ended September 30, 2016 and twelve months ended June 30, 2016, respectively. The corresponding earnings per share of OpenText, on a pro forma and diluted basis, would then be approximately $6.76 and $2.41 for the three months ended September 30, 2016 and twelve months ended June 30, 2016, respectively.

If the Company did not finance the Anticipated Acquisition through the Financing Transactions, as assumed under Note 1 above, but rather relied on the Commitment Letter to finance the Anticipated Acquisition, the weighted average shares outstanding on a diluted basis of OpenText, on a pro forma basis, would be approximately 122.4 million shares and 122.0 million shares, respectively, for the three months ended September 30, 2016 and twelve months ended June 30, 2016. The corresponding earnings per share of OpenText, on a pro forma and diluted basis, would then be approximately $7.31 and $2.54 for the three months ended September 30, 2016 and twelve months ended June 30, 2016, respectively.

**Note 4: Basis of the ECD Business Financial Statement Presentation within the Unaudited Pro Forma Condensed Consolidated Financial Statements.**

The ECD Business Unaudited Consolidated Statement of Operations for the twelve months ended June 30, 2016

For the purposes of the Unaudited Pro Forma Condensed Consolidated Financial Statements, information for the ECD Business has been obtained from the audited consolidated financial statements of the ECD Business for the years ended December 31, 2015 and 2014, the unaudited condensed consolidated financial statements for the six months ended June 30, 2016 and 2015, and the unaudited condensed consolidated financial statements for the nine months ended September 30, 2016 and 2015, respectively.

**Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements**
**(in thousands of U.S. Dollars, except share and per share amounts)**

The ECD Business' unaudited consolidated statement of operations for the twelve months ended June 30, 2016 has been constructed as follows:

| | Year ended December 31, 2015 (see Exhibit 99.1) | Six months ended June 30, 2015 | Six months ended December 31, 2015 | Six months ended June 30, 2016 | Twelve months ended June 30, 2016 |
|---|---|---|---|---|---|
| | (a) | (b) | (c) = (a) – (b) | (d) | (e) = (c) + (d) |
| **Revenues:** | | | | | |
| License | $ 151,510 | $ 66,933 | $ 84,577 | $ 72,472 | $ 157,049 |
| Services | 429,418 | 217,696 | 211,722 | 211,280 | 423,002 |
| **Total revenue** | 580,928 | 284,629 | 296,299 | 283,752 | 580,051 |
| **Costs and expenses:** | | | | | |
| Cost of license | 44,753 | 19,460 | 25,293 | 17,257 | 42,550 |
| Cost of services | 152,384 | 78,839 | 73,545 | 71,558 | 145,103 |
| Research and development | 70,395 | 34,165 | 36,230 | 37,368 | 73,598 |
| Selling, general and administrative | 164,935 | 84,106 | 80,829 | 78,391 | 159,220 |
| Restructuring | 16,651 | 14,995 | 1,656 | (1,352) | 304 |
| **Total operating expenses** | 449,118 | 231,565 | 217,553 | 203,222 | 420,775 |
| Operating income | 131,810 | 53,064 | 78,746 | 80,530 | 159,276* |
| income tax provision | 25,973 | 10,700 | 15,273 | 16,431 | 31,704 |
| Net income | $ 105,837 | $ 42,364 | $ 63,473 | $ 64,099 | $ 127,572 |

* Included in operating income for the twelve months ended June 30, 2016 is stock compensation expense of $22.8 million and a recovery of $13.9 million relating to capitalized software costs.

The ECD Business' unaudited condensed consolidated statement of operations for the three months ended September 30, 2016 has been constructed as follows:

| | Nine months ended September 30, 2016 (see Exhibit 99.2) | Six months ended June 30, 2016 | Three months ended September 30, 2016 |
|---|---|---|---|
| | (a) | (b) | (c) = (a) – (b) |
| **Revenues:** | | | |
| License | $ 103,342 | $ 72,472 | $ 30,870 |
| Services | 315,320 | 211,280 | 104,040 |
| **Total revenue** | 418,662 | 283,752 | 134,910 |
| **Costs and expenses:** | | | |
| Cost of license | 24,560 | 17,257 | 7,303 |
| Cost of services | 113,983 | 71,558 | 42,425 |
| Research and development | 65,847 | 37,368 | 28,479 |
| Selling, general and administrative | 132,728 | 78,391 | 54,337 |
| Restructuring | (904) | (1,352) | 448 |
| **Total operating expenses** | 336,214 | 203,222 | 132,992 |
| Operating income | 82,448 | 80,530 | 1,918* |
| income tax provision | 15,925 | 16,431 | (506) |
| Net income | $ 66,523 | $ 64,099 | $ 2,424 |

* Included in operating income for the three months ended September 30, 2016 is stock compensation expense of $30.6 million, of which approximately $27.0 million is relating to accelerated stock awards that vested upon EMC being acquired by Dell Technologies. For more information see Note H to the ECD Business' financial statements for the nine months ended September 30, 2016, which has been included in this Current Report on Form 8-K under Exhibit 99.2. Additionally, included in operating income for the three months ended September 30, 2016 is a recovery of $1.4 million relating to capitalized software costs.

**Forward-Looking Statements**

This document contains forward-looking statements concerning the future performance of OpenText's business, its operations and its financial results and condition, including with respect to the Anticipated Acquisition, the Debt Financing, the Equity Offering and the anticipated integration of the ECD Business. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms. These statements reflect beliefs and assumptions which are based on OpenText's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. In making these statements, OpenText has made assumptions with respect to: the ability of OpenText to successfully commence and complete the Debt Financing and/or the Equity Offering; the number of OpenText's common shares and price of these common shares to be sold pursuant to the Equity Offering; the interest rate and aggregate principal amount of the Notes Offering; the interest rate of the Additional Debt Financing'; the ability of OpenText to successfully consummate the Anticipated Acquisition; the Anticipated Acquisition closing within 90 to 120 days of the date of the Master Acquisition Agreement; the ability of OpenText and the ECD Business to integrate effectively; the ability of OpenText to predict and adapt to changing customer requirements, preferences and spending patterns; the ability of OpenText to protect its intellectual property; future capital expenditures, including the amount and nature thereof; trends and developments in the information technology and financial sectors and other sectors of the economy; which are related to these sectors; business strategy and outlook; expansion and growth of business and operations; credit risks; anticipated acquisitions; future results being similar to historical results; the historical dividend being maintained; expectations related to future general economic and market conditions; and other matters. OpenText's beliefs and assumptions are inherently subject to significant political, business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. OpenText's beliefs and assumptions may prove to be inaccurate and consequently the Company's actual results could differ materially from the expectations set out herein. If any of these risks or uncertainties materialize or any of these assumptions prove incorrect, the actual results or performance of OpenText and its consolidated subsidiaries could differ materially from those expressed or implied by forward-looking statements.

Actual results or events could differ materially from those contemplated in such forward-looking statements as a result of risks and uncertainties referred to above, including: the challenges of integration associated with the Anticipated Acquisition or other planned acquisitions; the inability to complete the Debt Financing and/or the Equity Offering prior to the contractually required time for closing of the Anticipated Acquisition or otherwise secure favorable terms for such financing; the possibility that certain assumptions with respect to the ECD Business or the Anticipated Acquisition could prove to be inaccurate; the failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals and the satisfaction of the closing conditions to the Anticipated Acquisition; the costs associated with the Anticipated Acquisition and any potential restructuring costs that may be necessary to achieve cost savings and operating synergies; the inability to achieve anticipated synergies with the ECD Business or other acquired businesses; the increased indebtedness of OpenText after the closing of the Anticipated Acquisition and the potential for the incurrence of or assumption of debt in connection with future acquisitions and the impact on the ratings or outlooks of rating agencies on OpenText's outstanding debt securities; the inability to maintain revenues on a combined company basis; downward pressure on the Company's share price and dilutive effect of future sales or issuances of equity securities (including in connection with the the Anticipated Acquisition and/or other future acquisitions); employee management issues; the timely development, production and acceptance of products and services; the challenge of managing asset levels and expenses; and other risks that are described from time to time in OpenText's filings with the SEC, including, but not limited to OpenText's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, as well as documents filed with securities regulatory authorities in Canada.

Any forward-looking statement the Company makes in this document speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or how they may affect the Company. In any event, these and other important factors may cause actual results to differ materially from those indicated by the Company's forward-looking statements. The Company has no duty, and does not intend, to update or revise the forward-looking statements made in this document, except as may be required by law. In light of these risks and uncertainties, future events or circumstances described in any forward-looking statement in this document might not occur.