

Table 1
CA Technologies
Consolidated Statements of Operations
(unaudited)
(in millions, except per share amounts)

| | Three Months Ended | | Six Months Ended | |
|---|----------------------|-----------------|----------------------|-----------------|
| | <u>September 30,</u> | | <u>September 30,</u> | |
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenue: | | | | |
| Subscription and maintenance | \$ 832 | \$ 908 | \$ 1,668 | \$ 1,817 |
| Professional services | 83 | 91 | 162 | 178 |
| Software fees and other | 90 | 80 | 152 | 153 |
| Total revenue | <u>\$ 1,005</u> | <u>\$ 1,079</u> | <u>\$ 1,982</u> | <u>\$ 2,148</u> |
| Expenses: | | | | |
| Costs of licensing and maintenance | \$ 70 | \$ 71 | \$ 136 | \$ 143 |
| Cost of professional services | 78 | 88 | 149 | 169 |
| Amortization of capitalized software costs | 67 | 75 | 127 | 142 |
| Selling and marketing | 248 | 253 | 474 | 499 |
| General and administrative | 99 | 87 | 189 | 179 |
| Product development and enhancements | 151 | 150 | 287 | 300 |
| Depreciation and amortization of other intangible assets | 29 | 34 | 56 | 68 |
| Other expenses, net | 4 | 1 | 1 | 15 |
| Total expenses before interest and income taxes | <u>\$ 746</u> | <u>\$ 759</u> | <u>\$ 1,419</u> | <u>\$ 1,515</u> |
| Income from continuing operations before interest and income taxes | <u>\$ 259</u> | <u>\$ 320</u> | <u>\$ 563</u> | <u>\$ 633</u> |
| Interest expense, net | 12 | 12 | 21 | 26 |
| Income from continuing operations before income taxes | <u>\$ 247</u> | <u>\$ 308</u> | <u>\$ 542</u> | <u>\$ 607</u> |
| Income tax expense | 75 | 73 | 163 | 160 |
| Income from continuing operations | <u>\$ 172</u> | <u>\$ 235</u> | <u>\$ 379</u> | <u>\$ 447</u> |
| Income from discontinued operations, net of income taxes | \$ 2 | \$ 21 | \$ 7 | \$ 26 |
| Net income | <u>\$ 174</u> | <u>\$ 256</u> | <u>\$ 386</u> | <u>\$ 473</u> |
| Basic income per common share: | | | | |
| Income from continuing operations | \$ 0.39 | \$ 0.53 | \$ 0.86 | \$ 1.01 |
| Income from discontinued operations | - | 0.05 | 0.02 | 0.06 |
| Net income | <u>\$ 0.39</u> | <u>\$ 0.58</u> | <u>\$ 0.88</u> | <u>\$ 1.07</u> |
| Basic weighted average shares used in computation | 436 | 440 | 436 | 440 |
| Diluted income per common share: | | | | |
| Income from continuing operations | \$ 0.39 | \$ 0.53 | \$ 0.86 | \$ 1.00 |
| Income from discontinued operations | - | 0.05 | 0.02 | 0.06 |
| Net income | <u>\$ 0.39</u> | <u>\$ 0.58</u> | <u>\$ 0.88</u> | <u>\$ 1.06</u> |
| Diluted weighted average shares used in computation | 437 | 441 | 437 | 441 |

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Table 2
CA Technologies
Condensed Consolidated Balance Sheets
(in millions)

| | September 30, 2015 (unaudited) | March 31, 2015 |
|---|--------------------------------------|-------------------|
| Cash and cash equivalents | \$ 2,458 | \$ 2,804 |
| Trade accounts receivable, net | 439 | 652 |
| Deferred income taxes | 342 | 318 |
| Other current assets | 183 | 213 |
| Total current assets | \$ 3,422 | \$ 3,987 |
| Property and equipment, net | \$ 246 | \$ 252 |
| Goodwill | 6,120 | 5,806 |
| Capitalized software and other intangible assets, net | 953 | 731 |
| Deferred income taxes | 39 | 92 |
| Other noncurrent assets, net | 113 | 111 |
| Total assets | \$ 10,893 | \$ 10,979 |
| Current portion of long-term debt | \$ 8 | \$ 10 |
| Deferred revenue (billed or collected) | 1,870 | 2,114 |
| Deferred income taxes | 7 | 7 |
| Other current liabilities | 677 | 807 |
| Total current liabilities | \$ 2,562 | \$ 2,938 |
| Long-term debt, net of current portion | \$ 1,649 | \$ 1,253 |
| Deferred income taxes | 70 | 45 |
| Deferred revenue (billed or collected) | 646 | 863 |
| Other noncurrent liabilities | 264 | 255 |
| Total liabilities | \$ 5,191 | \$ 5,354 |
| Common stock | \$ 59 | \$ 59 |
| Additional paid-in capital | 3,614 | 3,631 |
| Retained earnings | 6,387 | 6,221 |
| Accumulated other comprehensive loss | (439) | (418) |
| Treasury stock | (3,919) | (3,868) |
| Total stockholders' equity | \$ 5,702 | \$ 5,625 |
| Total liabilities and stockholders' equity | \$ 10,893 | \$ 10,979 |

Table 3
CA Technologies
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in millions)

| | Three Months Ended September 30, | |
|--|-------------------------------------|------------------------|
| | <u>2015</u> | <u>2014</u> |
| Operating activities from continuing operations: | | |
| Net income | \$ 174 | \$ 256 |
| Income from discontinued operations | (2) | (21) |
| Income from continuing operations | <u>\$ 172</u> | <u>\$ 235</u> |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities: | | |
| Depreciation and amortization | 96 | 109 |
| Deferred income taxes | (18) | (29) |
| Provision for bad debts | - | 2 |
| Share-based compensation expense | 23 | 22 |
| Asset impairments and other non-cash items | - | (1) |
| Foreign currency transaction losses | 3 | 3 |
| Changes in other operating assets and liabilities, net of effect of acquisitions: | | |
| Decrease in trade accounts receivable | 3 | 12 |
| Decrease in deferred revenue | (257) | (212) |
| Decrease in taxes payable, net | (25) | (59) |
| Increase in accounts payable, accrued expenses and other | 24 | 8 |
| Increase in accrued salaries, wages and commissions | 17 | 18 |
| Changes in other operating assets and liabilities | <u>5</u> | <u>(42)</u> |
| Net cash provided by operating activities - continuing operations | <u>\$ 43</u> | <u>\$ 66</u> |
| Investing activities from continuing operations: | | |
| Acquisitions of businesses, net of cash acquired, and purchased software | \$ (610) | \$ (1) |
| Purchases of property and equipment | (10) | (13) |
| Proceeds from sale of short-term investments | 48 | - |
| Net cash used in investing activities - continuing operations | <u>\$ (572)</u> | <u>\$ (14)</u> |
| Financing activities from continuing operations: | | |
| Dividends paid | \$ (110) | \$ (111) |
| Purchases of common stock | (65) | - |
| Notional pooling borrowings, net | 13 | 45 |
| Debt borrowings (repayments), net | 399 | (3) |
| Debt issuance costs | (3) | - |
| Exercise of common stock options | - | 2 |
| Other financing activities | <u>5</u> | <u>-</u> |
| Net cash provided by (used in) financing activities - continuing operations | <u>\$ 239</u> | <u>\$ (67)</u> |
| Effect of exchange rate changes on cash | <u>\$ (70)</u> | <u>\$ (186)</u> |
| Net change in cash and cash equivalents - continuing operations | <u>\$ (360)</u> | <u>\$ (201)</u> |
| Cash provided by (used in) operating activities - discontinued operations | \$ 2 | \$ (31) |
| Cash provided by investing activities - discontinued operations | - | 170 |
| Net effect of discontinued operations on cash and cash equivalents | <u>\$ 2</u> | <u>\$ 139</u> |
| Decrease in cash and cash equivalents | <u>\$ (358)</u> | <u>\$ (62)</u> |
| Cash and cash equivalents at beginning of period | <u>\$ 2,816</u> | <u>\$ 3,255</u> |
| Cash and cash equivalents at end of period | <u><u>\$ 2,458</u></u> | <u><u>\$ 3,193</u></u> |

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Table 4
CA Technologies
Operating Segments
(unaudited)
(dollars in millions)

| | Three Months Ended September 30, 2015 | | | | Six Months Ended September 30, 2015 | | | |
|--|---------------------------------------|--|-------------------------|---------------|---------------------------------------|--|-------------------------|---------------|
| | Mainframe Solutions ⁽¹⁾ | Enterprise Solutions ⁽¹⁾ | Services ⁽¹⁾ | Total | Mainframe Solutions ⁽¹⁾ | Enterprise Solutions ⁽¹⁾ | Services ⁽¹⁾ | Total |
| Revenue ⁽²⁾ | \$ 554 | \$ 368 | \$ 83 | \$ 1,005 | \$ 1,114 | \$ 706 | \$ 162 | \$ 1,982 |
| Expenses ⁽³⁾ | 212 | 357 | 79 | 648 | 423 | 647 | 150 | 1,220 |
| Segment profit | \$ 342 | \$ 11 | \$ 4 | \$ 357 | \$ 691 | \$ 59 | \$ 12 | \$ 762 |
| Segment operating margin | 62% | 3% | 5% | 36% | 62% | 8% | 7% | 38% |
| Segment profit | | | | \$ 357 | | | | \$ 762 |
| Less: | | | | | | | | |
| Purchased software amortization | | | | 39 | | | | 67 |
| Other intangibles amortization | | | | 14 | | | | 25 |
| Internally developed software products amortization | | | | 28 | | | | 60 |
| Share-based compensation expense | | | | 23 | | | | 45 |
| Other (gains) expenses, net ⁽⁴⁾ | | | | (6) | | | | 2 |
| Interest expense, net | | | | 12 | | | | 21 |
| Income from continuing operations before income taxes | | | | \$ 247 | | | | \$ 542 |

| | Three Months Ended September 30, 2014 | | | | Six Months Ended September 30, 2014 | | | |
|--|---------------------------------------|--|-------------------------|---------------|---------------------------------------|--|-------------------------|---------------|
| | Mainframe Solutions ⁽¹⁾ | Enterprise Solutions ⁽¹⁾ | Services ⁽¹⁾ | Total | Mainframe Solutions ⁽¹⁾ | Enterprise Solutions ⁽¹⁾ | Services ⁽¹⁾ | Total |
| Revenue ⁽²⁾ | \$ 610 | \$ 378 | \$ 91 | \$ 1,079 | \$ 1,224 | \$ 746 | \$ 178 | \$ 2,148 |
| Expenses ⁽³⁾ | 234 | 327 | 89 | 650 | 469 | 652 | 171 | 1,292 |
| Segment profit | \$ 376 | \$ 51 | \$ 2 | \$ 429 | \$ 755 | \$ 94 | \$ 7 | \$ 856 |
| Segment operating margin | 62% | 13% | 2% | 40% | 62% | 13% | 4% | 40% |
| Segment profit | | | | \$ 429 | | | | \$ 856 |
| Less: | | | | | | | | |
| Purchased software amortization | | | | 31 | | | | 59 |
| Other intangibles amortization | | | | 16 | | | | 31 |
| Internally developed software products amortization | | | | 44 | | | | 83 |
| Share-based compensation expense | | | | 22 | | | | 42 |
| Other (gains) expenses, net ⁽⁴⁾ | | | | (4) | | | | 8 |
| Interest expense, net | | | | 12 | | | | 26 |
| Income from continuing operations before income taxes | | | | \$ 308 | | | | \$ 607 |

- (1) The Company's Mainframe Solutions and Enterprise Solutions segments comprise its software business organized by the nature of the Company's software offerings and the platform on which the products operate. The Services segment comprises product implementation, consulting, customer education and customer training, including those directly related to the Mainframe Solutions and Enterprise Solutions software that the Company sells to its customers.
- (2) The Company regularly enters into a single arrangement with a customer that includes mainframe solutions, enterprise solutions and services. The amount of contract revenue assigned to operating segments is generally based on the manner in which the proposal is made to the customer. The software product revenue is assigned to the Mainframe Solutions and Enterprise Solutions segments based on either: (1) a list price allocation method (which allocates a discount in the total contract price to the individual products in proportion to the list price of the product); (2) allocations included within internal contract approval documents; or (3) the value for individual software products as stated in the customer contract. The price for the implementation, consulting, education and training services is separately stated in the contract and these amounts of contract revenue are assigned to the Services segment. The contract value assigned to each operating segment is then recognized in a manner consistent with the revenue recognition policies the Company applies to the customer contract for purposes of preparing the Consolidated Financial Statements.
- (3) Segment expenses include costs that are controllable by segment managers (i.e., direct costs) and, in the case of the Mainframe Solutions and Enterprise Solutions segments, an allocation of shared and indirect costs (i.e., allocated costs). Segment-specific direct costs include a portion of selling and marketing costs, licensing and maintenance costs, product development costs and general and administrative costs. Allocated segment costs primarily include indirect and non-segment specific direct selling and marketing costs and general and administrative costs that are not directly attributable to a specific segment. The basis for allocating shared and indirect costs between the Mainframe Solutions and Enterprise Solutions segments is dependent on the nature of the cost being allocated and is either in proportion to segment revenues or in proportion to the related direct cost category. Expenses for the Services segment consist of cost of professional services and other direct costs included within selling and marketing and general and administrative expenses. There are no allocated or indirect costs for the Services segment.
- (4) Other (gains) expenses, net consists of costs associated with the FY2014 Board approved rebalancing initiative (the Fiscal 2014 Plan), certain foreign exchange derivative hedging gains and losses, and other miscellaneous costs.

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Table 5
CA Technologies
Constant Currency Summary
(unaudited)
(dollars in millions)

| | Three Months Ended September 30, | | | | Six Months Ended September 30, | | | |
|---|----------------------------------|----------|--------------------------------------|--|--------------------------------|----------|--------------------------------------|---|
| | 2015 | 2014 | % Increase (Decrease) in \$ US | % Increase (Decrease) in Constant Currency ⁽¹⁾ | 2015 | 2014 | % Increase (Decrease) in \$ US | % Increase (Decrease) in Constant Currency (1) |
| Bookings | \$ 1,383 | \$ 749 | 85% | 92% | \$ 2,045 | \$ 1,473 | 39% | 46% |
| Revenue: | | | | | | | | |
| North America | \$ 677 | \$ 693 | (2)% | (1)% | \$ 1,329 | \$ 1,375 | (3)% | (3)% |
| International | 328 | 386 | (15)% | 1% | 653 | 773 | (16)% | 0% |
| Total revenue | \$ 1,005 | \$ 1,079 | (7)% | (1)% | \$ 1,982 | \$ 2,148 | (8)% | (2)% |
| Revenue: | | | | | | | | |
| Subscription and maintenance | \$ 832 | \$ 908 | (8)% | (2)% | \$ 1,668 | \$ 1,817 | (8)% | (2)% |
| Professional services | 83 | 91 | (9)% | (3)% | 162 | 178 | (9)% | (3)% |
| Software fees and other | 90 | 80 | 13% | 17% | 152 | 153 | (1)% | 4% |
| Total revenue | \$ 1,005 | \$ 1,079 | (7)% | (1)% | \$ 1,982 | \$ 2,148 | (8)% | (2)% |
| Segment Revenue: | | | | | | | | |
| Mainframe solutions | \$ 554 | \$ 610 | (9)% | (3)% | \$ 1,114 | \$ 1,224 | (9)% | (3)% |
| Enterprise solutions | 368 | 378 | (3)% | 3% | 706 | 746 | (5)% | 0% |
| Services | 83 | 91 | (9)% | (3)% | 162 | 178 | (9)% | (3)% |
| Total expenses before interest and income taxes: | | | | | | | | |
| Total non-GAAP ⁽²⁾ | \$ 648 | \$ 650 | 0% | 5% | \$ 1,220 | \$ 1,292 | (6)% | (1)% |
| Total GAAP | 746 | 759 | (2)% | 1% | 1,419 | 1,515 | (6)% | (3)% |

(1) Constant currency information is presented to provide a framework for assessing how the Company's underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than U.S. dollars are converted into U.S. dollars at the exchange rate in effect on March 31, 2015, which was the last day of the prior fiscal year. Constant currency excludes the impacts from the Company's hedging program.

(2) Refer to Table 7 for a reconciliation of total expenses before interest and income taxes to total non-GAAP operating expenses.

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Certain non-material differences may arise versus actual from impact of rounding.

Table 6
CA Technologies
Reconciliation of Select GAAP Measures to Non-GAAP Measures
(unaudited)
(dollars in millions)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|--------|------------------|--------|
| | September 30, | | September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| GAAP net income | \$ 174 | \$ 256 | \$ 386 | \$ 473 |
| GAAP income from discontinued operations, net of income taxes | (2) | (21) | (7) | (26) |
| GAAP income from continuing operations | \$ 172 | \$ 235 | \$ 379 | \$ 447 |
| GAAP income tax expense | 75 | 73 | 163 | 160 |
| Interest expense, net | 12 | 12 | 21 | 26 |
| GAAP income from continuing operations before interest and income taxes | \$ 259 | \$ 320 | \$ 563 | \$ 633 |
| GAAP operating margin (% of revenue) ⁽¹⁾ | 26% | 30% | 28% | 29% |
| Non-GAAP adjustments to expenses: | | | | |
| Costs of licensing and maintenance ⁽²⁾ | \$ 1 | \$ 1 | \$ 3 | \$ 2 |
| Cost of professional services ⁽²⁾ | 1 | 1 | 2 | 2 |
| Amortization of capitalized software costs ⁽³⁾ | 67 | 75 | 127 | 142 |
| Selling and marketing ⁽²⁾ | 8 | 8 | 16 | 15 |
| General and administrative ⁽²⁾ | 9 | 7 | 16 | 13 |
| Product development and enhancements ⁽²⁾ | 4 | 5 | 8 | 10 |
| Depreciation and amortization of other intangible assets ⁽⁴⁾ | 14 | 16 | 25 | 31 |
| Other (gains) expenses, net ⁽⁵⁾ | (6) | (4) | 2 | 8 |
| Total Non-GAAP adjustment to operating expenses | \$ 98 | \$ 109 | \$ 199 | \$ 223 |
| Non-GAAP income from continuing operations before interest and income taxes | \$ 357 | \$ 429 | \$ 762 | \$ 856 |
| Non-GAAP operating margin (% of revenue) ⁽⁶⁾ | 36% | 40% | 38% | 40% |
| Interest expense, net | 12 | 12 | 21 | 26 |
| GAAP income tax expense | 75 | 73 | 163 | 160 |
| Non-GAAP adjustment to income tax expense ⁽⁷⁾ | 23 | 52 | 48 | 89 |
| Non-GAAP income tax expense | \$ 98 | \$ 125 | \$ 211 | \$ 249 |
| Non-GAAP income from continuing operations | \$ 247 | \$ 292 | \$ 530 | \$ 581 |

(1) GAAP operating margin is calculated by dividing GAAP income from continuing operations before interest and income taxes by total revenue (refer to Table 1 for total revenue).

(2) Non-GAAP adjustment consists of share-based compensation.

(3) For the three month periods ending September 30, 2015 and 2014, non-GAAP adjustment consists of \$39 million and \$31 million of purchased software amortization and \$28 million and \$44 million of internally developed software products amortization, respectively. For the six month periods ending September 30, 2015 and 2014, non-GAAP adjustment consists of \$67 million and \$59 million of purchased software amortization and \$60 million and \$83 million of internally developed software products amortization, respectively.

(4) Non-GAAP adjustment consists of other intangibles amortization.

(5) Non-GAAP adjustment consists of charges relating to the FY2014 Board approved rebalancing initiative (the Fiscal 2014 Plan) and certain other gains and losses, including gains and losses since inception of hedges that mature within the quarter, but excludes gains and losses of hedges that do not mature within the quarter.

(6) Non-GAAP operating margin is calculated by dividing non-GAAP income from continuing operations before interest and income taxes by total revenue (refer to Table 1 for total revenue).

(7) The full year non-GAAP income tax expense is different from GAAP income tax expense because of the difference in non-GAAP income from continuing operations before income taxes. On an interim basis, this difference would also include a difference in the impact of discrete and permanent items where for GAAP purposes the effect is recorded in the period such items arise, but for non-GAAP such items are recorded pro rata to the fiscal year's remaining reporting periods.

Refer to the discussion of non-GAAP financial measures included in the accompanying press release for additional information.

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Certain non-material differences may arise versus actual from impact of rounding.

Table 7
CA Technologies
Reconciliation of GAAP to Non-GAAP
Operating Expenses and Diluted Earnings per Share
(unaudited)
(in millions, except per share amounts)

| <u>Operating Expenses</u> | <u>Three Months Ended</u> <u>September 30,</u> | | <u>Six Months Ended</u> <u>September 30,</u> | |
|---|---|---------------|---|-----------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Total expenses before interest and income taxes | \$ 746 | \$ 759 | \$ 1,419 | \$ 1,515 |
| Non-GAAP operating adjustments: | | | | |
| Purchased software amortization | 39 | 31 | 67 | 59 |
| Other intangibles amortization | 14 | 16 | 25 | 31 |
| Internally developed software products amortization | 28 | 44 | 60 | 83 |
| Share-based compensation | 23 | 22 | 45 | 42 |
| Other (gains) expenses, net ⁽¹⁾ | (6) | (4) | 2 | 8 |
| Total non-GAAP operating adjustment | <u>\$ 98</u> | <u>\$ 109</u> | <u>\$ 199</u> | <u>\$ 223</u> |
| Total non-GAAP operating expenses | <u>\$ 648</u> | <u>\$ 650</u> | <u>\$ 1,220</u> | <u>\$ 1,292</u> |

| <u>Diluted EPS from Continuing Operations</u> | <u>Three Months Ended</u> <u>September 30,</u> | | <u>Six Months Ended</u> <u>September 30,</u> | |
|--|---|----------------|---|----------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| GAAP diluted EPS from continuing operations | \$ 0.39 | \$ 0.53 | \$ 0.86 | \$ 1.00 |
| Non-GAAP adjustments, net of taxes: | | | | |
| Purchased software amortization | 0.06 | 0.05 | 0.11 | 0.10 |
| Other intangibles amortization | 0.02 | 0.02 | 0.04 | 0.05 |
| Internally developed software products amortization | 0.04 | 0.08 | 0.09 | 0.14 |
| Share-based compensation | 0.04 | 0.04 | 0.07 | 0.07 |
| Other (gains) expenses, net ⁽¹⁾ | (0.01) | (0.01) | - | 0.01 |
| Non-GAAP effective tax rate adjustments ⁽²⁾ | 0.02 | (0.06) | 0.03 | (0.07) |
| Total non-GAAP adjustment | <u>\$ 0.17</u> | <u>\$ 0.12</u> | <u>\$ 0.34</u> | <u>\$ 0.30</u> |
| Non-GAAP diluted EPS from continuing operations | <u>\$ 0.56</u> | <u>\$ 0.65</u> | <u>\$ 1.20</u> | <u>\$ 1.30</u> |

(1) Other (gains) expenses, net consists of costs associated with the FY2014 Board approved rebalancing initiative (the Fiscal 2014 Plan), certain foreign exchange derivative hedging gains and losses, and other miscellaneous costs.

(2) The non-GAAP effective tax rate is equal to the full year GAAP effective tax rate, therefore no adjustment is required on an annual basis. On an interim basis, the difference in non-GAAP income tax expense and GAAP income tax expense relates to the difference in non-GAAP income from continuing operations before income taxes, and includes a difference in the impact of discrete and permanent items where for GAAP purposes the effect is recorded in the period such items arise but for non-GAAP purposes such items are recorded pro rata to the fiscal year's remaining reporting periods.

Refer to the discussion of non-GAAP financial measures included in the accompanying press release for additional information.

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Certain non-material differences may arise versus actual from impact of rounding.

Table 8
CA Technologies
Effective Tax Rate Reconciliation
GAAP and Non-GAAP
(unaudited)
(dollars in millions)

| | <u>Three Months Ended</u> <u>September 30, 2015</u> | | <u>Six Months Ended</u> <u>September 30, 2015</u> | |
|---|--|-----------------|--|-----------------|
| | <u>GAAP</u> | <u>Non-GAAP</u> | <u>GAAP</u> | <u>Non-GAAP</u> |
| Income from continuing operations before interest and income taxes ⁽¹⁾ | \$ 259 | \$ 357 | \$ 563 | \$ 762 |
| Interest expense, net | 12 | 12 | 21 | 21 |
| Income from continuing operations before income taxes | <u>\$ 247</u> | <u>\$ 345</u> | <u>\$ 542</u> | <u>\$ 741</u> |
| Statutory tax rate | 35% | 35% | 35% | 35% |
| Tax at statutory rate | \$ 86 | \$ 121 | \$ 190 | \$ 259 |
| Adjustments for discrete and permanent items ⁽²⁾ | (11) | (23) | (27) | (48) |
| Total tax expense | <u>\$ 75</u> | <u>\$ 98</u> | <u>\$ 163</u> | <u>\$ 211</u> |
| Effective tax rate ⁽³⁾ | 30.4% | 28.4% | 30.1% | 28.5% |

| | <u>Three Months Ended</u> <u>September 30, 2014</u> | | <u>Six Months Ended</u> <u>September 30, 2014</u> | |
|---|--|-----------------|--|-----------------|
| | <u>GAAP</u> | <u>Non-GAAP</u> | <u>GAAP</u> | <u>Non-GAAP</u> |
| Income from continuing operations before interest and income taxes ⁽¹⁾ | \$ 320 | \$ 429 | \$ 633 | \$ 856 |
| Interest expense, net | 12 | 12 | 26 | 26 |
| Income from continuing operations before income taxes | <u>\$ 308</u> | <u>\$ 417</u> | <u>\$ 607</u> | <u>\$ 830</u> |
| Statutory tax rate | 35% | 35% | 35% | 35% |
| Tax at statutory rate | \$ 108 | \$ 146 | \$ 212 | \$ 291 |
| Adjustments for discrete and permanent items ⁽²⁾ | (35) | (21) | (52) | (42) |
| Total tax expense | <u>\$ 73</u> | <u>\$ 125</u> | <u>\$ 160</u> | <u>\$ 249</u> |
| Effective tax rate ⁽³⁾ | 23.7% | 30.0% | 26.4% | 30.0% |

(1) Refer to Table 6 for a reconciliation of income from continuing operations before interest and income taxes on a GAAP basis to income from continuing operations before interest and income taxes on a non-GAAP basis.

(2) The effective tax rate for GAAP generally includes the impact of discrete and permanent items in the period such items arise, whereas the effective tax rate for non-GAAP generally allocates the impact of such items pro rata to the fiscal year's remaining reporting periods.

(3) The effective tax rate on GAAP and non-GAAP income from continuing operations is the Company's provision for income taxes expressed as a percentage of GAAP and non-GAAP income from continuing operations before income taxes, respectively. The non-GAAP effective tax rate is equal to the full year GAAP effective tax rate. On an interim basis, the effective tax rates are determined based on an estimated effective full year tax rate after the adjustments for the impacts of certain discrete items (such as changes in tax rates, reconciliations of tax returns to tax provisions and resolutions of tax contingencies).

Refer to the discussion of non-GAAP financial measures included in the accompanying press release for additional information.

Results reflect the discontinued operations associated with the CA ERwin Data Modeling and CA arcserve data protection businesses.

Certain non-material differences may arise versus actual from impact of rounding.

Table 9
CA Technologies
Reconciliation of Projected GAAP Metrics to Projected Non-GAAP Metrics
(unaudited)

| <u>Projected Diluted EPS from Continuing Operations</u> | <u>Fiscal Year Ending</u> <u>March 31, 2016</u> | |
|---|--|-------------------|
| Projected GAAP diluted EPS from continuing operations range | \$ 1.70 | to \$ 1.76 |
| Non-GAAP adjustments, net of taxes: | | |
| Purchased software amortization | 0.24 | 0.24 |
| Other intangibles amortization | 0.07 | 0.07 |
| Internally developed software products amortization | 0.18 | 0.18 |
| Share-based compensation | 0.15 | 0.15 |
| Total non-GAAP adjustment | <u>\$ 0.64</u> | <u>\$ 0.64</u> |
| Projected non-GAAP diluted EPS from continuing operations range | <u>\$ 2.34</u> | to <u>\$ 2.40</u> |

| <u>Projected Operating Margin</u> | <u>Fiscal Year Ending</u> <u>March 31, 2016</u> |
|---|--|
| Projected GAAP operating margin | 28% |
| Non-GAAP operating adjustments: | |
| Purchased software amortization | 4% |
| Other intangibles amortization | 1% |
| Internally developed software products amortization | 3% |
| Share-based compensation | 2% |
| Total non-GAAP operating adjustment | <u>10%</u> |
| Projected non-GAAP operating margin | <u>38%</u> |

Refer to the discussion of non-GAAP financial measures included in the accompanying press release for additional information.