

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

	Three Months Ended		Nine Months Ended	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue:				
Subscription and maintenance	\$ 892	\$ 929	\$ 2,709	\$ 2,773
Professional services	90	94	268	289
Software fees and other	109	105	262	266
Total revenue	<u>\$ 1,091</u>	<u>\$ 1,128</u>	<u>\$ 3,239</u>	<u>\$ 3,328</u>
Expenses:				
Costs of licensing and maintenance	\$ 74	\$ 77	\$ 217	\$ 216
Cost of professional services	84	88	253	264
Amortization of capitalized software costs	62	69	204	204
Selling and marketing	283	281	782	798
General and administrative	90	95	269	277
Product development and enhancements	143	144	443	418
Depreciation and amortization of other intangible assets	31	40	99	113
Other expenses, net ⁽¹⁾	6	13	21	153
Total expenses before interest and income taxes	<u>\$ 773</u>	<u>\$ 807</u>	<u>\$ 2,288</u>	<u>\$ 2,443</u>
Income from continuing operations before interest and income taxes	<u>\$ 318</u>	<u>\$ 321</u>	<u>\$ 951</u>	<u>\$ 885</u>
Interest expense, net	12	15	38	39
Income from continuing operations before income taxes	<u>\$ 306</u>	<u>\$ 306</u>	<u>\$ 913</u>	<u>\$ 846</u>
Income tax expense	88	81	248	60
Income from continuing operations	<u>\$ 218</u>	<u>\$ 225</u>	<u>\$ 665</u>	<u>\$ 786</u>
Income from discontinued operations, net of income taxes	\$ 4	\$ 7	\$ 30	\$ 21
Net income	<u>\$ 222</u>	<u>\$ 232</u>	<u>\$ 695</u>	<u>\$ 807</u>
Basic income per common share:				
Income from continuing operations	\$ 0.49	\$ 0.50	\$ 1.50	\$ 1.74
Income from discontinued operations	0.01	0.01	0.07	0.04
Net income	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 1.57</u>	<u>\$ 1.78</u>
Basic weighted average shares used in computation	440	446	440	448
Diluted income per common share:				
Income from continuing operations	\$ 0.49	\$ 0.50	\$ 1.49	\$ 1.73
Income from discontinued operations	0.01	0.01	0.07	0.04
Net income	<u>\$ 0.50</u>	<u>\$ 0.51</u>	<u>\$ 1.56</u>	<u>\$ 1.77</u>
Diluted weighted average shares used in computation	441	448	441	449

(1) Other 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. For the nine month period ending December 31, 2013, costs associated with the Fiscal 2014 Plan were \$131 million.

Prior year results have been adjusted to 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)

	December 31, 2014 (unaudited)	March 31, 2014
Cash and cash equivalents	\$ 2,683	\$ 3,252
Trade accounts receivable, net	669	800
Deferred income taxes	327	315
Other current assets	161	192
Total current assets	\$ 3,840	\$ 4,559
Property and equipment, net	\$ 264	\$ 295
Goodwill	5,809	5,922
Capitalized software and other intangible assets, net	815	1,063
Deferred income taxes	73	59
Other noncurrent assets, net	114	118
Total assets	\$ 10,915	\$ 12,016
Current portion of long-term debt	\$ 8	\$ 514
Deferred revenue (billed or collected)	1,992	2,419
Deferred income taxes	6	9
Other current liabilities	858	980
Total current liabilities	\$ 2,864	\$ 3,922
Long-term debt, net of current portion	\$ 1,252	\$ 1,252
Deferred income taxes	48	67
Deferred revenue (billed or collected)	761	872
Other noncurrent liabilities	254	333
Total liabilities	\$ 5,179	\$ 6,446
Common stock	\$ 59	\$ 59
Additional paid-in capital	3,610	3,610
Retained earnings	6,180	5,818
Accumulated other comprehensive loss	(333)	(171)
Treasury stock	(3,780)	(3,746)
Total stockholders' equity	\$ 5,736	\$ 5,570
Total liabilities and stockholders' equity	\$ 10,915	\$ 12,016

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

	Three Months Ended	
	December 31,	
	<u>2014</u>	<u>2013</u>
Operating activities from continuing operations:		
Net income	\$ 222	\$ 232
Income from discontinued operations	(4)	(7)
Income from continuing operations	<u>\$ 218</u>	<u>\$ 225</u>
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	93	109
Deferred income taxes	(13)	(16)
Share-based compensation expense	23	23
Asset impairments and other non-cash items	1	5
Foreign currency transaction (gains) losses	(2)	1
Changes in other operating assets and liabilities, net of effect of acquisitions:		
Increase in trade accounts receivable	(172)	(126)
Increase in deferred revenue	52	151
Increase in taxes payable, net	76	23
(Decrease) increase in accounts payable, accrued expenses and other	(16)	8
Increase in accrued salaries, wages and commissions	17	14
Changes in other operating assets and liabilities	<u>36</u>	<u>2</u>
Net cash provided by operating activities - continuing operations	<u>\$ 313</u>	<u>\$ 419</u>
Investing activities from continuing operations:		
Acquisitions of businesses, net of cash acquired, and purchased software	\$ (20)	\$ (2)
Purchases of property and equipment	(12)	(17)
Proceeds from sale of assets	-	12
Capitalized software development costs	-	(4)
Other investing activities	-	(1)
Net cash used in investing activities - continuing operations	<u>\$ (32)</u>	<u>\$ (12)</u>
Financing activities from continuing operations:		
Dividends paid	\$ (111)	\$ (113)
Purchases of common stock	(75)	(140)
Notional pooling borrowings, net	25	4
Debt repayments	(502)	(4)
Debt issuance costs	-	(1)
Exercise of common stock options and other	11	19
Net cash used in financing activities - continuing operations	<u>\$ (652)</u>	<u>\$ (235)</u>
Effect of exchange rate changes on cash	<u>\$ (125)</u>	<u>\$ 2</u>
Net change in cash and cash equivalents - continuing operations	<u>\$ (496)</u>	<u>\$ 174</u>
Cash (used in) provided by operating activities - discontinued operations	<u>\$ (14)</u>	<u>\$ 10</u>
Net effect of discontinued operations on cash and cash equivalents	<u>\$ (14)</u>	<u>\$ 10</u>
(Decrease) increase in cash and cash equivalents	<u>\$ (510)</u>	<u>\$ 184</u>
Cash and cash equivalents at beginning of period	<u>\$ 3,193</u>	<u>\$ 2,790</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,683</u></u>	<u><u>\$ 2,974</u></u>

Prior year results have been adjusted to 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 December 31, 2014				Nine Months Ended December 31, 2014			
	Mainframe Solutions ⁽¹⁾	Enterprise Solutions ⁽¹⁾	Services ⁽¹⁾	Total	Mainframe Solutions ⁽¹⁾	Enterprise Solutions ⁽¹⁾	Services ⁽¹⁾	Total
Revenue ⁽²⁾	\$ 596	\$ 405	\$ 90	\$ 1,091	\$ 1,820	\$ 1,151	\$ 268	\$ 3,239
Expenses ⁽³⁾	248	347	85	680	717	999	256	1,972
Segment profit	<u>\$ 348</u>	<u>\$ 58</u>	<u>\$ 5</u>	<u>\$ 411</u>	<u>\$ 1,103</u>	<u>\$ 152</u>	<u>\$ 12</u>	<u>\$ 1,267</u>
Segment operating margin	58%	14%	6%	38%	61%	13%	4%	39%
Segment profit				\$ 411				\$ 1,267
Less:								
Purchased software amortization				28				87
Other intangibles amortization				14				45
Software development costs capitalized				-				-
Internally developed software products amortization				34				117
Share-based compensation expense				23				65
Other expenses, net ⁽⁴⁾				(6)				2
Interest expense, net				12				38
Income from continuing operations before income taxes				<u>\$ 306</u>				<u>\$ 913</u>

	Three Months Ended December 31, 2013				Nine Months Ended December 31, 2013			
	Mainframe Solutions ⁽¹⁾	Enterprise Solutions ⁽¹⁾	Services ⁽¹⁾	Total	Mainframe Solutions ⁽¹⁾	Enterprise Solutions ⁽¹⁾	Services ⁽¹⁾	Total
Revenue ⁽²⁾	\$ 622	\$ 412	\$ 94	\$ 1,128	\$ 1,865	\$ 1,174	\$ 289	\$ 3,328
Expenses ⁽³⁾	241	357	90	688	716	1,045	268	2,029
Segment profit	<u>\$ 381</u>	<u>\$ 55</u>	<u>\$ 4</u>	<u>\$ 440</u>	<u>\$ 1,149</u>	<u>\$ 129</u>	<u>\$ 21</u>	<u>\$ 1,299</u>
Segment operating margin	61%	13%	4%	39%	62%	11%	7%	39%
Segment profit				\$ 440				\$ 1,299
Less:								
Purchased software amortization				28				87
Other intangibles amortization				19				48
Software development costs capitalized				(1)				(32)
Internally developed software products amortization				41				117
Share-based compensation expense				23				63
Other expenses, net ⁽⁴⁾				9				131
Interest expense, net				15				39
Income from continuing operations before income taxes				<u>\$ 306</u>				<u>\$ 846</u>

- (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 expenses, net includes charges relating to the FY2014 Board approved rebalancing initiative (the Fiscal 2014 Plan), certain foreign exchange derivative hedging gains and losses, and other miscellaneous costs.

Prior year results have been adjusted to 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 December 31,				Nine Months Ended December 31,			
	2014	2013	% Increase (Decrease) in \$ US	% Increase (Decrease) in Constant Currency ⁽¹⁾	2014	2013	% Increase (Decrease) in \$ US	% Increase (Decrease) in Constant Currency ⁽¹⁾
Bookings	\$ 1,067	\$ 1,565	(32)%	(29)%	\$ 2,540	\$ 3,205	(21)%	(19)%
Revenue:								
North America	\$ 709	\$ 712	0%	0%	\$ 2,084	\$ 2,128	(2)%	(2)%
International	382	416	(8)%	(2)%	1,155	1,200	(4)%	(3)%
Total revenue	\$ 1,091	\$ 1,128	(3)%	(1)%	\$ 3,239	\$ 3,328	(3)%	(2)%
Revenue:								
Subscription and maintenance	\$ 892	\$ 929	(4)%	(1)%	\$ 2,709	\$ 2,773	(2)%	(2)%
Professional services	90	94	(4)%	(2)%	268	289	(7)%	(7)%
Software fees and other	109	105	4%	5%	262	266	(2)%	(1)%
Total revenue	\$ 1,091	\$ 1,128	(3)%	(1)%	\$ 3,239	\$ 3,328	(3)%	(2)%
Segment Revenue:								
Mainframe solutions	\$ 596	\$ 622	(4)%	(1)%	\$ 1,820	\$ 1,865	(2)%	(2)%
Enterprise solutions	405	412	(2)%	0%	1,151	1,174	(2)%	(1)%
Services	90	94	(4)%	(2)%	268	289	(7)%	(7)%
Total expenses before interest and income taxes:								
Total non-GAAP ⁽²⁾	\$ 680	\$ 688	(1)%	1%	\$ 1,972	\$ 2,029	(3)%	(2)%
Total GAAP	773	807	(4)%	(2)%	2,288	2,443	(6)%	(5)%

(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, 2014, 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.

Prior year results have been adjusted to 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 December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
GAAP net income	\$ 222	\$ 232	\$ 695	\$ 807
GAAP income from discontinued operations, net of income taxes	(4)	(7)	(30)	(21)
GAAP income from continuing operations	\$ 218	\$ 225	\$ 665	\$ 786
GAAP income tax expense (benefit)	88	81	248	60
Interest expense, net	12	15	38	39
GAAP income from continuing operations before interest and income taxes	\$ 318	\$ 321	\$ 951	\$ 885
GAAP operating margin (% of revenue) ⁽¹⁾	29%	28%	29%	27%
Non-GAAP adjustments to expenses:				
Costs of licensing and maintenance ⁽²⁾	\$ 2	\$ 1	\$ 4	\$ 3
Cost of professional services ⁽²⁾	1	1	3	3
Amortization of capitalized software costs ⁽³⁾	62	69	204	204
Selling and marketing ⁽²⁾	8	8	23	22
General and administrative ⁽²⁾	8	8	21	20
Product development and enhancements ⁽⁴⁾	4	4	14	(17)
Depreciation and amortization of other intangible assets ⁽⁵⁾	14	19	45	48
Other expenses, net ⁽⁶⁾	(6)	9	2	131
Total Non-GAAP adjustment to operating expenses	\$ 93	\$ 119	\$ 316	\$ 414
Non-GAAP income from continuing operations before interest and income taxes	\$ 411	\$ 440	\$ 1,267	\$ 1,299
Non-GAAP operating margin (% of revenue) ⁽⁷⁾	38%	39%	39%	39%
Interest expense, net	12	15	38	39
GAAP income tax expense (benefit)	88	81	248	60
Non-GAAP adjustment to income tax expense (benefit) ⁽⁸⁾	14	(22)	103	114
Non-GAAP income tax expense	\$ 102	\$ 59	\$ 351	\$ 174
Non-GAAP income from continuing operations	\$ 297	\$ 366	\$ 878	\$ 1,086

- (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 December 31, 2014 and 2013, non-GAAP adjustment consists of \$28 million and \$28 million of purchased software amortization and \$34 million and \$41 million of internally developed software products amortization, respectively. For both the nine month periods ending December 31, 2014 and 2013, non-GAAP adjustment consists of \$87 million of purchased software amortization and \$117 million of internally developed software products amortization.
- (4) For the three and nine month periods ending December 31, 2014, non-GAAP adjustment consists of \$4 million and \$14 million of share-based compensation, respectively. For the three and nine month periods ending December 31, 2013, non-GAAP adjustment consists of \$5 million and \$15 million of share-based compensation and (\$1) million and (\$32) million of software development costs capitalized, respectively.
- (5) Non-GAAP adjustment consists of other intangibles amortization.
- (6) 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.
- (7) 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).
- (8) 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.

Prior year results have been adjusted to 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>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
Total expenses before interest and income taxes	\$ 773	\$ 807	\$ 2,288	\$ 2,443
Non-GAAP operating adjustments:				
Purchased software amortization	28	28	87	87
Other intangibles amortization	14	19	45	48
Software development costs capitalized	-	(1)	-	(32)
Internally developed software products amortization	34	41	117	117
Share-based compensation	23	23	65	63
Other expenses, net ⁽¹⁾	(6)	9	2	131
Total non-GAAP operating adjustment	<u>\$ 93</u>	<u>\$ 119</u>	<u>\$ 316</u>	<u>\$ 414</u>
Total non-GAAP operating expenses	<u>\$ 680</u>	<u>\$ 688</u>	<u>\$ 1,972</u>	<u>\$ 2,029</u>
<u>Diluted EPS from Continuing Operations</u>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	2013	2014	2013
GAAP diluted EPS from continuing operations	\$ 0.49	\$ 0.50	\$ 1.49	\$ 1.73
Non-GAAP adjustments, net of taxes:				
Purchased software amortization	0.05	0.04	0.14	0.18
Other intangibles amortization	0.02	0.03	0.08	0.10
Software development costs capitalized	-	-	-	(0.07)
Internally developed software products amortization	0.05	0.06	0.19	0.24
Share-based compensation	0.04	0.04	0.11	0.13
Other expenses, net ⁽¹⁾	(0.01)	0.02	-	0.27
Non-GAAP effective tax rate adjustments ⁽²⁾	0.03	0.12	(0.04)	(0.19)
Total non-GAAP adjustment	<u>\$ 0.18</u>	<u>\$ 0.31</u>	<u>\$ 0.48</u>	<u>\$ 0.66</u>
Non-GAAP diluted EPS from continuing operations	<u>\$ 0.67</u>	<u>\$ 0.81</u>	<u>\$ 1.97</u>	<u>\$ 2.39</u>

(1) 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.

(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.

Prior year results have been adjusted to 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>December 31, 2014</u>		<u>Nine Months Ended</u> <u>December 31, 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⁾	\$ 318	\$ 411	\$ 951	\$ 1,267
Interest expense, net	12	12	38	38
Income from continuing operations before income taxes	<u>\$ 306</u>	<u>\$ 399</u>	<u>\$ 913</u>	<u>\$ 1,229</u>
Statutory tax rate	35%	35%	35%	35%
Tax at statutory rate	\$ 107	\$ 140	\$ 320	\$ 430
Adjustments for discrete and permanent items ⁽²⁾	(19)	(38)	(72)	(79)
Total tax expense	<u>\$ 88</u>	<u>\$ 102</u>	<u>\$ 248</u>	<u>\$ 351</u>
Effective tax rate ⁽³⁾	28.8%	25.6%	27.2%	28.6%

	<u>Three Months Ended</u> <u>December 31, 2013</u>		<u>Nine Months Ended</u> <u>December 31, 2013</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⁾	\$ 321	\$ 440	\$ 885	\$ 1,299
Interest expense, net	15	15	39	39
Income from continuing operations before income taxes	<u>\$ 306</u>	<u>\$ 425</u>	<u>\$ 846</u>	<u>\$ 1,260</u>
Statutory tax rate	35%	35%	35%	35%
Tax at statutory rate	\$ 107	\$ 149	\$ 296	\$ 441
Adjustments for discrete and permanent items ⁽²⁾	(26)	(90)	(236)	(267)
Total tax (benefit) expense	<u>\$ 81</u>	<u>\$ 59</u>	<u>\$ 60</u>	<u>\$ 174</u>
Effective tax rate ⁽³⁾	26.5%	13.9%	7.1%	13.8%

(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.

Prior year results have been adjusted to 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, 2015</u>	
Projected GAAP diluted EPS from continuing operations range	\$ 1.76	to \$ 1.83
Non-GAAP adjustments, net of taxes:		
Purchased software amortization	0.17	0.17
Other intangibles amortization	0.10	0.10
Internally developed software products amortization	0.25	0.25
Share-based compensation	0.14	0.14
Other expenses, net ⁽¹⁾	0.03	0.03
Total non-GAAP adjustment	<u>\$ 0.69</u>	<u>\$ 0.69</u>
Projected non-GAAP diluted EPS from continuing operations range	<u>\$ 2.45</u>	<u>to \$ 2.52</u>

<u>Projected Operating Margin</u>	<u>Fiscal Year Ending</u> <u>March 31, 2015</u>
Projected GAAP operating margin	27%
Non-GAAP operating adjustments:	
Purchased software amortization	3%
Other intangibles amortization	1%
Internally developed software products amortization	4%
Share-based compensation	2%
Other expenses, net ⁽¹⁾	0%
Total non-GAAP operating adjustment	<u>10%</u>
Projected non-GAAP operating margin	<u>37%</u>

(1) Non-GAAP adjustment consists of charges relating to the FY2014 Board approved rebalancing initiative (the Fiscal 2014 Plan).

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