

BMC SOFTWARE, INC.
STATEMENTS OF OPERATIONS

(Unaudited)

	Quarter Ended June 30,		Incr/(Decr) Percentage Change
	2007	2008	
	(In millions, except per share data)		
Revenue:			
License	\$ 125.9	\$ 149.4	18.7%
Maintenance	235.5	254.3	8.0%
Professional services	23.6	33.8	43.2%
Total revenue	<u>385.0</u>	<u>437.5</u>	13.6%
Cost of license revenue	23.2	27.6	19.0%
Cost of maintenance revenue	41.9	40.5	(3.3)%
Cost of professional services revenue	27.5	35.2	28.0%
Selling and marketing expenses	127.9	140.4	9.8%
Research and development expenses	45.6	61.8	35.5%
General and administrative expenses	50.7	53.5	5.5%
Amortization of intangible assets	3.0	8.5	183.3%
In-process research and development	2.2	50.3	2186.4%
Severance, exit costs and related charges	1.8	6.4	255.6%
Total operating expenses	<u>323.8</u>	<u>424.2</u>	31.0%
Operating income	61.2	13.3	(78.3)%
Other income, net	20.6	8.1	(60.7)%
Earnings before income taxes	81.8	21.4	(73.8)%
Provision for income taxes	26.6	20.2	(24.1)%
Net earnings	<u>\$ 55.2</u>	<u>\$ 1.2</u>	(97.8)%
Diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.01</u>	(96.3)%
Shares used in computing diluted earnings per share	<u>204.8</u>	<u>193.7</u>	(5.4)%

BMC SOFTWARE, INC.
BALANCE SHEETS

	(Unaudited)			(Audited)	(Unaudited)
	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
Current assets:					
Cash and cash equivalents	\$ 1,141.6	\$ 1,062.5	\$ 1,013.2	\$ 1,288.3	\$ 986.5 (a)
Investments	238.8	275.2	244.4	62.2	- (a)
Trade accounts receivable, net	129.1	152.7	211.6	208.0	162.6
Trade finance receivables, net	102.3	65.5	75.0	88.8	82.7
Other current assets	178.1	162.4	162.4	155.3	181.1
Total current assets	<u>1,789.9</u>	<u>1,718.3</u>	<u>1,706.6</u>	<u>1,802.6</u>	<u>1,412.9</u>
Property and equipment, net	93.8	92.6	97.7	99.8	100.3
Software development costs, net	106.9	112.1	113.2	113.4	111.2
Long-term investments	186.3	141.3	107.9	124.7	87.0 (a)
Long-term trade finance receivables, net	91.2	51.0	62.8	56.4	54.5
Goodwill and intangible assets, net	749.7	810.3	826.7	803.3	1,588.7
Other long-term assets	224.2	221.9	233.2	345.3	256.0
Total assets	<u>\$ 3,242.0</u>	<u>\$ 3,147.5</u>	<u>\$ 3,148.1</u>	<u>\$ 3,345.5</u>	<u>\$ 3,610.6</u>
Current liabilities:					
Trade accounts payable	24.4	30.6	26.6	43.8	45.1
Finance payables	3.2	9.9	26.3	4.3	9.1
Accrued liabilities	245.2	260.1	270.0	313.7	247.1
Deferred revenue	900.3	864.5	867.7	926.8	975.0
Total current liabilities	<u>1,173.1</u>	<u>1,165.1</u>	<u>1,190.6</u>	<u>1,288.6</u>	<u>1,276.3</u>
Long-term deferred revenue	881.9	837.5	827.0	852.6	846.5
Long-term debt	9.2	7.1	8.9	9.2	306.4
Other long-term liabilities	137.7	156.6	166.5	200.6	204.9
Total long-term liabilities	<u>1,028.8</u>	<u>1,001.2</u>	<u>1,002.4</u>	<u>1,062.4</u>	<u>1,357.8</u>
Total stockholders' equity	<u>1,040.1</u>	<u>981.2</u>	<u>955.1</u>	<u>994.5</u>	<u>976.5</u>
Total liabilities and stockholders' equity	<u>\$ 3,242.0</u>	<u>\$ 3,147.5</u>	<u>\$ 3,148.1</u>	<u>\$ 3,345.5</u>	<u>\$ 3,610.6</u>
(a) Total cash and investments					
	<u>\$ 1,566.7</u>	<u>\$ 1,479.0</u>	<u>\$ 1,365.5</u>	<u>\$ 1,475.2</u>	<u>\$ 1,073.5</u>

BMC SOFTWARE, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Quarter Ended June 30,	
	2007	2008
	(In millions)	
Cash flows from operating activities:		
Net earnings	\$ 55.2	\$ 1.2
Adjustments to reconcile net earnings to net cash		
Provided by operating activities:		
Depreciation and amortization	35.6	44.8
Share-based compensation expense	15.2	22.4
In-process research and development	2.2	50.3
Gain on sale of investments	(1.0)	(1.2)
Change in operating assets and liabilities, net of acquisitions:		
Trade finance receivables	60.9	8.0
Finance payables	(35.8)	4.8
Deferred revenue	51.5	34.4
Other operating assets and liabilities	(18.8)	(13.4)
Net cash provided by operating activities	<u>165.0</u>	<u>151.3</u>
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	(38.6)	(784.1)
Purchases of investments	(105.5)	(2.2)
Proceeds from maturities /sales of investments	303.3	101.2
Purchases of property and equipment	(6.9)	(8.3)
Capitalization of software development costs	(18.0)	(11.7)
Other investing activities	0.4	(0.1)
Net cash provided by (used in) investing activities	<u>134.7</u>	<u>(705.2)</u>
Cash flows from financing activities:		
Payments on debt and capital leases	(1.6)	(2.6)
Proceeds from stock options exercised and other	31.6	50.4
Proceeds from issuance of long-term debt, net of debt issuance costs	-	295.6
Excess tax benefit from share-based compensation	7.3	19.9
Treasury stock acquired	(83.4)	(100.0)
Repurchases of stock to satisfy employee tax withholding obligations	-	(15.8)
Net cash provided by (used in) financing activities	<u>(46.1)</u>	<u>247.5</u>
Effect of exchange rate changes on cash	4.5	4.6
Net change in cash and cash equivalents	258.1	(301.8)
Cash and cash equivalents, beginning of period	883.5	1,288.3
Cash and cash equivalents, end of period	<u>\$ 1,141.6</u>	<u>\$ 986.5</u>

BMC SOFTWARE, INC.

Table of Reconciliation from GAAP Operating Expenses to Non-GAAP Operating Expenses

(In millions)

(Unaudited)

	Quarter Ended June 30,	
	2007	2008
GAAP operating expenses	<u>\$ 323.8</u>	<u>\$ 424.2</u>
Severance, exit costs and related charges	(1.8)	(6.4)
Amortization of intangible assets	(8.7)	(18.5)
Share-based compensation	(15.2)	(22.4)
In-process research and development	(2.2)	(50.3)
Non-GAAP operating expenses	<u><u>\$ 295.9</u></u>	<u><u>\$ 326.6</u></u>

BMC SOFTWARE, INC.

Table of Reconciliation from GAAP Operating Income to Non-GAAP Operating Income
(In millions)
(Unaudited)

	Quarter Ended June 30,	
	2007	2008
GAAP operating income	<u>\$ 61.2</u>	<u>\$ 13.3</u>
Severance, exit costs and related charges	1.8	6.4
Amortization of intangible assets	8.7	18.5
Share-based compensation	15.2	22.4
In-process research and development	2.2	50.3
Non-GAAP operating income	<u><u>\$ 89.1</u></u>	<u><u>\$ 110.9</u></u>

BMC SOFTWARE, INC.

Table of Reconciliation from GAAP Operating Margin to Non-GAAP Operating Margin
(In millions)
(Unaudited)

	<u>Quarter Ended June 30,</u>			<u>Quarter Ended June 30,</u>			<u>Quarter Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>		<u>2007</u>	<u>2008</u>		<u>2007</u>	<u>2008</u>
GAAP revenue:	<u>\$ 385.0</u>	<u>\$ 437.5</u>	GAAP operating income:	<u>\$ 61.2</u>	<u>\$ 13.3</u>	GAAP operating margin:	<u>16%</u>	<u>3%</u>
			Severance, exit costs and related charges	1.8	6.4			
			Amortization of intangible assets	8.7	18.5			
			Share-based compensation	15.2	22.4			
			In-process research and development	2.2	50.3			
GAAP revenue:	<u>\$ 385.0</u>	<u>\$ 437.5</u>	Non-GAAP operating income:	<u>\$ 89.1</u>	<u>\$ 110.9</u>	Non-GAAP operating margin:	<u>23%</u>	<u>25%</u>

BMC SOFTWARE, INC.

Table of Reconciliation from GAAP Net Earnings to Non-GAAP Net Earnings

(In millions)

(Unaudited)

	Quarter Ended June 30,	
	2007	2008
GAAP net earnings	<u>\$ 55.2</u>	<u>\$ 1.2</u>
Severance, exit costs and related charges	1.8	6.4
Amortization of intangible assets	8.7	18.5
Share-based compensation	15.2	22.4
In-process research and development	2.2	50.3
Subtotal pretax reconciling items	<u>27.9</u>	<u>97.6</u>
Tax effect of reconciling items	<u>(8.6)</u>	<u>(16.4)</u>
Non-GAAP net earnings	<u>\$ 74.5</u>	<u>\$ 82.4</u>

BMC SOFTWARE, INC.Table of Reconciliation from GAAP Earnings Per Share to Non-GAAP Earnings Per Share
(Unaudited)

	Quarter Ended June 30,	
	2007	2008
GAAP diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.01</u>
Severance, exit costs and related charges	0.01	0.03
Amortization of intangible assets	0.04	0.10
Share-based compensation	0.07	0.12
In-process research and development	0.01	0.26
Subtotal pretax reconciling items	<u>\$ 0.14</u>	<u>\$ 0.50</u>
Tax effect of reconciling items	<u>(0.04)</u>	<u>(0.08)</u>
Non-GAAP diluted net earnings per share	<u>\$ 0.36</u>	<u>\$ 0.43</u>
Shares used in computing diluted earnings per share (in millions)	204.8	193.7