

**AUTONOMY CORPORATION PLC ANNOUNCES RESULTS FOR  
THE TWELVE MONTHS AND FOURTH QUARTER ENDED DECEMBER 31, 2009**

***Record Full Year and Q4 results with strong organic growth; Full Year EPS (adj.) up 42%;  
Highest revenues and profits in Autonomy's history; Full Year revenues up 47%; Full Year  
Profit from Operations (adj.) up 59%***

**Cambridge, England** – February 3, 2010 – Autonomy Corporation plc (LSE: AU. or AU.L), a global leader in infrastructure software, today reported financial results for the twelve months and fourth quarter ended December 31, 2009.

**Financial Highlights**

- Record full year revenues of \$740 million, up 47% from 2008 including strong organic growth of 16%<sup>1</sup>, and the successful integration of Interwoven
- Gross profits (adj.) at \$652 million for full year, up 42% from 2008; gross margins (adj.) at 88%
- Record full year operating margins (adj.) at 44%, compared to 41% in 2008
- Record full year profit before tax (adj.) at \$323 million, up 55% from 2008
- Record full year fully diluted EPS (adj.) of \$0.97 (versus consensus of \$0.97), up 42% from 2008. Fully diluted EPS (IFRS) of \$0.80 up 31% from 2008
- Full year and Q4 2009 revenue, profits and cash conversion in line with analyst consensus

<sup>1</sup> See supplemental metrics on page 5.

Commenting on the results, Dr. Mike Lynch, Group CEO of Autonomy said today: "We are pleased to announce another excellent set of results for Autonomy. Over the last five years, we have seen a five year adjusted EPS CAGR of 73% and Autonomy has grown to become one of Europe's largest software companies. Looking back on 2009, despite an economic environment that can be described at best as difficult, and an unhelpful FX headwind, Autonomy produced outstanding results with adjusted profit from operations growing by 59% at a time when most of our software peers have seen small or negative growth. We delivered this strong growth on top of an exceptionally strong performance in Q4 2008."

Dr. Lynch continued: "During 2009 Autonomy did a lot of work to prepare for a possible upturn in 2010, including significant new IDOL product developments, launches and expansion of our IDOL hosted capabilities. After this exceptional expenditure we are now seeing our cost base return to its traditional model with an operating margin of 50% in the fourth quarter. The driver for our business is the need for computers to understand and process human friendly information automatically. We believe this driver will continue to accelerate, and as customers find discretionary budgets again we expect to see good growth in the Meaning Based Marketing ('Promote') applications of our technology alongside our resilient information governance ('Protect') applications. On the larger theme of Meaning Based Computing, we have extended our technologies from the unstructured world to the structured, with validation of this endeavour with the first IDOL SPE customers signed and first showcase events."

"We continue to see our strongest growth in the new models of the software industry such as OEM and cloud computing. Whilst it may still take a little time for people to understand how these models differ from traditional software businesses, we believe the momentum in these areas is accelerating."

Dr. Lynch concluded: "We begin 2010 with the strongest Meaning Based Computing portfolio in the industry and an ever-expanding understanding in the market of the challenges associated with unstructured information. With our unmatched product portfolio, scale and vision, we look forward to the challenges to be presented in 2010 regardless of the environment. At the very end of Q4 2009 we began to see some indicators of an initial improvement in the macro environment, which gives us confidence in the outlook for 2010, and accordingly we are adjusting our business plan."

### **Twelve Month 2009 highlights**

- Cemented Autonomy's position as the industry leader, dominating enterprise search with the largest market share and fastest growth, and achieving top marks from Gartner for eDiscovery technology
- Successful launch of IDOL SPE, Arcpliance, ICE, IDOL Social Media and Interwoven product range built on IDOL
- Winner of industry accolades, including: Her Majesty the Queen's Award for Enterprise 2009 and Britain's Most Admired Software Company Award 2009
- Acknowledged as the leader in cloud computing and the hottest enterprise software company
- 66 deals over \$1 million and 47 new OEM agreements signed during 2009
- Record net profit (adj.) of \$232.8 million, up 57% from 2008 (IFRS: \$191.6 million, up 45%)
- R&D investment up 26% year-on-year
- Very strong cash collection from customers; cash collection at 102% of revenues Q4123
- One of the highest revenue to cash conversion ratios in the industry
- Cash conversion for 2009 at 80%, 91% when lagged by to allow one quarter for the cash to be collected and 99% when adjusting for lagging by one quarter and paying down of the acquired Interwoven trade debt
- Positive cash flow generated by operations of \$286.6 million (2008: \$178.8 million), up 60%
- Gross cash of \$242.8 million with debt of \$197.5 million, giving net cash of \$45.3 million.

### **Fourth quarter 2009 Highlights**

- Blue chip fourth quarter wins include: American Airlines, Amgen, AT&T, BAE Systems, Boeing, Charles Schwab, Citi, Ericsson, KPMG, McAfee, Merck, Peugeot Citroen, Qatar Airways, Santander, Whirlpool and Wolters Kluwer, as well as new and repeat licenses with multiple government, defence and intelligence agencies around the globe including in the US, the UK, NATO, Australia, Brazil, the Netherlands, Romania and Sweden
- 12 OEM deals signed including new deals and extensions with McAfee, HP, Trend Micro and Sybase
- Strong organic growth of 18% from Q4 2008
- Record quarterly revenue of \$223.1 million, up 53% from Q4 2008
- Gross margin (adj.) back in targeted range at 89%
- Record profit before tax (adj.) of \$111.0 million, up 51% from Q4 2008 (IFRS: \$96 million, up 36%)
- Operating margin (adj.) returns to record highs of 50% (Q4 2008: 50%), confirming one-time nature of IDOL SPE investment in Q3 2009
- Fully diluted EPS (adj.) of \$0.33, up 35% from 2008 (IFRS: \$0.29, up 21%)
- Record cash collection of \$216.0 million generated from Q3 2009 revenues of \$191.6 million; positive cash flow generated by operations of \$72.2 million (Q4 2008: \$58.0 million), up 25%
- Cash conversion at forecast levels of 58% (Q4 CFFO/Q4 adj EBITDA), reflecting the fact that the Q4 2009 cash flow generated by seasonally weaker Q3 2009 business is divided by the seasonally stronger Q4 2009 EBITDA, and payment of Q3 2009 exceptional payables of \$24 million relating to new product launch (adjusting for this: 78%). Cash conversion is 97% (Q4 CFFO/Q3 adj EBITDA) when lagged by one quarter to reflect growth
- Average selling price for meaning-based technologies at \$390,000 (Q4 2008: \$400,000)
- Deferred revenue increased to \$173.5 million (Q4 2008: \$99.2 million)
- DSOs back in normal range at 88 days (Q4 2008: 84 days) due to strong cash collection during the quarter
- Cost base returned to traditional model after Q3 2009 product launch costs, with fixed cost base modulated by seasonal marketing spend and revenue-tracking sales commissions

## **Twelve Month and Fourth Quarter Financial Highlights**

### **Revenues**

Revenues for the twelve months ended December 31, 2009, totalled \$739.7 million, up 47% from \$503.2 million for the twelve months ended December 31, 2008. During 2009 there were 66 deals over \$1.0 million. In 2009, Americas revenues of \$517.2 million represented 70% of total revenues, and Rest of World revenues of \$222.5 million represented 30% of total revenues.

Revenues for the fourth quarter of 2009 totalled \$223.1 million, up 53% from \$145.4 million for the fourth quarter of 2008. During the fourth quarter of 2009 there were 24 deals over \$1.0 million. In the fourth quarter of 2009, Americas revenues of \$162.3 million represented 73% of total revenues, and Rest of World revenues of \$60.8 million represented 27% of total revenues.

The increase in revenues in the year and the fourth quarter is a combination of strong organic growth and the successful integration of Interwoven.

### **Gross Profits and Gross Margins**

Gross profits (adj.) for the twelve months ended December 31, 2009, were \$651.9 million, up 42% from \$458.2 million for the twelve months ended December 31, 2008. Gross margins (adj.) for the twelve months ended December 31, 2009, were 88%, compared to 91% for the twelve months ended December 31, 2008. Gross profits (IFRS) for the twelve months ended December 31, 2009 were \$602.3 million, up 37% from \$438.7 million for the twelve months ended December 31, 2008. Gross margins (IFRS) for the twelve months ended December 31, 2009 were 81%, compared to 87% for the twelve months ended December 31, 2008. Gross margins were impacted at the beginning of 2009 as a result of the Interwoven acquisition, and in Q3 2009 by the IDOL SPE Quick Start program, but have returned to historic levels in Q4 2009 as planned.

Gross profits (adj.) for the fourth quarter of 2009 were \$199.4 million, up 50% from \$133.1 million for the fourth quarter of 2008. Gross margins (adj.) for the fourth quarter of 2009 were 89%, compared to 92% for the fourth quarter of 2008. As previously announced, the one-time additional costs in Q3 2009 from the IDOL SPE Quick Start program were not repeated in Q4. Gross profits (IFRS) for the fourth quarter of 2009 were \$184.8 million, up 44% from \$128.7 million for the fourth quarter of 2008. Gross margins (IFRS) for the fourth quarter of 2009 were 83%, compared to 89% for the fourth quarter of 2008.

### **Profit from Operations and Operating Margins**

Profit from operations (adj.) for the twelve months ended December 31, 2009 was \$328.9 million, up 59% from \$207.5 million for the twelve months ended December 31, 2008. Operating margins (adj.) were 44% in 2009, up from 41% in 2008. Profit from operations (IFRS) for the twelve months ended December 31, 2009 was \$272.2 million, up 46% from \$186.5 million for the twelve months ended December 31, 2008. Operating margins (IFRS) were 37% in 2009 consistent with 37% in 2008. Operating margins (adj.) have increased year on year due to the increased revenues and the operating leverage within the Autonomy business model. Operating margins (IFRS) are static due to higher non-cash charges related to the purchased intangibles acquired with Interwoven.

Profit from operations (adj.) for the fourth quarter of 2009 was \$112.6 million, up 55% from \$72.8 million for the fourth quarter of 2008. Operating margins (adj.) were 50% in the fourth quarter of 2009, consistent with 50% in the fourth quarter of 2008. Profit from operations (IFRS) for the fourth quarter of 2009 was \$96.9 million, up 37% from \$70.9 million for the fourth quarter of 2008. Operating margins (IFRS) were 43% in the fourth quarter of 2009 compared to 49% in the fourth quarter of 2008. Operating margins (adj.) have returned to record highs of 50% following the completion of the IDOL SPE quick start spend in Q3 2009. Operating margins (IFRS) have decreased due to the higher non-cash amortization of purchased intangibles.

### **Taxation**

The effective tax rate for the twelve months ended December 31, 2009, was as forecast at 28.0%, down from 29.1% for the twelve months ended December 31, 2008. The decrease from 2008 is a combination of the full year impact of the change in the UK corporation tax rate from 30% to 28% combined with the standard utilisation of losses during 2009.

The effective tax rate in the fourth quarter of 2009 was 27.5%, up from 27.1% in the fourth quarter of 2008.

### **Foreign Exchange Impact**

The effect on revenue of movements in foreign exchange rates in the twelve months ended December 31, 2009, was a decrease of \$7.9 million compared to 2008 (i.e. if revenues were reported for each quarter using the same exchange rates as those prevailing in the previous year, revenues in 2009 would have been \$7.9 million higher, or \$747.6 million). In 2009 the U.S. Dollar strengthened versus Sterling to an average of \$1.57 versus \$1.86 in 2008.

The effect on revenue in the fourth quarter of 2009 of movements in foreign exchange rates was an increase of \$1.2 million compared to the fourth quarter of 2008. In the fourth quarter of 2009 the U.S. Dollar weakened slightly versus Sterling to an average of \$1.63 versus \$1.58 in the fourth quarter of 2008.

### **Net Profits**

Net profit (adj.) for the twelve months ended December 31, 2009, was \$232.8 million, or \$0.97 per diluted share, compared to net profit (adj.) of \$148.0 million, or \$0.68 per diluted share, for the twelve months ended December 31, 2008. Net profit (IFRS) for the twelve months ended December 31, 2009, was \$191.6 million, or \$0.80 per diluted share, compared to net profit (IFRS) of \$131.7 million, or \$0.61 per diluted share, for the twelve months ended December 31, 2008.

Net profit (adj.) for the fourth quarter of 2009 was \$80.5 million, or \$0.33 per diluted share, compared to net profit (adj.) of \$53.5 million, or \$0.25 per diluted share, for the fourth quarter of 2008. Net profit (IFRS) for the fourth quarter of 2009 was \$69.4 million, or \$0.29 per diluted share, compared to net profit (IFRS) of \$51.4 million, or \$0.24 per diluted share, for the fourth quarter of 2008.

### **IAS 38 Charges and Capitalization**

Under IAS 38 the company is required to capitalize certain aspects of its research and development activities. R&D capitalization for the twelve months ended December 31, 2009, was \$24.7 million (2008: \$11.2 million), offset by amortization charges of \$8.9 million (2008: \$4.8 million) during the year arising from historical R&D capitalization. The capitalization and offsetting charges resulted in a net credit (before tax) in the year of \$15.8 million (2008: \$6.4 million). R&D capitalization increased in the year primarily due to the new IDOL SPE product reaching commercial exploitation phase in Q3 2009, but returned to historical levels in Q4 2009. The net margin impact for the full year is 2% (2008: 1%).

R&D capitalization in the fourth quarter of 2009 was \$5.6 million (Q4 2008: \$2.4 million). Capitalization has returned to traditional levels of approximately 2.5% of revenues after completion of IDOL SPE in Q3 2009. Q4 2009 R&D capitalization is offset by amortization charges of \$3.2 million (Q4 2008: \$1.5 million) arising from historical R&D capitalization. The capitalization and offsetting charges resulted in a net credit (before tax) in the quarter of \$2.4 million (Q4 2008: \$0.9 million), and a net margin impact of 1% (Q4 2008: 1%).

### **Balance Sheet and Cash Flow**

Cash balances were \$242.8 million at December 31, 2009, an increase of \$43.6 million from \$199.2 million at December 31, 2008 (prior to the Interwoven acquisition). Movements in cash flow during 2009 of note (other than those discussed above) included:

- Acquisition of Interwoven Inc for an aggregate consideration of approximately \$800 million funded by an underwritten placing of ordinary shares, a new revolving credit facility from Barclays and a portion of Interwoven and Autonomy's cash reserves;
- Early repayment of the Interwoven credit facility of \$37.5 million;
- Expenditure on product development, resulting in a cash outflow of \$24.7 million (2008: \$11.2 million). The increase in R&D spend in 2009 is attributed to new R&D efforts associated with the acquisition of Interwoven and the one-off spend in relation to the development of new products;
- One-off costs incurred at the end of Q3 2009 relating to the new IDOL SPE product, which were paid in full in Q4 2009; and

- Whilst there were no acquisitions in the quarter, Autonomy invested \$4.3 million in a public offering of shares by blinkx plc.

Trade receivables at December 31, 2009, were \$230.2 million, compared to \$141.3 million at December 31, 2008. Accounts receivable days sales outstanding were 88 days at December 31, 2009, compared to 84 days at December 31, 2008 and 97 days at September 30, 2009. As forecast, DSOs returned to the company's normal range of 85-90 days after one-off factors that impacted Q3 2009. Deferred revenues were \$173.5 million at December 31, 2009, compared with \$99.2 million at December 31, 2008. Despite the difficult economic climate, bad debt write off in the year was less than 1% of revenues.

Accrued income at December 31, 2009 was not material, at under 5% of revenues.

### Supplemental Metrics

Autonomy is supplying supplemental metrics to assist in the understanding and analysis of Autonomy's business.

#### Twelve Months Ended Dec. 31, 2009

Organic Growth*	16% <sup>1</sup>
Cash conversion (LTM CFFO/LTM adj EBITDA**)	80%
Cash conversion (lagged to account for growth and seasonality of the business)	91%
Cash conversion (lagged to account for growth and seasonality of the business and acquired Interwoven trade debt)	99%
Cash conversion as a percentage of the theoretical maximum (87%)	91%

#### Three Months Ended Dec. 31, 2009

Product including hosted and OEM*	\$153m
Service revenues*	\$9m
Deferred revenue release (primarily maintenance)*	\$61m
OEM derived revenues*	\$27m
Organic Growth*	18% <sup>1</sup>
Deals over \$1 million	24
Tax rate	28%
Available tax losses*	\$218m
Cash conversion (Q4 CFFO/Q4 adj EBITDA**)	58%
Cash conversion (lagged to account for growth and seasonality of the business)	97%

- LTM revenue with terms >365 days in normal range (<2% of revenues)
- Accrued income in normal range (<5% of revenues)

\* The above items are provided for background information and may include qualitative estimates.

\*\* Adj EBITDA is defined as operating cash flow before movements in working capital.

<sup>1</sup> The company integrates acquired businesses immediately upon acquisition such that it is not possible to identify results from acquired businesses separately from the results of the group. In order to estimate organic growth the company has combined the reported results for Autonomy and Interwoven for 2008, adjusted for \$66m in FY2008 and \$19m in Q4 2008 of discontinued operations, and then compared this to the reported results for the enlarged group in 2009.

### Q4 Product Sales

During the fourth quarter of 2009, major customer wins included: American Airlines, Amgen, AT&T, BAE Systems, Boeing, Charles Schwab, Citi, Ericsson, KPMG, McAfee, Merck, Peugeot Citroen, Qatar Airways, Santander, Whirlpool and Wolters Kluwer, as well as new and repeat licenses with multiple government, defence and intelligence agencies around the globe including in the US, the UK, NATO, Australia, Brazil, the Netherlands, Romania and Sweden. Repeat business from existing customers accounted for approximately 45% of revenue for the quarter.

### Strategic Partnerships and OEMs

Autonomy's OEM Program continued to grow strongly during Q4 2009. Agreements were signed with 12 customers during the quarter, including new and extended agreements with McAfee, HP, Trend Micro and Sybase.

## **Q4 Corporate Developments**

During the fourth quarter of 2009 Autonomy continued to extend its market leadership with the introduction of key new and upgraded IDOL technologies, including the launches of:

- Industry's first Collection to the Cloud service for eDiscovery and compliance;
- New archiving appliance for organizations seeking a simplified yet scalable solution to regulatory challenges;
- New capabilities in Autonomy iManage to cater for updated Federal Data Privacy requirements under the HIPAA; and
- Autonomy Records Management solutions achieved renewed US DoD 5015.2 certification.

During the fourth quarter Autonomy was recognised in multiple ways for its market leadership and unmatched technology, including being:

- Awarded the highest possible rating in the December 2009 Gartner MarketScope for eDiscovery;
- Named "Technology Provider of the Year" at the British Legal Awards 2009;
- Lauded as the "Biggest Contribution to Business Technology" at the UK IT Industry Awards 2009; and
- Voted Britain's most admired Software Company, BMAC 2009.

## **Scheduling of Conference Call and Further Information**

Autonomy's results conference call will be available live at [www.autonomy.com](http://www.autonomy.com) on February 3, 2010, at 9:00 a.m. GMT/4:00 a.m. EST/1:00 a.m. PST.

From time to time the company answers investors' questions on its website which may include information supplemental to that set forth above. Questions and answers can be found at: [www.autonomy.com/investors/questions](http://www.autonomy.com/investors/questions).

## **About Autonomy Corporation plc**

Autonomy Corporation plc (LSE: AU. or AU.L), a global leader in infrastructure software for the enterprise, spearheads the Meaning Based Computing movement. IDC recently recognized Autonomy as having the largest market share and fastest growth in the worldwide search and discovery market. Autonomy's technology allows computers to harness the full richness of human information, forming a conceptual and contextual understanding of any piece of electronic data, including unstructured information, such as text, email, web pages, voice, or video. Autonomy's software powers the full spectrum of mission-critical enterprise applications including pan-enterprise search, customer interaction solutions, information governance, end-to-end eDiscovery, records management, archiving, business process management, web content management, web optimization, rich media management and video and audio analysis.

Autonomy's customer base is comprised of more than 20,000 global companies, law firms and federal agencies including: AOL, BAE Systems, BBC, Bloomberg, Boeing, Citigroup, Coca Cola, Daimler AG, Deutsche Bank, DLA Piper, Ericsson, FedEx, Ford, GlaxoSmithKline, Lloyds Banking Group, NASA, Nestlé, the New York Stock Exchange, Reuters, Shell, Tesco, T-Mobile, the U.S. Department of Energy, the U.S. Department of Homeland Security and the U.S. Securities and Exchange Commission. More than 400 companies OEM Autonomy technology, including Symantec, Citrix, HP, Novell, Oracle, Sybase and TIBCO. The company has offices worldwide. Please visit [www.autonomy.com](http://www.autonomy.com) to find out more.

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**AUTONOMY CORPORATION plc**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
(in thousands, except per share amounts)

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
Revenues (see note 3).....	739,688	503,229	223,111	145,387
Cost of revenues (excl. amortization).....	(87,747)	(45,038)	(23,686)	(12,257)
Amortization of purchased intangibles .....	(49,650)	(19,489)	(14,601)	(4,424)
Total cost of revenues.....	(137,397)	(64,527)	(38,287)	(16,681)
Gross profit.....	602,291	438,702	184,824	128,706
Operating expenses:				
Research and development.....	(98,785)	(78,410)	(26,141)	(18,859)
Sales and marketing .....	(170,797)	(135,159)	(45,621)	(32,219)
General and administrative.....	(60,627)	(42,624)	(17,046)	(10,396)
Other costs.....				
Post-acquisition restructuring costs.....	(846)	(1,157)	—	—
Gain on foreign exchange.....	942	5,141	852	3,699
Total operating expenses .....	(330,113)	(252,209)	(87,956)	(57,775)
Profit from operations.....	272,178	186,493	96,868	70,931
Share of (loss) profit of associate .....	(273)	(2,196)	457	(962)
Interest receivable .....	1,205	3,353	230	1,064
Interest payable.....	(7,044)	(1,943)	(1,798)	(541)
Profit before income taxes.....	266,066	185,707	95,757	70,492
Income taxes (see note 4).....	(74,515)	(53,958)	(26,363)	(19,097)
Net profit .....	191,551	131,749	69,394	51,395
Basic earnings per share (see note 6) .....	0.81	0.61	0.29	0.24
Diluted earnings per share (see note 6).....	0.80	0.61	0.29	0.24
Weighted average number of ordinary shares outstanding ..	237,531	214,523	240,017	215,628
Weighted average number of ordinary shares outstanding, assuming dilution .....	240,555	217,158	243,418	218,048

**Reconciliation of Adjusted Financial Measures**

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
Gross profit .....	602,291	438,702	184,824	128,706
Amortization of purchased intangibles .....	49,650	19,489	14,601	4,424
Gross profit (adj.).....	651,941	458,191	199,425	133,130
Profit before income taxes.....	266,066	185,707	95,757	70,492
Amortization of purchased intangibles .....	49,650	19,489	14,601	4,424
Share-based compensation (see note 5) .....	7,173	5,484	1,994	1,132
Post-acquisition restructuring costs .....	846	1,157	—	—
Gain on foreign exchange .....	(942)	(5,141)	(852)	(3,699)
Share of loss (profit) of associate .....	273	2,196	(457)	962
Profit before tax (adj.) .....	323,066	208,892	111,043	73,311
Provision for income taxes .....	(90,268)	(60,891)	(30,571)	(19,861)
Net profit (adj.).....	232,798	148,001	80,472	53,450
Profit from operations.....	272,178	186,493	96,868	70,931
Amortization of purchased intangibles .....	49,650	19,489	14,601	4,424
Share-based compensation (see note 5) .....	7,173	5,484	1,994	1,132
Post-acquisition restructuring costs .....	846	1,157	—	—
Gain on foreign exchange .....	(942)	(5,141)	(852)	(3,699)
Profit from operations (adj.).....	328,905	207,482	112,611	72,788

The accompanying notes are an integral part of these consolidated financial statements

**AUTONOMY CORPORATION plc**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at	
	(unaudited)	
	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000
<b>ASSETS</b>		
Non-current assets:		
Goodwill .....	1,287,042	796,632
Other intangible assets .....	399,277	98,694
Property and equipment, net .....	33,886	27,350
Equity and other investments .....	16,608	7,441
Deferred tax asset .....	24,015	13,467
Total non-current assets.....	<u>1,760,828</u>	<u>943,584</u>
Current assets:		
Trade receivables, net.....	230,219	141,252
Other receivables.....	45,231	35,554
Total trade and other receivables .....	<u>275,450</u>	<u>176,806</u>
Inventory .....	486	715
Cash and cash equivalents .....	242,791	199,218
Total current assets .....	<u>518,727</u>	<u>376,739</u>
<b>TOTAL ASSETS.....</b>	<u><b>2,279,555</b></u>	<u><b>1,320,323</b></u>
<b>CURRENT LIABILITIES</b>		
Trade payable .....	(14,926)	(12,434)
Other payables .....	(54,517)	(19,511)
Total trade and other payables .....	<u>(69,443)</u>	<u>(31,945)</u>
Bank loan .....	(52,375)	(10,637)
Tax liabilities.....	(43,338)	(27,905)
Deferred revenue.....	(164,931)	(89,794)
Provisions.....	(2,731)	(426)
Total current liabilities .....	<u>(332,818)</u>	<u>(160,707)</u>
Net current assets.....	<u>185,909</u>	<u>216,032</u>
<b>NON-CURRENT LIABILITIES</b>		
Bank loan .....	(145,152)	(26,594)
Deferred tax liabilities.....	(85,087)	(2,537)
Deferred revenue.....	(8,576)	(9,414)
Other payables .....	(1,020)	(1,171)
Provisions.....	(5,123)	—
Total non-current liabilities .....	<u>(244,958)</u>	<u>(39,716)</u>
Total liabilities.....	<u>(577,776)</u>	<u>(200,423)</u>
<b>NET ASSETS.....</b>	<u><b>1,701,779</b></u>	<u><b>1,119,900</b></u>
Shareholders' equity:		
Ordinary shares (1) .....	1,333	1,214
Share premium account .....	1,130,767	798,279
Capital redemption reserve .....	135	135
Own shares .....	(845)	(905)
Merger reserve .....	27,589	27,589
Stock compensation reserve .....	21,959	14,846
Revaluation reserve .....	4,499	2,987
Translation reserve .....	(12,032)	(18,261)
Retained earnings.....	528,374	294,016
<b>TOTAL EQUITY .....</b>	<u><b>1,701,779</b></u>	<u><b>1,119,900</b></u>

(1) At December 31, 2009, 600,000,000 ordinary shares of nominal value 1/3 pence each authorized, 240,574,304 issued and outstanding; as of December 31, 2008, 600,000,000 ordinary shares of nominal value 1/3 pence each authorized, 215,817,197 issued and outstanding.

The accompanying notes are an integral part of these consolidated financial statements

**AUTONOMY CORPORATION plc**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit from operations.....	272,178	186,493	96,868	70,931
Adjustments for:				
Depreciation and amortization.....	81,083	38,408	25,490	9,576
Share based compensation.....	7,173	5,484	1,994	1,132
Foreign currency movements.....	(942)	(5,141)	(852)	(3,699)
Post-acquisition restructuring costs.....	846	—	250	—
Other non-cash items.....	128	353	1	353
Operating cash flows before movements in working capital.....	360,466	225,597	123,751	78,293
Changes in operating assets and liabilities (net of impact of acquisitions):				
Receivables.....	(78,396)	(54,870)	(13,021)	(25,978)
Inventories.....	235	(154)	(33)	51
Payables.....	4,267	8,210	(38,503)	5,591
Cash generated by operations.....	286,572	178,783	72,194	57,957
Income taxes paid.....	(36,551)	(32,447)	(10,368)	(8,519)
Net cash provided by operating activities.....	250,021	146,336	61,826	49,438
<b>Cash flows from investment activities:</b>				
Interest received.....	1,127	3,321	152	1,064
Purchase of property, plant and equipment and intangibles.....	(34,429)	(14,285)	(11,031)	(3,480)
Purchase of investments.....	(6,449)	(2,327)	(4,297)	—
Expenditure on product development.....	(24,722)	(11,159)	(5,574)	(2,415)
Acquisition of subsidiaries, net of cash acquired.....	(630,052)	(6,226)	(1,522)	(167)
Net cash used in investing activities.....	(694,525)	(30,676)	(22,272)	(4,998)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of shares, net of issuance costs...	24,668	17,409	7,472	1,918
Proceeds from share placing, net of issuance costs.....	308,512	—	—	—
Interest on bank loan.....	(5,340)	(1,943)	(1,380)	(541)
Repayment of bank loan.....	(37,450)	(10,700)	—	—
Drawdown of bank loan.....	200,000	—	—	—
Payment of arrangement fee.....	(3,846)	—	—	(2,675)
Net cash provided by (used in) financing activities.....	486,544	4,766	6,092	(1,298)
Net increase in cash and cash equivalents.....	42,040	120,426	45,646	43,142
Beginning cash and cash equivalents.....	199,218	92,571	200,732	165,695
Effect of foreign exchange on cash and cash equivalents...	1,533	(13,779)	(3,587)	(9,619)
Ending cash and cash equivalents.....	242,791	199,218	242,791	199,218

**AUTONOMY CORPORATION plc**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
Net profit.....	191,551	131,749	69,394	51,395
Revaluation of equity investment.....	1,512	(7,176)	(967)	(4,156)
Translation of overseas operations.....	6,229	(42,062)	(3,995)	(29,206)
Other comprehensive income.....	7,741	(49,238)	(4,962)	(33,362)
Total comprehensive income.....	199,292	82,511	64,432	18,033

The accompanying notes are an integral part of these consolidated financial statements

**AUTONOMY CORPORATION plc**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Ordinary shares	Share premium	Capital redemption reserve	Own shares	Merger reserve	Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2008.....	1,196	780,888	135	(981)	27,589	808,827
Retained profit.....	—	—	—	—	—	—
Other comprehensive income .....	—	—	—	—	—	—
Stock compensation.....	—	—	—	—	—	—
Share options exercised .....	18	17,391	—	—	—	17,409
EBT options exercised.....	—	—	—	76	—	76
Deferred tax on stock options.....	—	—	—	—	—	—
At Dec 31, 2008 .....	<u>1,214</u>	<u>798,279</u>	<u>135</u>	<u>(905)</u>	<u>27,589</u>	<u>826,312</u>

	Sub-total Forwarded	Stock comp'n reserve	Revaluation reserve	Translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2008.....	808,827	9,438	10,163	23,801	146,084	998,313
Retained profit.....	—	—	—	—	131,749	131,749
Other comprehensive income .....	—	—	(7,176)	(42,062)	—	(49,238)
Stock compensation.....	—	5,484	—	—	—	5,484
Share options exercised .....	17,409	—	—	—	—	17,409
EBT options exercised.....	76	(76)	—	—	—	—
Deferred tax on stock options.....	—	—	—	—	16,183	16,183
At Dec 31, 2008 .....	<u>826,312</u>	<u>14,846</u>	<u>2,987</u>	<u>(18,261)</u>	<u>294,016</u>	<u>1,119,900</u>

	Ordinary shares	Share premium	Capital redemption reserve	Own shares	Merger reserve	Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2009.....	1,214	798,279	135	(905)	27,589	826,312
Retained profit.....	—	—	—	—	—	—
Other comprehensive income .....	—	—	—	—	—	—
Stock compensation.....	—	—	—	—	—	—
Share placing.....	103	308,409	—	—	—	308,512
Share options exercised .....	16	24,079	—	—	—	24,095
EBT options exercised.....	—	—	—	60	—	60
Deferred tax on stock options.....	—	—	—	—	—	—
At Dec 31, 2009 .....	<u>1,333</u>	<u>1,130,767</u>	<u>135</u>	<u>(845)</u>	<u>27,589</u>	<u>1,158,979</u>

	Sub-total Forwarded	Stock comp'n reserve	Revaluation reserve	Translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2009.....	826,312	14,846	2,987	(18,261)	294,016	1,119,900
Retained profit.....	—	—	—	—	191,551	191,551
Other comprehensive income .....	—	—	1,512	6,229	—	7,741
Stock compensation.....	—	7,173	—	—	—	7,173
Share placing.....	308,512	—	—	—	—	308,512
Share options exercised .....	24,095	—	—	—	—	24,095
EBT options exercised.....	60	(60)	—	—	—	—
Deferred tax on stock options.....	—	—	—	—	42,807	42,807
At Dec 31, 2009 .....	<u>1,158,979</u>	<u>21,959</u>	<u>4,499</u>	<u>(12,032)</u>	<u>528,374</u>	<u>1,701,779</u>

The accompanying notes are an integral part of these consolidated financial statements

## AUTONOMY CORPORATION plc

### NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2009 - UNAUDITED

#### 1. General information

The accompanying quarterly and twelve month consolidated financial statements of Autonomy Corporation plc are based on the company's financial statements which are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The quarterly and twelve month consolidated financial statements have been prepared using accounting policies consistent in all material respects with those to be applied in the Company's Annual Report for the year ended December 31, 2009 and those applied in the Company's Annual Report for the year ended December 31, 2008.

Quarterly and twelve month information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to provide a fair statement of results and the company's financial position for and as at the periods presented. The results of operations for the three months and twelve months ended December 31, 2009, are not necessarily indicative of the operating results for future operating periods. The financial information set out in the announcement does not constitute the company's statutory accounts for the years ended December 31, 2009 or 2008. The financial information for the year ended December 31, 2008, is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation. The quarterly and twelve month information should be read in connection with the company's audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2008. The audit of the statutory accounts for the year ended December 31, 2009, is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. This announcement was approved by the Board of Directors on February 2, 2010.

#### 2. Accounting policies

Whilst the financial information included in this quarterly and twelve month announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain all of the disclosures required by IFRSs.

##### Basis of preparation

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the group's 2008 Annual Report, except for as described below.

##### Adoption of new and current standards

In the current financial year, the group has adopted International Financial Reporting Standard 8 "Operating Segments" as required, and applied these principles throughout the year. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The adoption of this standard has resulted in no changes in the segmental disclosures provided in note 3 of this condensed set of financial statements, or in any prior periods.

##### Going Concern

The group has considerable financial resources together with a significant number of customers across different geographic areas and industries. At December 31, 2009 the group has cash balances of \$242.8 million and total debt of \$197.5 million. The group has no net debt. As a consequence, the directors believe that the group is well placed to manage business risks successfully despite the current uncertain economic outlook.

After making enquiries and considering the cash flow forecasts of the group the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the twelve month and quarterly consolidated financial statements

##### Adjusted Results

Although IFRS disclosure provides investors and management with an overall view of the company's financial performance, Autonomy believes that it is important for investors to also understand the performance of the company's fundamental business without giving effect to certain specific, non-recurring and non-cash charges. Consequently, the non-IFRS (adj.) results exclude share of profit/loss of associates, post-acquisition restructuring

costs and non-cash charges for the amortization of purchased intangibles, share-based compensation, non-cash translational foreign exchange gains and losses and associated tax effects. Management uses the adjusted results to assess the financial performance of the company's operational business activities.

See reconciliations on page 7.

### 3. Segmental information

The Company is organized internally along group function lines with each line reporting to the group's chief operating decision maker, the Chief Executive Officer. The primary group function lines include: finance; operations, including legal, HR, and operations, marketing, sales and technology. Each of these functions supports the overall business activities, however they do not engage in activities from which they earn revenues or incur expenditure in their operations with each other. No discrete financial information is produced for these function lines. The company integrates acquired businesses and products into the Autonomy model such that separate financial data on these entities is not maintained post acquisition.

The group has operations in various geographic locations however no discrete financial information is maintained on a regional basis. Decisions around the allocation of resources are not determined on a regional basis and the chief operating decision maker does not assess the group's performance on a geographic basis.

The group is a software business that utilises its single technology in a set of standard products to address unique business problems associated with unstructured data. The group offers over 500 different functions and connectors to over 400 different data repositories as part of its product suite. Each customer selects from a list of options, but underneath from a single unit of the proprietary core technology platform. As a result, no analysis of revenues by product type can be provided.

Each of the group's virtual brands is founded on the group's unique Intelligent Data Operating Layer (IDOL), the group's core infrastructure for automating the handling of all forms of unstructured information. Separate financial information is not prepared for each virtual brand to assess its performance for the purpose of resource allocation decisions. The pervasive nature of the group's technology across each brand requires decisions to be taken at the group level and financial information is prepared on that basis.

A significant proportion of the group's cost base is fixed and represents payroll and property costs which relate to the multiple function lines of the group. As a result the business model drives enhanced performance through growing sales and accordingly group wide revenue generation is the key performance metric that is monitored by the chief operating decision maker. The revenue financial data used to monitor performance is prepared and compiled on a group wide basis. No separate revenue financial analysis is maintained on revenues from any of the virtual brands.

The Company's chief operating decision maker is the group's Chief Executive Officer, who evaluates the performance of the Company on a group wide basis and any elements within it on the basis of information from junior executives and group financial information and is ultimately responsible for entity-wide resource allocation decisions.

As a consequence of the above factors the group has one operating segment in accordance with IFRS 8 "Operating Segments". IFRS 8 also requires information on a geographic basis and that information is shown below.

The group's operations are located primarily in the United Kingdom, the US and Canada. The company also has a significant presence in a number of other European countries as well as China, Japan, Singapore and Australia. The following tables provide an analysis of the group's sales and net assets by geographical market based upon the location of the group's customers.

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
Revenue by region:				
Americas.....	517,185	324,287	162,341	95,722
Rest of World.....	222,503	178,942	60,770	49,665
Total .....	<u>739,688</u>	<u>503,229</u>	<u>223,111</u>	<u>145,387</u>

### 3. Segmental information (continued)

Information about these geographical regions is presented below:

	Twelve Months Ended					
	(unaudited)					
	Dec 31, 2009			Dec 31, 2008		
	Americas	ROW	Total	Americas	ROW	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Result by region .....	212,775	59,307	272,082	139,104	43,405	182,509
Post-acq'n restruct. costs.....			(846)			(1,157)
Gain on foreign exch.....			942			5,141
Operating profit .....			272,178			186,493
Share of loss of associate.....			(273)			(2,196)
Interest receivable .....			1,205			3,353
Interest payable.....			(7,044)			(1,943)
Profit before tax.....			266,066			185,707
Tax .....			(74,515)			(53,958)
Profit for the period.....			191,551			131,749

	Three Months Ended					
	(unaudited)					
	Dec 31, 2009			Dec 31, 2008		
	Americas	ROW	Total	Americas	ROW	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Result by region .....	76,549	19,467	96,016	48,982	18,250	67,232
Gain on foreign exch.....			852			3,699
Operating profit .....			96,868			70,931
Share of profit (loss) of associate.....			457			(962)
Interest receivable .....			230			1,064
Interest payable.....			(1,798)			(541)
Profit before tax.....			95,757			70,492
Tax .....			(26,363)			(19,097)
Profit for the period.....			69,394			51,395

### 4. Income taxes

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
Tax charge by region:				
UK.....	46,413	41,148	22,562	16,810
Foreign.....	28,102	12,810	3,801	2,287
Total.....	74,515	53,958	26,363	19,097

### 5. Share based compensation

Share based compensation charges have been charged in the consolidated income statement within the following functional areas:

	Twelve Months Ended		Three Months Ended	
	(unaudited)		(unaudited)	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
	\$'000	\$'000	\$'000	\$'000
Research and development.....	1,926	1,654	535	304
Sales and marketing .....	3,517	2,739	978	555
General and administrative .....	1,730	1,091	481	273
Total share based compensation charge .....	7,173	5,484	1,994	1,132

## 6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Twelve Months Ended</b>		<b>Three Months Ended</b>	
	(unaudited)		(unaudited)	
	<b>Dec 31, 2009</b>	<b>Dec 31, 2008</b>	<b>Dec 31, 2009</b>	<b>Dec 31, 2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Earnings for the purposes of basic and diluted earnings per share being net profit .....	<u>191,551</u>	<u>131,749</u>	<u>69,394</u>	<u>51,395</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of basic earnings per share .....	237,531	214,523	240,017	215,628
Effect of dilutive potential ordinary shares:				
Share options.....	<u>3,024</u>	<u>2,635</u>	<u>3,401</u>	<u>2,420</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share.....	<u>240,555</u>	<u>217,158</u>	<u>243,418</u>	<u>218,048</u>

Earnings per share (adj.) is calculated by dividing the net profit (adj.) amounts shown on page 7 by the share denominators shown above.

## 7. Related Party Transactions

There have been no related party transactions, or changes in related party transactions described in the latest annual report, that could have a material effect on the financial position or performance of the group in the financial year.