

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operation
(in thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenues:				
Software-enabled services	\$ 140,656	\$ 131,408	\$ 552,565	\$ 406,477
Software licenses	7,807	7,003	28,687	22,466
Maintenance	25,806	25,767	103,409	93,760
Professional services	8,253	7,577	28,041	29,139
Total revenues	<u>182,522</u>	<u>171,755</u>	<u>712,702</u>	<u>551,842</u>
Cost of revenues:				
Software-enabled services	81,872	78,274	322,719	234,214
Software licenses	1,394	1,727	5,302	6,336
Maintenance	10,093	11,056	41,046	40,394
Professional services	5,044	5,170	19,733	18,973
Total cost of revenues	<u>98,403</u>	<u>96,227</u>	<u>388,800</u>	<u>299,917</u>
Gross profit	<u>84,119</u>	<u>75,528</u>	<u>323,902</u>	<u>251,925</u>
Operating expenses:				
Selling and marketing	11,009	9,230	41,885	33,858
Research and development	13,304	13,301	53,862	45,779
General and administrative	11,990	10,270	45,187	34,797
Transaction costs	-	(47)	-	14,275
Total operating expenses	<u>36,303</u>	<u>32,754</u>	<u>140,934</u>	<u>128,709</u>
Operating income	47,816	42,774	182,968	123,216
Interest expense, net	(7,954)	(13,741)	(41,279)	(32,501)
Other income (expense), net	1,092	350	3,498	(15,875)
Loss on extinguishment of debt	-	-	-	(4,355)
Income before income taxes	40,954	29,383	145,187	70,485
Provision for income taxes	<u>14,073</u>	<u>13,301</u>	<u>27,292</u>	<u>24,665</u>
Net income	<u>\$ 26,881</u>	<u>\$ 16,082</u>	<u>\$ 117,895</u>	<u>\$ 45,820</u>
Basic earnings per share	<u>\$ 0.33</u>	<u>\$ 0.20</u>	<u>\$ 1.45</u>	<u>\$ 0.59</u>
Basic weighted average number of common shares outstanding	<u>82,428</u>	<u>78,912</u>	<u>81,195</u>	<u>78,321</u>
Diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.19</u>	<u>\$ 1.38</u>	<u>\$ 0.55</u>
Diluted weighted average number of common and common equivalent shares outstanding	<u>86,716</u>	<u>83,354</u>	<u>85,616</u>	<u>82,888</u>

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	\$ 84,470	\$ 86,160
Accounts receivable, net	91,221	91,690
Prepaid income taxes	19,932	9,651
Deferred income taxes	6,526	5,408
Prepaid expenses and other current assets	16,567	11,548
Restricted cash	2,460	2,460
Total current assets	221,176	206,917
Property and equipment, net	51,697	55,039
Deferred income taxes	1,077	1,459
Goodwill	1,541,386	1,559,607
Intangible and other assets, net	459,988	539,883
Total assets	\$ 2,275,324	\$ 2,362,905
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 23,212	\$ 22,248
Accounts payable	8,368	10,528
Income taxes payable	2,169	1,314
Accrued employee compensation and benefits	44,664	39,812
Other accrued expenses	26,028	22,650
Deferred maintenance and other revenue	62,561	63,700
Total current liabilities	167,002	160,252
Long-term debt, net of current portion	751,295	989,890
Other long-term liabilities	14,913	17,102
Deferred income taxes	110,406	120,158
Total liabilities	1,043,616	1,287,402
Total stockholders' equity	1,231,708	1,075,503
Total liabilities and stockholders' equity	\$ 2,275,324	\$ 2,362,905

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Year Ended	
	December 31, 2013	December 31, 2012
Cash flow from operating activities:		
Net income	\$ 117,895	\$ 45,820
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99,780	75,814
Stock-based compensation expense	8,386	5,590
Income tax benefit related to exercise of stock options	(24,194)	(3,531)
Amortization of loan origination costs and original issue discount	5,830	9,215
Loss on sale or disposition of property and equipment	317	13
Deferred income taxes	(11,069)	(6,350)
Provision for doubtful accounts	666	413
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	814	(14,051)
Prepaid expenses and other assets	(4,695)	7,579
Accounts payable	(4,032)	1,835
Accrued expenses	1,695	3,015
Income taxes prepaid and payable	18,060	5,039
Deferred maintenance and other revenue	(1,184)	4,021
Net cash provided by operating activities	<u>208,269</u>	<u>134,422</u>
Cash flow from investing activities:		
Additions to property and equipment	(11,921)	(17,187)
Proceeds from sale of property and equipment	67	374
Cash paid for business acquisitions, net of cash acquired	(3,657)	(967,149)
Additions to capitalized software	(2,399)	(1,105)
Other	-	87
Net cash used in investing activities	<u>(17,910)</u>	<u>(984,980)</u>
Cash flow from financing activities:		
Cash received from debt borrowings, net of loan origination costs	(1,917)	1,304,037
Repayment of debt	(239,000)	(425,600)
Proceeds from exercise of stock options	27,817	14,354
Payment of contingent consideration	-	(1,800)
Income tax benefit related to exercise of stock options	24,194	3,531
Purchase of common stock for treasury	(943)	-
Net cash (used in) provided by financing activities	<u>(189,849)</u>	<u>894,522</u>
Effect of exchange rate changes on cash	<u>(2,200)</u>	<u>1,878</u>
Net (decrease) increase in cash	(1,690)	45,842
Cash, beginning of period	86,160	40,318
Cash, end of period	<u>\$ 84,470</u>	<u>\$ 86,160</u>

See Notes to Condensed Consolidated Financial Information.

SS&C Technologies Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Information

Note 1. Reconciliation of Revenue to Adjusted Revenue

Adjusted revenue represents revenue adjusted for one-time purchase accounting adjustments to fair value deferred revenue acquired in business combinations. Adjusted revenue is presented because we use this measure to evaluate performance of our business against prior periods and believe it is a useful indicator of the underlying performance of the Company. Adjusted revenue is not a recognized term under generally accepted accounting principles (GAAP). Adjusted revenue does not represent revenue, as that term is defined under GAAP, and should not be considered as an alternative to revenue as an indicator of our operating performance. Adjusted revenue as presented herein is not necessarily comparable to similarly titled measures. The following is a reconciliation between adjusted revenue and revenue, the GAAP measure we believe to be most directly comparable to adjusted revenue.

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
(in thousands)				
Revenue	\$ 182,522	\$ 171,755	\$ 712,702	\$ 551,842
Purchase accounting adjustments to deferred revenue	-	285	136	1,101
Adjusted revenue	<u>\$ 182,522</u>	<u>\$ 172,040</u>	<u>\$ 712,838</u>	<u>\$ 552,943</u>

Note 2. Reconciliation of Operating Income to Adjusted Operating Income

Adjusted operating income represents operating income adjusted for amortization of acquisition-related intangible assets and purchase accounting adjustments for deferred revenue and other expenses. Adjusted operating income is presented because we use this measure to evaluate performance of our business and believe it is a useful indicator of the underlying performance of the Company. Adjusted operating income is not a recognized term under GAAP. Adjusted operating income does not represent operating income, as that term is defined under GAAP, and should not be considered as an alternative to operating income as an indicator of our operating performance. Adjusted operating income as presented herein is not necessarily comparable to similarly titled measures. The following is a reconciliation between adjusted operating income and operating income, the GAAP measure we believe to be most directly comparable to adjusted operating income.

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
(in thousands)				
Operating income	\$ 47,816	\$ 42,774	\$ 182,968	\$ 123,216
Amortization of intangible assets	21,597	21,373	85,036	65,118
Stock-based compensation	2,376	1,792	8,386	5,590
Capital-based taxes	182	-	182	(785)
Unusual or non-recurring charges	286	(37)	377	15,754
Purchase accounting adjustments	(46)	233	(52)	894
Adjusted operating income	<u>\$ 72,211</u>	<u>\$ 66,135</u>	<u>\$ 276,897</u>	<u>\$ 209,787</u>

Note 3. Reconciliation of Net Income to EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA

EBITDA represents net income before interest expense, income taxes, depreciation and amortization. Consolidated EBITDA, defined under our Credit Agreement entered into in March 2013, is used in calculating covenant compliance, and is EBITDA adjusted for certain items. Consolidated EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described below. Adjusted consolidated EBITDA is calculated by subtracting acquired EBITDA from consolidated EBITDA. EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are presented because we use these measures to evaluate performance of our business and believe them to be useful indicators of an entity's debt capacity and its ability to service debt. EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are not recognized terms under GAAP and should not be considered in isolation or as alternatives to operating income, net income or cash flows from operating activities as indicators of our operating performance. The following is a reconciliation of EBITDA, consolidated EBITDA and adjusted consolidated EBITDA to net income.

(in thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
Net income	\$ 26,881	\$ 16,082	\$ 117,895	\$ 45,820
Interest expense, net	7,954	13,741	41,279	36,856
Taxes	14,073	13,301	27,292	24,665
Depreciation and amortization	25,339	25,194	99,780	75,814
EBITDA	74,247	68,318	286,246	183,155
Stock-based compensation	2,376	1,792	8,386	5,590
Capital-based taxes	182	-	182	(785)
Acquired EBITDA and cost savings	-	40	890	35,531
Unusual or non-recurring charges	(806)	(387)	(3,121)	31,629
Purchase accounting adjustments	(46)	233	(52)	894
Other	56	124	235	(17)
Consolidated EBITDA	76,009	70,120	292,766	255,997
Less: acquired EBITDA	-	(40)	(890)	(35,531)
Adjusted Consolidated EBITDA	\$ 76,009	\$ 70,080	\$ 291,876	\$ 220,466

Note 4. Reconciliation of Net Income to Adjusted Net Income and Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

Adjusted net income and adjusted diluted earnings per share represent net income and earnings per share before amortization of intangible assets and deferred financing costs, stock-based compensation, capital-based taxes and other unusual and non-recurring items. Adjusted net income and adjusted diluted earnings per share are not recognized terms under GAAP, do not represent net income or diluted earnings per share, as those terms are defined under GAAP, and should not be considered as alternatives to net income or diluted earnings per share as indicators of our operating performance. Adjusted net income and adjusted diluted earnings per share are important to management and investors because they represent our operational performance exclusive of the effects of amortization of intangible assets and deferred financing costs, stock-based compensation, capital-based taxes and other unusual and non-recurring items that are not operational in nature or comparable to those of our competitors. The following is a reconciliation between adjusted net income and adjusted diluted earnings per share and net income and diluted earnings per share.

(in thousands, except per share data)	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
GAAP – Net income	\$ 26,881	\$ 16,082	\$ 117,895	\$ 45,820
Plus: Amortization of intangible assets	21,597	21,373	85,036	65,118
Plus: Amortization of deferred financing costs and original issue discount	1,422	1,401	5,830	3,360
Plus: Stock-based compensation	2,376	1,792	8,386	5,590
Plus: Capital-based taxes	182	-	182	(785)
Plus: Unusual and non-recurring items	(806)	(387)	(3,121)	31,629
Plus: Loss on extinguishment of debt	-	-	-	4,355
Plus: Purchase accounting adjustments	(46)	233	(52)	894
Income tax effect (1)	(5,631)	(5,527)	(45,142)	(38,561)
Adjusted net income	\$ 45,975	\$ 34,967	\$ 169,014	\$ 117,420
Adjusted diluted earnings per share	\$ 0.53	\$ 0.42	\$ 1.97	\$ 1.42
GAAP diluted earnings per share	\$ 0.31	\$ 0.19	\$ 1.38	\$ 0.55
Diluted weighted-average shares outstanding	86,716	83,354	85,616	82,888

(1) An estimated normalized effective tax rate of 30% has been used to adjust the provision for income taxes for the purposes of computing adjusted net income.