

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

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenues:				
Software-enabled services	\$ 145,547	\$ 138,047	\$ 290,930	\$ 273,786
Software licenses	9,866	6,626	17,365	12,696
Maintenance	25,691	25,410	51,217	51,425
Professional services	7,618	7,374	15,020	12,768
Total revenues	<u>188,722</u>	<u>177,457</u>	<u>374,532</u>	<u>350,675</u>
Cost of revenues:				
Software-enabled services	86,040	80,245	171,731	160,972
Software licenses	806	1,348	1,657	2,622
Maintenance	10,077	10,283	20,008	20,803
Professional services	5,310	4,885	10,336	9,805
Total cost of revenues	<u>102,233</u>	<u>96,761</u>	<u>203,732</u>	<u>194,202</u>
Gross profit	<u>86,489</u>	<u>80,696</u>	<u>170,800</u>	<u>156,473</u>
Operating expenses:				
Selling and marketing	12,203	10,563	24,101	20,027
Research and development	13,939	13,639	27,526	27,441
General and administrative	14,958	11,202	26,759	21,717
Total operating expenses	<u>41,100</u>	<u>35,404</u>	<u>78,386</u>	<u>69,185</u>
Operating income	45,389	45,292	92,414	87,288
Interest expense, net	(6,569)	(11,784)	(13,667)	(24,289)
Other (expense) income, net	<u>(59)</u>	<u>2,370</u>	<u>(745)</u>	<u>2,516</u>
Income before income taxes	38,761	35,878	78,002	65,515
Provision for income taxes	<u>11,516</u>	<u>9,759</u>	<u>24,309</u>	<u>17,967</u>
Net income	<u>\$ 27,245</u>	<u>\$ 26,119</u>	<u>\$ 53,693</u>	<u>\$ 47,548</u>
Basic earnings per share	<u>\$ 0.33</u>	<u>\$ 0.32</u>	<u>\$ 0.65</u>	<u>\$ 0.59</u>
Basic weighted average number of common shares outstanding	<u>83,118</u>	<u>81,186</u>	<u>82,921</u>	<u>80,268</u>
Diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.31</u>	<u>\$ 0.62</u>	<u>\$ 0.56</u>
Diluted weighted average number of common and common equivalent shares outstanding	<u>87,091</u>	<u>85,280</u>	<u>86,999</u>	<u>84,550</u>

See Notes to Condensed Consolidated Financial Information.

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

	June 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	\$ 73,520	\$ 84,470
Accounts receivable, net	89,428	91,221
Prepaid income taxes	12,780	19,932
Deferred income taxes	5,367	6,526
Prepaid expenses and other current assets	17,454	16,567
Restricted cash	1,477	2,460
Total current assets	<u>200,026</u>	<u>221,176</u>
Property and equipment, net	53,212	51,697
Deferred income taxes	1,037	1,077
Goodwill	1,547,504	1,541,386
Intangible and other assets, net	420,652	459,988
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 2,222,431</u></u>	<u><u>\$ 2,275,324</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 23,814	\$ 23,212
Accounts payable	8,503	8,368
Income taxes payable	-	2,169
Accrued employee compensation and benefits	25,418	44,664
Other accrued expenses	27,369	26,028
Deferred maintenance and other revenue	57,265	62,561
Total current liabilities	<u>142,369</u>	<u>167,002</u>
Long-term debt, net of current portion	644,384	751,295
Other long-term liabilities	17,469	14,913
Deferred income taxes	104,267	110,406
Total liabilities	<u>908,489</u>	<u>1,043,616</u>
Total stockholders' equity	<u>1,313,942</u>	<u>1,231,708</u>
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	<u><u>\$ 2,222,431</u></u>	<u><u>\$ 2,275,324</u></u>

See Notes to Condensed Consolidated Financial Information.

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

	Six Months Ended	
	June 30, 2014	June 30, 2013
Cash flow from operating activities:		
Net income	\$ 53,693	\$ 47,548
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,832	49,742
Stock-based compensation expense	5,770	4,035
Income tax benefit related to exercise of stock options	(8,235)	(4,941)
Amortization of loan origination costs and original issue discount	2,956	2,988
Loss on sale or disposition of property and equipment	698	322
Deferred income taxes	(5,550)	(4,474)
Provision for doubtful accounts	473	314
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	1,532	(6,418)
Prepaid expenses and other assets	(1,403)	(4,712)
Accounts payable	789	(2,248)
Accrued expenses	(15,507)	(14,245)
Income taxes prepaid and payable	13,250	5,600
Deferred maintenance and other revenue	(5,478)	(3,506)
Net cash provided by operating activities	92,820	70,005
Cash flow from investing activities:		
Additions to property and equipment	(9,460)	(7,724)
Proceeds from sale of property and equipment	1	55
Additions to capitalized software	(1,704)	(428)
Other	983	-
Net cash used in investing activities	(10,180)	(8,097)
Cash flow from financing activities:		
Repayment of debt	(107,000)	(102,000)
Proceeds from exercise of stock options	12,337	14,086
Income tax benefit related to exercise of stock options	8,235	4,941
Purchase of common stock for treasury	(7,386)	-
Other	(512)	(1,917)
Net cash used in financing activities	(94,326)	(84,890)
Effect of exchange rate changes on cash	736	(2,592)
Net decrease in cash	(10,950)	(25,574)
Cash, beginning of period	84,470	86,160
Cash, end of period	\$ 73,520	\$ 60,586
Supplemental disclosure of non-cash activities:		
Excess tax benefit related to stock option exercises	\$ -	\$ 12,956

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.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue	\$ 188,722	\$ 177,457	\$ 374,532	\$ 350,675
Purchase accounting adjustments to deferred revenue	-	22	-	136
Adjusted revenue	\$ 188,722	\$ 177,479	\$ 374,532	\$ 350,811

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.

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Operating income	\$ 45,389	\$ 45,292	\$ 92,414	\$ 87,288
Amortization of intangible assets	21,285	21,174	42,611	42,192
Stock-based compensation	2,795	1,929	5,770	4,035
Capital-based taxes	-	-	6	-
Unusual or non-recurring charges	4,511	395	5,839	(15)
Purchase accounting adjustments	-	(24)	(27)	41
Adjusted operating income	\$ 73,980	\$ 68,766	\$ 146,613	\$ 133,541

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 2012, 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 June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,
	2014	2013	2014	2013	2014
Net income	\$ 27,245	\$ 26,119	\$ 53,693	\$ 47,548	\$ 124,040
Interest expense, net	6,569	11,784	13,667	24,289	30,657
Taxes	11,516	9,759	24,309	17,967	33,634
Depreciation and amortization	24,896	24,990	49,832	49,742	99,870
EBITDA	70,226	72,652	141,501	139,546	288,201
Stock-based compensation	2,795	1,929	5,770	4,035	10,121
Capital-based taxes	-	-	6	-	188
Acquired EBITDA and cost savings	-	-	-	-	204
Unusual or non-recurring charges	4,570	(1,976)	6,584	(2,532)	5,995
Purchase accounting adjustments	-	(24)	(27)	41	(120)
Other	132	6	83	217	101
Consolidated EBITDA	77,723	72,587	153,917	141,307	304,690
Less: acquired EBITDA	-	-	-	-	(204)
Adjusted Consolidated EBITDA	<u>\$ 77,723</u>	<u>\$ 72,587</u>	<u>\$ 153,917</u>	<u>\$ 141,307</u>	<u>\$ 304,486</u>

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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
GAAP – Net income	\$ 27,245	\$ 26,119	\$ 53,693	\$ 47,548
Plus: Amortization of intangible assets	21,285	21,174	42,611	42,192
Plus: Amortization of deferred financing costs and original issue discount	1,436	1,600	2,956	2,988
Plus: Stock-based compensation	2,795	1,929	5,770	4,035
Plus: Capital-based taxes	-	-	6	-
Plus: Unusual and non-recurring items	4,570	(1,976)	6,584	(2,532)
Plus: Loss on extinguishment of debt	-	-	-	-
Plus: Purchase accounting adjustments	-	(24)	(27)	41
Income tax effect (1)	(7,761)	(7,815)	(13,743)	(15,704)
Adjusted net income	<u>\$ 49,570</u>	<u>\$ 41,007</u>	<u>\$ 97,850</u>	<u>\$ 78,568</u>
Adjusted diluted earnings per share	\$ 0.57	\$ 0.48	\$ 1.12	\$ 0.93
GAAP diluted earnings per share	\$ 0.31	\$ 0.31	\$ 0.62	\$ 0.56
Diluted weighted-average shares outstanding	87,091	85,280	86,999	84,550

(1) An estimated normalized effective tax rate of 28% has been used to adjust the provision for income taxes for the purposes of computing adjusted net income.