

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

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenues:				
Software-enabled services	\$ 138,123	\$ 125,605	\$ 411,909	\$ 275,069
Software licenses	8,184	5,885	20,880	15,463
Maintenance	26,178	25,519	77,603	67,993
Professional services	7,020	8,553	19,788	21,562
Total revenues	<u>179,505</u>	<u>165,562</u>	<u>530,180</u>	<u>380,087</u>
Cost of revenues:				
Software-enabled services	79,875	75,965	240,847	155,940
Software licenses	1,286	1,764	3,908	4,609
Maintenance	10,150	10,883	30,953	29,338
Professional services	4,884	5,126	14,689	13,803
Total cost of revenues	<u>96,195</u>	<u>93,738</u>	<u>290,397</u>	<u>203,690</u>
Gross profit	<u>83,310</u>	<u>71,824</u>	<u>239,783</u>	<u>176,397</u>
Operating expenses:				
Selling and marketing	10,849	8,970	30,876	24,628
Research and development	13,117	13,193	40,558	32,478
General and administrative	11,480	11,668	33,197	24,527
Transaction costs	-	748	-	14,322
Total operating expenses	<u>35,446</u>	<u>34,579</u>	<u>104,631</u>	<u>95,955</u>
Operating income	47,864	37,245	135,152	80,442
Interest expense, net	(9,036)	(13,726)	(33,325)	(18,760)
Other (expense) income, net	(110)	(1,808)	2,406	(16,225)
Loss on extinguishment of debt	-	-	-	(4,355)
Income before income taxes	38,718	21,711	104,233	41,102
(Benefit) provision for income taxes	<u>(4,748)</u>	<u>4,096</u>	<u>13,219</u>	<u>11,364</u>
Net income	<u>\$ 43,466</u>	<u>\$ 17,615</u>	<u>\$ 91,014</u>	<u>\$ 29,738</u>
Basic earnings per share	<u>\$ 0.53</u>	<u>\$ 0.22</u>	<u>\$ 1.13</u>	<u>\$ 0.38</u>
Basic weighted average number of common shares outstanding	<u>81,784</u>	<u>78,548</u>	<u>80,779</u>	<u>78,123</u>
Diluted earnings per share	<u>\$ 0.51</u>	<u>\$ 0.21</u>	<u>\$ 1.07</u>	<u>\$ 0.36</u>
Diluted weighted average number of common and common equivalent shares outstanding	<u>86,068</u>	<u>83,202</u>	<u>85,126</u>	<u>82,744</u>

See Notes to Condensed Consolidated Financial Information.

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

	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	\$ 81,575	\$ 86,160
Accounts receivable, net	85,871	91,690
Prepaid income taxes	23,203	9,651
Deferred income taxes	4,031	5,408
Prepaid expenses and other current assets	20,263	11,548
Restricted cash	2,460	2,460
Total current assets	<u>217,403</u>	<u>206,917</u>
Property and equipment, net	53,317	55,039
Deferred income taxes	733	1,459
Goodwill	1,542,947	1,559,607
Intangible and other assets, net	478,432	539,883
	<u> </u>	<u> </u>
Total assets	<u>\$ 2,292,832</u>	<u>\$ 2,362,905</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 21,782	\$ 22,248
Accounts payable	17,298	10,528
Income taxes payable	-	1,314
Accrued employee compensation and benefits	34,730	39,812
Other accrued expenses	28,675	22,650
Deferred maintenance and other revenue	59,108	63,700
Total current liabilities	<u>161,593</u>	<u>160,252</u>
Long-term debt, net of current portion	814,377	989,890
Other long-term liabilities	12,569	17,102
Deferred income taxes	108,246	120,158
Total liabilities	<u>1,096,785</u>	<u>1,287,402</u>
Total stockholders' equity	<u>1,196,047</u>	<u>1,075,503</u>
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	<u>\$ 2,292,832</u>	<u>\$ 2,362,905</u>

See Notes to Condensed Consolidated Financial Information.

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

	Nine Months Ended	
	September 30,	September 30,
	2013	2012
Cash flow from operating activities:		
Net income	\$ 91,014	\$ 29,738
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,441	50,620
Stock-based compensation expense	6,010	3,798
Income tax benefit related to exercise of stock options	(11,796)	(2,863)
Amortization of loan origination costs and original issue discount	4,408	7,814
Loss on sale or disposition of property and equipment	316	13
Deferred income taxes	(10,049)	(7,723)
Provision for doubtful accounts	528	473
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	5,911	(14,652)
Prepaid expenses and other assets	(8,405)	8,873
Accounts payable	5,189	(2,240)
Accrued expenses	(7,611)	(5,420)
Income taxes prepaid and payable	8,854	(4,333)
Deferred maintenance and other revenue	(4,534)	(3,432)
Net cash provided by operating activities	154,276	60,666
Cash flow from investing activities:		
Additions to property and equipment	(9,933)	(8,839)
Proceeds from sale of property and equipment	61	-
Cash paid for business acquisitions, net of cash acquired	-	(964,523)
Additions to capitalized software	(1,570)	(640)
Other	-	87
Net cash used in investing activities	(11,442)	(973,915)
Cash flow from financing activities:		
Cash received from debt borrowings, net of loan origination costs	-	1,304,210
Repayment of debt	(177,000)	(366,600)
Proceeds from exercise of stock options	22,360	12,325
Payment of contingent consideration	-	(1,800)
Income tax benefit related to exercise of stock options	11,796	2,863
Other	(1,917)	-
Net cash (used in) provided by financing activities	(144,761)	950,998
Effect of exchange rate changes on cash	(2,658)	2,188
Net (decrease) increase in cash	(4,585)	39,937
Cash, beginning of period	86,160	40,318
Cash, end of period	\$ 81,575	\$ 80,255
Supplemental disclosure of non-cash activities:		
Excess tax benefit related to stock option exercises	\$ 10,279	\$ -

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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	Revenue	\$ 179,505	\$ 165,562	\$ 530,180
Purchase accounting adjustments to deferred revenue	-	465	136	816
Adjusted revenue	\$ 179,505	\$ 166,027	\$ 530,316	\$ 380,903

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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	Operating income	\$ 47,864	\$ 37,245	\$ 135,152
Amortization of intangible assets	21,247	21,325	63,439	43,745
Stock-based compensation	1,975	1,386	6,010	3,798
Capital-based taxes	-	(20)	-	(785)
Unusual or non-recurring charges	106	1,416	91	15,791
Purchase accounting adjustments	(47)	413	(6)	661
Adjusted operating income	\$ 71,145	\$ 61,765	\$ 204,686	\$ 143,652

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.

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,
	2013	2012	2013	2012	2013
(in thousands)					
Net income	\$ 43,466	\$ 17,615	\$ 91,014	\$ 29,738	\$ 107,096
Interest expense, net	9,036	13,726	33,325	23,115	47,066
Taxes	(4,748)	4,096	13,219	11,364	26,520
Depreciation and amortization	24,699	24,735	74,441	50,620	99,635
EBITDA	72,453	60,172	211,999	114,837	280,317
Stock-based compensation	1,975	1,386	6,010	3,798	7,802
Capital-based taxes	-	(20)	-	(785)	-
Acquired EBITDA and cost savings	-	333	-	34,841	40
Unusual or non-recurring charges	217	3,223	(2,315)	32,016	(2,702)
Purchase accounting adjustments	(47)	413	(6)	661	227
Other	(38)	(50)	179	(141)	303
Consolidated EBITDA	74,560	65,457	215,867	185,227	285,987
Less: acquired EBITDA	-	(333)	-	(34,841)	(40)
Adjusted Consolidated EBITDA	\$ 74,560	\$ 65,124	\$ 215,867	\$ 150,386	\$ 285,947

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
(in thousands, except per share data)				
GAAP – Net income	\$ 43,466	\$ 17,615	\$ 91,014	\$ 29,738
Plus: Amortization of intangible assets	21,247	21,325	63,439	43,745
Plus: Amortization of deferred financing costs and original issue discount	1,420	1,370	4,408	1,959
Plus: Stock-based compensation	1,975	1,386	6,010	3,798
Plus: Capital-based taxes	-	(20)	-	(785)
Plus: Unusual and non-recurring items	217	3,223	(2,315)	32,016
Plus: Loss on extinguishment of debt	-	-	-	4,355
Plus: Purchase accounting adjustments	(47)	413	(6)	661
Income tax effect (1)	(23,807)	(13,197)	(39,511)	(33,034)
Adjusted net income	\$ 44,471	\$ 32,115	\$ 123,039	\$ 82,453
Adjusted diluted earnings per share	\$ 0.52	\$ 0.39	\$ 1.45	\$ 1.00
GAAP diluted earnings per share	\$ 0.51	\$ 0.21	\$ 1.07	\$ 0.36
Diluted weighted-average shares outstanding	86,068	83,202	85,126	82,744

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