

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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Revenues:				
Software-enabled services	\$ 152,313	\$ 140,656	\$ 592,528	\$ 552,565
Software licenses	9,778	7,807	36,339	28,687
Maintenance	28,786	25,806	105,598	103,409
Professional services	9,854	8,253	33,396	28,041
Total revenues	<u>200,731</u>	<u>182,522</u>	<u>767,861</u>	<u>712,702</u>
Cost of revenues:				
Software-enabled services	85,916	81,872	342,625	322,719
Software licenses	1,152	1,394	3,701	5,302
Maintenance	11,256	10,093	41,254	41,046
Professional services	7,292	5,044	23,151	19,733
Total cost of revenues	<u>105,616</u>	<u>98,403</u>	<u>410,731</u>	<u>388,800</u>
Gross profit	<u>95,115</u>	<u>84,119</u>	<u>357,130</u>	<u>323,902</u>
Operating expenses:				
Selling and marketing	12,910	11,009	48,592	41,885
Research and development	15,826	13,304	57,287	53,862
General and administrative	12,784	11,990	50,879	45,187
Total operating expenses	<u>41,520</u>	<u>36,303</u>	<u>156,758</u>	<u>140,934</u>
Operating income	53,595	47,816	200,372	182,968
Interest expense, net	(5,734)	(7,954)	(25,472)	(41,279)
Other income, net	<u>1,967</u>	<u>1,092</u>	<u>2,754</u>	<u>3,498</u>
Income before income taxes	49,828	40,954	177,654	145,187
Provision for income taxes	<u>13,221</u>	<u>14,073</u>	<u>46,527</u>	<u>27,292</u>
Net income	<u>\$ 36,607</u>	<u>\$ 26,881</u>	<u>\$ 131,127</u>	<u>\$ 117,895</u>
Basic earnings per share	<u>\$ 0.44</u>	<u>\$ 0.33</u>	<u>\$ 1.57</u>	<u>\$ 1.45</u>
Basic weighted average number of common shares outstanding	<u>83,869</u>	<u>82,428</u>	<u>83,314</u>	<u>81,195</u>
Diluted earnings per share	<u>\$ 0.42</u>	<u>\$ 0.31</u>	<u>\$ 1.50</u>	<u>\$ 1.38</u>
Diluted weighted average number of common and common equivalent shares outstanding	<u>87,799</u>	<u>86,716</u>	<u>87,331</u>	<u>85,616</u>

See Notes to Condensed Consolidated Financial Information.

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

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	\$ 109,577	\$ 84,470
Accounts receivable, net	94,359	91,221
Prepaid income taxes	11,857	19,932
Deferred income taxes	2,975	6,526
Prepaid expenses and other current assets	14,927	16,567
Restricted cash	1,477	2,460
Total current assets	235,172	221,176
Property and equipment, net	54,277	51,697
Deferred income taxes	1,135	1,077
Goodwill	1,571,375	1,541,386
Intangible and other assets, net	423,911	459,988
Total assets	\$ 2,285,870	\$ 2,275,324
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 20,470	\$ 23,212
Accounts payable	12,004	8,368
Income taxes payable	1,116	2,169
Accrued employee compensation and benefits	53,975	44,664
Deferred taxes	110	-
Other accrued expenses	30,666	26,028
Deferred maintenance and other revenue	73,254	62,561
Total current liabilities	191,595	167,002
Long-term debt, net of current portion	618,435	751,295
Other long-term liabilities	26,446	14,913
Deferred income taxes	102,724	110,406
Total liabilities	939,200	1,043,616
Total stockholders' equity	1,346,670	1,231,708
Total liabilities and stockholders' equity	\$ 2,285,870	\$ 2,275,324

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, 2014	December 31, 2013
Cash flow from operating activities:		
Net income	\$ 131,127	\$ 117,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99,831	99,780
Stock-based compensation expense	11,483	8,386
Income tax benefit related to exercise of stock options	(15,484)	(24,194)
Amortization and write-offs of loan origination costs	5,839	5,830
Loss on sale or disposition of property and equipment	687	317
Deferred income taxes	(14,620)	(11,069)
Provision for doubtful accounts	610	666
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	3,902	814
Prepaid expenses and other assets	(5,382)	(4,695)
Accounts payable	1,525	(4,032)
Accrued expenses	10,140	1,695
Income taxes prepaid and payable	21,560	18,060
Deferred maintenance and other revenue	1,284	(1,184)
Net cash provided by operating activities	<u>252,502</u>	<u>208,269</u>
Cash flow from investing activities:		
Additions to property and equipment	(15,040)	(11,921)
Proceeds from sale of property and equipment	42	67
Cash paid for business acquisitions, net of cash acquired	(86,911)	(3,657)
Additions to capitalized software	(3,517)	(2,399)
Net changes in restricted cash	983	-
Net cash used in investing activities	<u>(104,443)</u>	<u>(17,910)</u>
Cash flow from financing activities:		
Cash received from debt borrowings, net of loan origination costs	75,000	-
Repayments of debt	(212,000)	(239,000)
Proceeds from exercise of stock options	24,110	27,817
Income tax benefit related to exercise of stock options	15,484	24,194
Payment of fees related to refinancing activities	(512)	(1,917)
Payment of contingent consideration	(500)	-
Purchase of common stock for treasury	(11,223)	(943)
Common stock dividends	(10,494)	-
Net cash used in financing activities	<u>(120,135)</u>	<u>(189,849)</u>
Effect of exchange rate changes on cash	<u>(2,817)</u>	<u>(2,200)</u>
Net increase (decrease) in cash	25,107	(1,690)
Cash, beginning of period	84,470	86,160
Cash, end of period	<u>\$ 109,577</u>	<u>\$ 84,470</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,	
	2014	2013	2014	2013
(in thousands)				
Revenue	\$ 200,731	\$ 182,522	\$ 767,861	\$ 712,702
Purchase accounting adjustments to deferred revenue	503	-	503	136
Adjusted revenue	<u>\$ 201,234</u>	<u>\$ 182,522</u>	<u>\$ 768,364</u>	<u>\$ 712,838</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,	
	2014	2013	2014	2013
(in thousands)				
Operating income	\$ 53,595	\$ 47,816	\$ 200,372	\$ 182,968
Amortization of intangible assets	21,557	21,597	85,486	85,036
Stock-based compensation	2,929	2,376	11,483	8,386
Capital-based taxes	-	182	6	182
Unusual or non-recurring charges	1,611	286	7,630	377
Purchase accounting adjustments	503	(46)	476	(52)
Adjusted operating income	<u>\$ 80,195</u>	<u>\$ 72,211</u>	<u>\$ 305,453</u>	<u>\$ 276,897</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 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 December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Net income	\$ 36,607	\$ 26,881	\$ 131,127	\$ 117,895
Interest expense, net	5,734	7,954	25,472	41,279
Taxes	13,221	14,073	46,527	27,292
Depreciation and amortization	25,338	25,339	99,831	99,780
EBITDA	80,900	74,247	302,957	286,246
Stock-based compensation	2,929	2,376	11,483	8,386
Capital-based taxes	-	182	6	182
Acquired EBITDA and cost savings	1,835	-	5,467	890
Unusual or non-recurring charges	(355)	(806)	4,876	(3,121)
Purchase accounting adjustments	503	(46)	476	(52)
Other	114	56	315	235
Consolidated EBITDA	85,926	76,009	325,580	292,766
Less: acquired EBITDA	(1,835)	-	(5,467)	(890)
Adjusted Consolidated EBITDA	\$ 84,091	\$ 76,009	\$ 320,113	\$ 291,876

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,	
	2014	2013	2014	2013
GAAP – Net income	\$ 36,607	\$ 26,881	\$ 131,127	\$ 117,895
Plus: Amortization of intangible assets	21,557	21,597	85,486	85,036
Plus: Amortization of deferred financing costs and original issue discount	1,442	1,422	5,839	5,830
Plus: Stock-based compensation	2,929	2,376	11,483	8,386
Plus: Capital-based taxes	-	182	6	182
Plus: Unusual and non-recurring items	(355)	(806)	4,876	(3,121)
Plus: Purchase accounting adjustments	503	(46)	476	(52)
Income tax effect (1)	(8,032)	(5,631)	(33,501)	(45,142)
Adjusted net income	\$ 54,651	\$ 45,975	\$ 205,792	\$ 169,014
Adjusted diluted earnings per share	\$ 0.62	\$ 0.53	\$ 2.36	\$ 1.97
GAAP diluted earnings per share	\$ 0.42	\$ 0.31	\$ 1.50	\$ 1.38
Diluted weighted-average shares outstanding	87,799	86,716	87,331	85,616

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