

SS&C TECHNOLOGIES INC

Form 10-K

March 31, 2009

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-K**

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO  
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2008**
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**Commission file number: 333-135139**

**SS&C Technologies, Inc.**

*(Exact name of Registrant as Specified in Its Charter)*

**Delaware**

*(State or Other Jurisdiction of  
Incorporation or Organization)*

**06-1169696**

*(I.R.S. Employer  
Identification No.)*

**80 Lamberton Road**

**Windsor, CT 06095**

*(Address of Principal Executive Offices, Including Zip Code)*

**860-298-4500**

*(Registrant's Telephone Number, Including Area Code)*

**Securities registered pursuant to Section 12(b) of the Act:**

**None**

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the registrant's common equity held by non-affiliates is zero. The registrant is a privately-held corporation.

There were 1,000 shares of the registrant's common stock outstanding as of March 30, 2009.

**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

---

**SS&C TECHNOLOGIES, INC.**

**YEAR 2008 FORM 10-K ANNUAL REPORT**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART I</u></b>	
<u>Item 1.</u> <u>Business</u>	4
<u>Item 1A.</u> <u>Risk Factors</u>	21
<u>Item 1B.</u> <u>Unresolved Staff Comments</u>	29
<u>Item 2.</u> <u>Properties</u>	30
<u>Item 3.</u> <u>Legal Proceedings</u>	30
<u>Item 4.</u> <u>Submission of Matters to a Vote of Security Holders</u>	30
<b><u>PART II</u></b>	
<u>Item 5.</u> <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	31
<u>Item 6.</u> <u>Selected Financial Data</u>	31
<u>Item 7.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
<u>Item 7A.</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u>	47
<u>Item 8.</u> <u>Financial Statements and Supplementary Data</u>	48
<u>Item 9.</u> <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	48
<u>Item 9A(T).</u> <u>Controls and Procedures</u>	48
<u>Item 9B.</u> <u>Other Information</u>	49
<b><u>PART III</u></b>	
<u>Item 10.</u> <u>Directors, Executive Officers and Corporate Governance</u>	50
<u>Item 11.</u> <u>Executive Compensation</u>	51
<u>Item 12.</u> <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	67
<u>Item 13.</u> <u>Certain Relationships and Related Transactions, and Director Independence</u>	69
<u>Item 14.</u> <u>Principal Accountant Fees and Services</u>	70
<b><u>PART IV</u></b>	
<u>Item 15.</u> <u>Exhibits and Financial Statement Schedules</u>	72
<u>Signatures</u>	73
Consolidated Financial Statements	F-2
<u>Exhibit Index</u>	
<u>EX-12 Statement of Computation of Ratio of Earnings to Fixed Charges</u>	
<u>EX-21 Subsidiaries of the Registrant</u>	
<u>EX-31.1 Certification of the Registrant's Chief Executive Officer pursuant to Section 302</u>	
<u>EX-31.2 Certification of the Registrant's Chief Financial Officer pursuant to Section 302</u>	
<u>EX-32 Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to Section 906</u>	

**Table of Contents**

**FORWARD-LOOKING INFORMATION**

This annual report contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, anticipates, plans, expects, should and similar expressions are intended to identify forward-looking statements. The factors discussed under Item 1A. Risk Factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. We expressly disclaim any obligation to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The following (identified in the chart of products and services on pages 11 and 12) are registered trademarks and/or service marks of SS&C Technologies, Inc. and/or its subsidiaries in the United States and/or in other countries: ADVISORWARE, DBC, FUNDRUNNER, HEATMAPS, MARGINMAN, PACER, PAGES, PORTPRO, RECON, SKYLINE, SYLVAN, TRADEDESK, TRADETHRU, and ZOOLOGIC. SS&C Technologies, Inc. and/or its subsidiaries in the United States and/or in other countries have trademark or service mark rights to certain other names and marks referred to in this annual report.

We use the terms SS&C, the Company, we, us and our in this annual report to refer to SS&C Technologies, Inc. its subsidiaries, unless the context requires otherwise.

**Table of Contents**

**PART I**

**Item 1. *Business***

SS&C Technologies, Inc. was acquired on November 23, 2005 through a merger transaction with SS&C Technologies Holdings, Inc., a Delaware corporation (formerly known as Sunshine Acquisition Corporation) formed by investment funds associated with The Carlyle Group. The acquisition was accomplished through the merger of Sunshine Merger Corporation, a wholly-owned subsidiary of SS&C Technologies Holdings, Inc., into SS&C Technologies, Inc., with SS&C Technologies, Inc. being the surviving company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. (the Transaction). See further discussion of the Transaction in Note 1 of notes to the consolidated financial statements. Unless the context otherwise requires, we refer to SS&C Technologies Holdings, Inc. as SS&C Holdings throughout this annual report.

**Company Overview**

We are a leading provider of mission-critical software products and software-enabled services to help financial services providers to automate business processes and manage their information processing requirements. Our portfolio of software products and software-enabled services helps automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. Our solutions enable our clients to better monitor and manage investment performance and risk, improve operating efficiency and reduce operating costs. We provide our solutions globally to more than 4,500 clients, principally within the institutional asset management, alternative investment management and financial institutions sectors. In addition, our clients include commercial lenders, corporate treasury groups, insurance and pension funds, financial markets, municipal finance groups and real estate property managers.

We provide the global financial services industry with a broad range of both specialized software products, which are deployed at our clients' facilities, and software-enabled services, which consist of software-enabled outsourcing services and subscription-based on-demand software hosted at our facilities. Our software-enabled services, which combine the strengths of our proprietary software with our domain expertise, enable our clients to contract with us to provide many of their business processes. For example, we utilize our software to offer comprehensive fund administration services for alternative investment managers, including fund manager services, transfer agency services, fund of funds services, tax processing and accounting. We offer clients the flexibility to choose from multiple software delivery options, including on-premise applications and hosted, multi-tenant or dedicated applications. Additionally, we provide certain clients with targeted, blended solutions based on a combination of our various software and software-enabled services. We believe that our software-enabled services provide superior client support and an attractive alternative to clients that do not wish to install, manage and maintain financial software. The following table describes selected functionality of our software products and software-enabled services and the eight vertical markets that we serve.

	<b>Treasury,</b>			
	<b>Banks</b>	<b>Insurance</b>		<b>Real</b>
	<b>&amp; Institutional</b>	<b>&amp;</b>		<b>Municipal Estate</b>
<b>Selected</b>	<b>Alternative</b>	<b>Financial Credit</b>	<b>Asset Pension</b>	<b>Commercial Finance</b>
<b>Functionality</b>	<b>Managers</b>	<b>Markets Unions</b>	<b>Managers Funds</b>	<b>Lenders Groups</b>
				<b>Property Managers</b>

<b>Portfolio Management/Accounting</b>	ü	ü	ü		ü		
<b>Trading/Treasury Operations</b>	ü	ü	ü	ü	ü		
<b>Financial Modeling</b>			ü		ü		ü
<b>SS&amp;C Fund Services</b>	ü						
<b>Loan Management/Accounting</b>			ü		ü	ü	
<b>Money Market Processing</b>			ü				
<b>Property Management</b>							ü

## **Table of Contents**

Our business model is characterized by substantial contractually recurring revenues, high operating margins and significant cash flow. We generate revenues primarily through our high-value software-enabled services, which are typically sold on a long-term subscription basis and integrated into our clients' business processes. Our software-enabled services are generally provided under two- to five-year non-cancelable contracts with required monthly or quarterly payments. We also generate revenues by licensing our software to clients through either perpetual or term licenses, both of which include annually renewable maintenance contracts. As a consequence, a significant portion of our revenues consist of subscription payments and maintenance fees and are contractually recurring. Our pricing typically fluctuates as a function of our clients' assets under management, the complexity of asset classes managed and the volume of transactions.

Our contractually recurring revenue model helps us minimize the fluctuations in revenues and cash flows typically associated with up-front, perpetual software license revenues and enhances our ability to manage costs. Our contractually recurring revenues, which we define as our software-enabled services and maintenance revenues, represented 82% of total revenues in the year ended December 31, 2008. We have experienced average revenue retention rates in each of the last five years of greater than 90% on our core enterprise software-enabled services and maintenance contracts. We believe the high value-added nature of our products and services has enabled us to maintain high revenue retention rates and significant operating margins.

Through a combination of consistent organic growth and acquisitions, we generated revenues of \$280.0 million for the year ended December 31, 2008 as compared to revenues of \$205.5 million for the year ended December 31, 2006. We generated 76% of our revenues in 2008 from clients in North America and 24% from clients outside North America. Our revenues are highly diversified, with our largest client in 2008 accounting for less than 5% of our revenues. Additional financial information, including geographic information, is available in our consolidated financial statements, including the notes thereto.

## **Our Industry**

SS&C serves a number of sectors within the financial services industry, including banks, brokerage firms, insurance companies, investment management firms and hedge funds. Few, if any, of these sectors have remained untouched by the economic downturn in 2008 and 2009, resulting from the liquidity issues in the credit markets, the severe decline of the capital markets, and a significant decline in asset value. The hedge funds are experiencing a reversal of the trend up to 2007 where cash flows into funds exceeded redemptions. In addition to redemptions, the money managers in hedge funds and investment management firms are experiencing the shift from equities to money market funds, treasuries and other liquid investments. These factors all contribute to reducing revenues among the financial services firms, which, in turn, impacts their access to credit, spending ability and, in some cases, their long term viability.

Many of these recent issues put a spotlight on the need for management tools to assess exposure, improved reporting systems, accurate accounting and compliance systems and overall management of middle- and back-office operations. These challenges provide opportunities for SS&C as the industry participants continue to look for operational efficiencies.

## **Opportunities**

The current market turmoil that the industry is experiencing is amidst a decade of change for the financial services industry as a whole where trading volumes have risen, the complexity of instruments has expanded, regulatory pressure has intensified and automation has evolved in the capital markets.



***Asset Classes and Securities Products Growing in Volume and Complexity.*** As the financial services industry has evolved, investment professionals must increasingly track and invest in numerous types of asset classes far more complex than traditional equity and debt instruments. These assets require more sophisticated systems to automate functions such as trading and modeling, portfolio management, accounting, performance measurement, reconciliation, reporting, processing and clearing. Manual tracking of orders and other transactions is not effective. In addition, as the business knowledge requirements increase, firms see increasing value in outsourcing the management of these assets to firms such as SS&C who offer software-enabled services.

***Increasing Regulatory Requirements.*** The financial services industry continues to struggle to meet the increasing domestic and foreign regulatory requirements. Firms must comply with more complicated and

## **Table of Contents**

burdensome requirements. For example, according to a May 2007 PricewaterhouseCoopers LLP survey, the top two challenges for 2007 cited by investment management industry executives were regulatory uncertainty and regulatory pressures to increase transparency. This continues to be the case and the expectation is hedge funds will start to experience similar regulatory pressures as the investment management community.

***Increasing Willingness to Implement Solutions from Independent Software Vendors and Outsource IT Operations.*** Historically, financial services providers have relied in large part on their internal IT departments to supply the systems required to manage, analyze and control vast amounts of data. Rather than internally developing applications that automate business processes, many financial services providers are implementing advanced software solutions from independent software vendors to replace their current systems, which are time-consuming to operate and expensive to implement, customize, update and support. Additionally, financial services providers globally are outsourcing a growing percentage of their business processes to benefit from best-in-class process execution, focus on core operations, quickly expand into new markets, reduce costs, streamline organizations, handle increased transaction volumes and ensure system redundancy. We believe one of the key challenges faced by investment management industry participants is how to expand their use of third-party service providers to address the increasing complexity of new products and the growing investor and regulatory information demands. For example, many alternative investment firms lack the substantial in-house IT resources necessary to establish and manage the complex IT infrastructures their investment professionals require. These firms increasingly seek end-to-end solutions that enable them to outsource their operations from the front-office through the back-office.

***Intense Global Competition Among Financial Services Providers.*** Competition within the financial services industry has become intense as financial services providers expand into new markets and offer new services to their clients in an effort to maximize their profitability. Additionally, a significant number of small- and medium-sized organizations, such as hedge funds, have begun to compete with large financial institutions as they seek to attract new clients whose assets they can manage. As traditional equity and debt instruments become more commoditized, financial services providers are expanding into more complex product and service offerings to drive profitability. In response to these increasingly competitive conditions worldwide, financial services organizations seek to rapidly expand into new markets, manage operational enterprise risk, increase front-office productivity, and drive cost savings by utilizing software to automate and integrate their mission-critical and labor intensive business processes.

## **Our Competitive Strengths**

We believe that our position in the marketplace results from several key competitive strengths, including:

***Enhanced Capability Through Software Ownership.*** We use our proprietary software products and infrastructure to provide our software-enabled services, strengthening our overall operating margins and providing a competitive advantage. Because we use our own products in the execution of our software-enabled services and generally own and control our products' source code, we can quickly identify and deploy product improvements and respond to client feedback, enhancing the competitiveness of our software and software-enabled service offerings. This continuous feedback process provides us with a significant advantage over many of our competitors, specifically those software competitors that do not provide a comparable model and therefore do not have the same level of hands-on experience with their products.

***Broad Portfolio of Products and Services Focused on Financial Services Organizations.*** Our broad portfolio of over 60 software products and software-enabled services allows professionals in the financial services industry to efficiently and rapidly analyze and manage information, increase productivity, devote more time to critical business decisions and reduce costs. Our products and services automate our clients' most mission-critical, complex business processes, and improve their operational efficiency. We believe our product and service offerings position us as a leader within the specific sectors of financial services software and services in which we compete. We provide highly

flexible, scalable and cost-effective solutions that enable our clients to track complex securities, better employ sophisticated investment strategies, scale efficiently and meet evolving regulatory requirements. Our solutions allow our clients to automate and integrate their front-office, middle-office and back-office functions, thus enabling straight-through processing.

**Table of Contents**

***Independent Fund Administration Services.*** The third-party service providers that participate in the alternative investment market include auditors, fund administrators, attorneys, custodians and prime brokers. Each provider performs a valuable function with the intention of providing transparency of the fund's assets and the valuation of those assets. Conflicts of interest may arise when the above parties attempt to provide more than one of these services. The industry is increasingly becoming aware of these conflicts and seeking independent fund administrators such as SS&C.

***Attractive Operating Model.*** We believe we have an attractive operating model due to the contractually recurring nature of our revenues, the scalability of our software and software-enabled services, the significant operating cash flow we generate and our highly effective sales and marketing model.

***Growing Contractually Recurring Revenues.*** We continue to focus on growing our contractually recurring revenues from our software-enabled services and our maintenance contracts because they provide greater predictability in the operation of our business and enable us to strengthen long-term relationships with our clients. Contractually recurring revenues represented 82% of total revenues for the year ended December 31, 2008, up from 52% of total revenues in 2000.

***Scalable Software and Software-enabled Services.*** We have designed our software and software-enabled services to accommodate significant additional business volumes with limited incremental costs. The ability to generate additional revenues from increased volumes without incurring substantial incremental costs provides us with opportunities to improve our operating margins.

***Significant Operating Cash Flow.*** We are able to generate significant operating cash flows due to our strong operating margins and the relatively modest capital requirements needed to grow our business.

***Highly Effective Sales and Marketing Model.*** We utilize a direct sales force model that benefits from significant direct participation by senior management. We achieve efficiency in our sales model by leveraging the Internet as a direct marketing medium. Approximately every two weeks, we deliver over 450,000 electronic newsletters to industry participants worldwide. These *eBriefings* are integrated with our corporate website, [www.ssctech.com](http://www.ssctech.com), and are the source for a substantial number of our sales leads. Our deep domain knowledge and extensive participation in day-to-day investment, finance and fund administration activities enable us to create informative and timely articles that are the basis of our *eBriefings*.

***Deep Domain Knowledge and Extensive Industry Experience.*** As of December 31, 2008, we had 948 development and service professionals with significant expertise across the eight vertical markets that we serve and a deep working knowledge of our clients' businesses. By leveraging our domain expertise and knowledge, we have developed, and continue to improve, our mission-critical software products and services to enable our clients to overcome the complexities inherent in their businesses. For example, our Complete Asset Management, Reporting and Accounting, or CAMRA, software, which supports the entire portfolio management function across all typical securities transactions, was originally released in 1989 and has been continually updated to meet our clients' new business requirements. We were founded in 1986 by William C. Stone, who has served as our Chairman and Chief Executive Officer since our inception. Our senior management team has a track record of operational excellence and an average of more than 15 years of experience in the software and financial services industries.

***Trusted Provider to Our Highly Diversified Client Base.*** By providing mission-critical, reliable software products and services for more than 20 years, we have become a trusted provider to the financial services industry. We have developed a large installed base within multiple segments of the financial services industry. Our clients include some of the largest and most well-recognized firms in the financial services industry. We believe that our high-quality products and superior services have led to long-term client relationships, some of which date from our earliest days of

operations in 1987. Our strong client relationships, coupled with the fact that many of our current clients use our products for a relatively small portion of their total funds and investment vehicles under management, provide us with a significant opportunity to sell additional solutions to our existing clients and drive future revenue growth at lower cost.

***Superior Client Support and Focus.*** Our ability to rapidly deliver improvements and our reputation for superior service have proven to be a strong competitive advantage when developing client relationships. We provide our larger clients with a dedicated client support team whose primary responsibility is to resolve questions and

## **Table of Contents**

provide solutions to address ongoing needs. We also offer the Solution Center, an interactive website that serves as an exclusive online client community where clients can find answers to product questions, exchange information, share best practices and comment on business issues. We believe a close and active service and support relationship significantly enhances client satisfaction, strengthens client relationships and furnishes us with information regarding evolving client issues.

## **Our Strategy**

We intend to be the leading provider of superior technology solutions to the financial services industry. The key elements of our strategy include:

***Continue to Develop Software-Enabled Services and New Proprietary Software.*** Since our founding in 1986, we have focused on building substantial financial services domain expertise through close working relationships with our clients. We have developed a deep knowledge base that enables us to respond to our clients' most complex financial, accounting, actuarial, tax and regulatory needs. We intend to maintain and enhance our technological leadership by using our domain expertise to build valuable new software-enabled services and solutions, continuing to invest in internal development and opportunistically acquiring products and services that address the highly specialized needs of the financial services industry.

***Expand Our Client Base.*** Our client base of more than 4,500 clients represents a fraction of the total number of financial services providers globally. As a result, we believe there is substantial opportunity to grow our client base over time as our products become more widely adopted. We have a substantial opportunity to capitalize on the increasing adoption of mission-critical, sophisticated software and software-enabled services by financial services providers as they continue to replace inadequate legacy solutions and custom in-house solutions that are inflexible and costly to maintain.

***Increase Revenues from Existing Clients.*** We believe our established client base continues to present an opportunity for growth. Revenues from our existing clients generally grow along with the amount and complexity of assets that they manage and the volume of transactions that they execute. While we expect to experience a decline in those revenues associated with the industry's decline in assets under management and lower trading and transaction volumes, we will continue to leverage our deep understanding of the financial services industry to identify other opportunities to increase our revenues from our existing clients. Many of our current clients use our products for a minority of their total assets under management and investment funds, providing us with opportunities to expand our business relationship and revenues.

***Continue to Capitalize on Acquisitions of Complementary Businesses and Technologies.*** We intend to continue to employ a highly disciplined and focused acquisition strategy to broaden and enhance our product and service offerings, add new clients, supplement our internal development efforts and accelerate our expected growth. We believe that our acquisitions have been an extension of our research and development effort that has enabled us to purchase proven products and remove the uncertainties associated with software development projects. We will seek to opportunistically acquire, at attractive valuations, businesses, products and technologies in our existing or complementary vertical markets that will enable us to better satisfy our clients' rigorous and evolving needs. We have a proven ability to integrate complementary businesses as demonstrated by the 25 businesses that we have acquired since 1995.

***Strengthen Our International Presence.*** We believe that there is a significant market opportunity to provide software and services to financial services providers outside North America. In 2008, we generated 24% of our revenues from clients outside North America. We are building our international operations in order to increase our sales outside North America. For example, we believe that the rapidly growing alternative investment management market in

Europe presents a compelling growth opportunity. We plan to continue to expand our international market presence by leveraging our existing software products and software-enabled services for alternative investment managers,.

**Table of Contents****Our Acquisitions**

Since 1995, we have acquired 25 businesses within our industry. We generally seek to acquire companies that satisfy our financial metrics, including expected return on investment, and that:

provide complementary products or services in the financial services industry;

address a highly specialized problem or a market niche in the financial services industry;

expand our global reach into strategic geographic markets;

have solutions that lend themselves to being delivered as software-enabled services; and

possess proven technology and an established client base that will provide a source of ongoing revenues and to whom we may be able to sell existing products and services.

Our senior management receives numerous acquisition proposals for its consideration. We receive referrals from several sources, including clients, investment banks and industry contacts. We believe, based on our experience, that there are numerous solution providers addressing highly particularized financial services needs or providing specialized services that would meet our acquisition criteria.

Below is a table summarizing our acquisitions.

<b>Date</b>	<b>Acquired Business</b>	<b>Contract Purchase Price*</b>	<b>Acquired Products and Services Currently Offered</b>
March 1995	Chalke	\$10,000,000	PTS
November 1997	Mabel Systems	\$850,000 and 109,224 shares	Mabel
December 1997	Shepro Braun Systems	1,500,000 shares	Total Return, Antares
March 1998	Quantra	\$2,269,800 and 819,028 shares	SKYLINE
April 1998	The Savid Group	\$821,500	Debt & Derivatives
March 1999	HedgeWare	1,028,524 shares	AdvisorWare
March 1999	Brookside	41,400 shares	Consulting services
November 2001	Digital Visions	\$1,350,000	PortPro, The BANC Mall, PALMS
January 2002	Real-Time, USA	\$4,000,000	Real-Time, Lightning
November 2002	DBC	\$4,500,000	Municipal finance products
December 2003	Amicorp Fund Services	\$1,800,000	Fund services
January 2004	Investment Advisory Network	\$3,000,000	Compass, Portfolio Manager
February 2004	NeoVision Hypersystems	\$1,600,000	Heatmaps
April 2004	OMR Systems	\$19,671,000	TradeThru, Xacct
February 2005	Achievement Technologies	\$470,000	SamTrak
February 2005	EisnerFast	\$25,300,000	Fund services
April 2005	Financial Models Company	\$159,000,000	Financial Models suite of products





**Table of Contents**

<b>Date</b>	<b>Acquired Business</b>	<b>Contract Purchase Price*</b>	<b>Acquired Products and Services Currently Offered</b>
June 2005	Financial Interactive	358,424 shares and warrants to purchase 50,000 shares	FundRunner
August 2005	MarginMan	\$5,600,000	MarginMan
October 2005	Open Information Systems	\$24,000,000	Money Market Manager, Information Manager
March 2006	Cogent Management	\$12,250,000	Fund services
August 2006	Zoologic	\$3,000,000	Education and training courseware
March 2007	Northport	\$5,000,000	Fund services
October 2008	Micro Design Services, LLC	\$17,755,000	MarketLook, BlockTalk, MarketTrader
March 2009	Evare, LLC	\$3,514,500	Financial data services

\* Share references are to shares of SS&C common stock after giving effect to SS&C's three-for-two common stock split in the form of a stock dividend effective as of March 2004.

Many of our acquisitions have enabled us to expand our product and service offerings into new markets or client bases within the financial services industry. For example, with our acquisition of Micro Design Services we now provide order routing and execution services to some of the world's largest financial exchanges and brokers/dealers. With our acquisitions of Shepro Braun Systems and HedgeWare, we began providing portfolio management and accounting software to the hedge funds and family offices market. We began offering property management products to the real estate property management industry after we acquired Quantra and started selling financial modeling products to the municipal finance groups market after the DBC acquisition. Our acquisition of OMR Systems Corporation and OMR Systems International Limited, which we refer to collectively as OMR, allowed us to offer integrated, global solutions to financial institutions and hedge funds through our TradeThru software and Xacct services. The acquisitions of EisnerFast, Cogent and Northport expanded our software-enabled services to the hedge fund and private equity markets. With our acquisition of Financial Models, we complemented and expanded our product and service offerings to meet the front-, middle- and back-office needs of the investment management industry. The addition of new products and services also enabled us to market other products and services to acquired client bases. Some acquisitions have also provided us with new technology, such as the Heatmaps data visualization product developed by NeoVision Hypersystems, Inc.

To date, all of our acquisitions have resulted in a marketable product or service that has added to our revenues. We also have generally been able to improve the operating performance and profitability of the acquired businesses. We seek to reduce the costs of the acquired businesses by consolidating sales and marketing efforts and by eliminating redundant administrative tasks and research and development expenses. In some cases, we have also been able to increase revenues generated by acquired products and services by leveraging our larger sales capabilities and client base.

**Products and Services**

Our products and services allow professionals in the financial services industry to automate complex business processes within financial services providers and are instrumental in helping our clients manage significant information processing requirements. Our solutions enable our clients to focus on core operations, better monitor and

manage investment performance and risk, improve operating efficiency and reduce operating costs. Our portfolio of over 60 products and software-enabled services allows our clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing.

**Table of Contents**

The following chart summarizes our principal software products and services, typical users and the vertical markets each product serves. Most of these products are also used to deliver our software-enabled services.

<b>Products</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
<b><i>Portfolio Management/Accounting</i></b>		
AdvisorWare	Portfolio managers	Alternative investment managers
Altair	Asset managers	Financial markets
CAMRA	Fund administrators	Institutional asset managers
CAMRA D Class	Investment advisors	Insurance & pension funds
Debt & Derivatives	Accountants	Treasury, banks & credit unions
Fund <i>Runner</i> Investorsite	Auditors	
Fund <i>Runner</i> Marathon	Alternative investment managers	
Global Wealth Platform	Brokers/dealers	
Lightning		
Pacer		
Pages		
PALMS		
PortPro		
Recon		
Suite for Australia		
Sylvan		
Total Return		
<b><i>Trading/Treasury Operations</i></b>		
Antares	Securities traders	Alternative investment managers
BlockTalk	Financial institutions	Financial markets
BlockTalk <i>Plus</i>	Risk managers	Institutional asset managers
MarginMan	Foreign exchange traders	Insurance & pension funds
MarketLook Information System	Asset managers	Treasury, banks & credit unions
MarketTrader	Brokers/dealers	
TradeDesk	Financial exchanges	
TradeThru		
<b><i>Financial Modeling</i></b>		
DBC (family of products)	CEO/CFOs	Insurance & pension funds
PTS	Risk managers	Municipal finance groups
	Actuarial professionals	Treasury, banks & credit unions
	Bank asset/liability managers	
	Investment bankers	
	State/local treasury staff	
	Financial advisors	
<b><i>Loan Management/Accounting</i></b>		
LMS Loan Suite	Mortgage originators	Commercial lenders
LMS Originator	Commercial lenders	Insurance & pension funds
LMS Servicer	Mortgage loan servicers	Treasury, banks & credit unions
The BANC Mall	Mortgage loan portfolio managers	
	Real estate investment managers	
	Bank/credit union loan officers	
<b><i>Property Management</i></b>		

SKYLINE (family of products)  
SamTrak

Real estate investment managers  
Real estate leasing agents  
Real estate property managers  
Facility managers

Real estate property managers

**Table of Contents**

<b>Products</b>	<b>Typical Users</b>	<b>Vertical Markets Served</b>
<b><i>Money Market Processing</i></b>		
Information Manager	Financial institutions	Treasury, banks & credit unions
Money Market Manager	Custodians	
	Security lenders	
	Cash managers	
<b><i>Training</i></b>		
Zoologic Learning Solutions	Financial institutions	All verticals
	Asset managers	
	Hedge fund managers	
	Investment bankers	
<b>Services</b>		
<b><i>Software-enabled services</i></b>		
Advanced Component Architecture (ACA)	Portfolio managers	Alternative investment managers Financial markets Institutional asset managers Insurance and pension funds Treasury, banks & credit unions
Custom Mobility	Asset managers	
SS&C Direct	Financial exchanges	
SS&C Fund Services	Fund administrators	
SSCNet	Investment advisors	
SVC	Alternative investment managers	
	Securities traders	
	Brokers/dealers	

***Portfolio Management/Accounting***

Our products and services for portfolio management span most of our vertical markets and offer our clients a wide range of investment management solutions. Revenues from these products and services represented approximately 80%, 78% and 74% of total revenues for the years ended December 31, 2008, 2007 and 2006, respectively.

*AdvisorWare.* AdvisorWare software supports hedge funds, funds of funds and family offices with sophisticated global investment, trading and management concerns, and/or complex financial, tax (including German tax requirements), partnership and allocation reporting requirements. It delivers comprehensive multi-currency investment management, financial reporting, performance fee calculations, net asset value calculations, contact management and partnership accounting in a straight-through processing environment.

*Altair.* Altair software is a portfolio management system designed for companies that are looking for a solution that meets Benelux market requirements and want client/server architecture with SQL support. We sell Altair primarily to European asset managers, stock brokers, custodians, banks, pension funds and insurance companies. Altair supports a full range of financial instruments, including fixed income, equities, real estate investments and alternative investment vehicles.

*CAMRA.* CAMRA (Complete Asset Management, Reporting and Accounting) software supports the integrated management of asset portfolios by investment professionals operating across a wide range of institutional investment entities. CAMRA is a 32-bit, multi-user, integrated solution tailored to support the entire portfolio management function and includes features to execute, account for and report on all typical securities transactions.

We have designed CAMRA to account for all activities of the investment operation and to continually update investment information through the processing of day-to-day securities transactions. CAMRA maintains transactions and holdings and stores the results of most accounting calculations in its open, relational database, providing user-friendly, flexible data access and supporting data warehousing.

CAMRA offers a broad range of integrated modules that can support specific client requirements, such as TBA dollar rolls, trading, compliance monitoring, net asset value calculations, performance measurement, fee calculations and reporting.

**Table of Contents**

*CAMRA D Class.* CAMRA D Class software is for smaller U.S. insurance companies that need to account for their trades and holdings and comply with statutory reporting requirements but do not require a software application as sophisticated as CAMRA.

*Debt & Derivatives.* Debt & Derivatives is a comprehensive financial application software package designed to process and analyze all activities relating to derivative and debt portfolios, including pricing, valuation and risk analysis, derivative processing, accounting, management reporting and regulatory reporting. Debt & Derivatives delivers real-time transaction processing to treasury and investment professionals, including traders, operations staff, accountants and auditors.

*FundRunner InvestorSite.* FundRunner InvestorSite is a robust, easy-to-use Internet communications development and administration toolset for the investment management industry. FundRunner InvestorSite empowers investment managers to easily develop and maintain a secure, personalized web presence in order to give their clients valuable information.

*FundRunner Marathon.* FundRunner Marathon gives hedge fund managers every tool necessary for investor communication and reporting in a clear and simple package any user can easily adopt out of the box.

*Global Wealth Platform.* A web-based service, Global Wealth Platform combines our core asset management product functionalities into an innovative, visually appealing, and easy-to-use interface. Global Wealth Platform provides an integrated suite with best-of-breed components modeling, trading, portfolio accounting, client communications and other mission critical workflows as an on-demand, software-enabled service.

*Lightning.* Lightning is a comprehensive software-enabled service supporting the front-, middle- and back-office processing needs of commercial banks and broker-dealers of all sizes and complexity. Lightning automates a number of processes, including trading, sales, funding, accounting, risk analysis and asset/liability management.

*Pacer.* Pacer is a portfolio management and accounting system designed to manage diversified global portfolios and meet the unique management and accounting needs of all business streams, from institutional and pension management, to separately managed accounts, private client portfolios, mutual funds and unit trusts.

*Pages.* Pages is a client communication system that generates individual client statements and slide presentations for print, electronic or face-to-face meetings. Pages helps enhance customer services by producing client statements that automatically assemble data from portfolio management, customer relationship management, performance measurement and other investment systems.

*PALMS.* PALMS (Portfolio Asset Liability Management System) is an Internet-based service for community banks and credit unions that enables them to manage and analyze their balance sheet. PALMS gives financial institutions instant access to their balance sheet by importing data directly from general ledger, loan, deposit and investment systems and can perform simulations for detailed analysis of the data.

*PortPro.* PortPro delivers Internet-based portfolio accounting and is available as a software-enabled service. PortPro helps financial institutions effectively measure, analyze and manage balance sheets and investment portfolios. PortPro is offered as a stand-alone product or as a module of Lightning. PortPro includes bond accounting and analytics.

*Recon.* Recon is a transaction, position and cash reconciliation system that streamlines reconciliation by identifying exceptions and providing effective workflow tools to resolve issues faster, thereby reducing operational risk. Recon automatically reconciles transactions, holdings and cash from multiple sources.



*Suite for Australia.* Suite for Australia is a web-based portfolio management solution for investment managers, managed account providers, wholesale fund managers, and private client administrators in the Australian market.

*Sylvan.* Sylvan is a performance measurement, attribution and composite management platform designed to streamline the calculation and reporting of performance measurement requirements of clients. It provides an enterprise-wide performance solution with data sourced from multiple accounting engines and is highly scalable, supporting the high volumes of detailed analysis requirements of institutional investment managers.

## **Table of Contents**

*Total Return.* Total Return is a portfolio management and partnership accounting system directed toward the hedge fund and family office markets. It is a multi-currency system, designed to provide financial and tax accounting and reporting for businesses with high transaction volumes.

### ***Trading/Treasury Operations***

Our comprehensive real-time trading systems offer a wide range of trade order management solutions that support both buy-side and sell-side trading. Our full-service trade processing system delivers comprehensive processing for global treasury and derivative operations. Solutions are available to clients either through a license or as a software-enabled service. Revenues from these products and services represented approximately 10%, 12% and 13% of total revenues for the years ended December 31, 2008, 2007 and 2006, respectively.

*Antares.* Antares is a comprehensive, real-time, event-driven trading and profit and loss reporting system designed to integrate trade modeling with trade order management. Antares enables clients to trade and report fixed-income, equities, foreign exchange, futures, options, repos and many other instruments across different asset classes. Antares also offers an add-on option of integrating Heatmaps data visualization technology to browse and navigate holdings information.

*BlockTalk.* BlockTalk is a broadcast messaging platform that enables floor brokers to send liquidity alerts for any New York Stock Exchange-listed security to the floor community.

*BlockTalkPlus.* BlockTalkPlus is a subscription-based distribution platform enabling sponsored off-floor trading desks and their clients to receive liquidity alerts directly from the NYSE trading floor.

*MarketLook Information System (MLIS).* MLIS provides traders with access to the source the NYSE trading floor. MLIS allows traders anywhere in the world access to market color and size directly from traders on the NYSE floor.

*MarketTrader.* MarketTrader is a customizable trade order management system that can be implemented as a buy-side or sell-side, upstairs or floor system that can route to multiple exchanges simultaneously, providing a direct interface between brokers, customers and exchanges.

*MarginMan.* MarginMan delivers collateralized trading software to the foreign exchange (FX) marketplace. MarginMan supports collateralized FX trading, precious metals trading and over-the-counter FX options trading.

*TradeDesk.* TradeDesk is a comprehensive paperless trading system that automates front- and middle-office aspects of fixed-income transaction processing. In particular, TradeDesk enables clients to automate ticket entry, confirmation and access to offerings and provides clients with immediate, online access to complete client information and holdings.

*TradeThru.* TradeThru is a web-based treasury and derivatives operations service that supports multiple asset classes and provides multi-bank, multi-entity and multi-currency integration of front-, middle- and back-office trade functions for financial institutions. TradeThru is available either through a license or as a software-enabled service. The system delivers automated front- to back-office functions throughout the lifecycle of a trade, from deal capture to settlement, risk management, accounting and reporting. TradeThru also provides data to other external systems, such as middle-office analytic and risk management systems and general ledgers. TradeThru provides one common instrument database, counterparty database, audit trail and end-of-day runs.

### ***Financial Modeling***

We offer several powerful analytical software and financial modeling applications for the insurance industry. We also provide analytical software and services to the municipal finance groups market.

*DBC Product Suite.* We provide analytical software and services to municipal finance groups. Our suite of DBC products addresses a broad spectrum of municipal finance concerns, including:

general bond structures;

revenue bonds;

**Table of Contents**

housing bonds;

student loans; and

Federal Housing Administration insured revenue bonds and securitizations.

Our DBC products also deliver solutions for debt structuring, cash flow modeling and database management. Typical users of our DBC products include investment banks, municipal issuers and financial advisors for structuring new issues, securitizations, strategic planning and asset/liability management.

*PTS.* PTS is a pricing and financial modeling tool for life insurance companies. PTS provides an economic model of insurance assets and liabilities, generating option-adjusted cash flows to reflect the complex set of options and covenants frequently encountered in insurance contracts or comparable agreements.

***Loan Management/Accounting***

Our products that support loan administration activities are LMS and The BANC Mall.

*LMS Loan Suite.* The LMS Loan Suite is a single database application that provides comprehensive loan management throughout the life cycle of a loan, from the initial request to final disposition. We have structured the flexible design of the LMS Loan Suite to meet the most complex needs of commercial lenders and servicers worldwide. The LMS Loan Suite includes both the LMS Originator and the LMS Servicer, facilitating integrated loan portfolio processing.

*LMS Originator.* LMS Originator is a comprehensive commercial loan origination system, designed to bring efficiencies and controls to streamline the loan origination process. LMS Originator tracks the origination of a loan from the initial request through the initial funding. It enables clients to set production goals, measure production volumes against these goals and analyze the quality of loan requests being submitted by third parties. LMS Originator is integrated with LMS Servicer for seamless loan management processing throughout the life cycle of a loan.

*LMS Servicer.* LMS Servicer is a comprehensive commercial loan servicing system designed to support the servicing of a wide variety of product types and complex loan structures. LMS Servicer provides capabilities in implementing complex investor structures, efficient payment processing, escrow processing and analysis, commercial mortgage-backed securities (CMBS) servicing and reporting and portfolio analytics. LMS Servicer is integrated with LMS Originator for seamless loan management processing throughout the life cycle of a loan.

*The BANC Mall.* The BANC Mall is an Internet-based lending and leasing tool designed for loan officers and loan administrators. The BANC Mall provides, as a software-enabled service, online lending, leasing and research tools that deliver critical information for credit processing and loan administration. Clients use The BANC Mall on a fee-for-service basis to access more than a dozen data providers.

***Property Management***

*SKYLINE.* SKYLINE is a comprehensive property management system that integrates all aspects of real estate property management, from prospect management to lease administration, work order management, accounting and reporting. By providing a single-source view of all real estate holdings, SKYLINE functions as an integrated lease administration system, a historical property/portfolio knowledge base and a robust accounting and financial reporting system, enabling users to track each property managed, including data on specific units and tenants. Market segments served include:

commercial

retirement communities

residential

universities

retail

hospitals

## **Table of Contents**

*SamTrak.* SamTrak is a comprehensive facilities maintenance and work processing system designed to seamlessly integrate accounting functionality with building management.

### ***Money Market Processing***

*Information Manager.* Information Manager is a comprehensive web-enabled solution for financial institutions that delivers core business application functionality to internal and external clients' desktops. Information Manager provides reporting, transaction entry, scheduling, entitlement and work flow management and interfaces to third-party applications. Information Manager supports back-office systems, including custody, trust accounting, security lending, cash management, collateral management and global clearing.

*Money Market Manager.* Money Market Manager (M3) is a web-enabled solution that is used by banks and broker-dealers for the money market issuance services. M3 provides the functionality required for issuing and acting as a paying agent for money market debt instruments. M3 provides the reports needed for clients to manage their business, including deals, issues and payment accruals.

### ***Training***

*Zoologic Learning Solutions.* Zoologic Learning Solutions is a suite of learning solutions that provides in-depth, introductory and continuing education training at all levels, offering mix-and-match courses easily configured into curriculums that meet our clients' needs. It includes instructor-led training, web-based courseware and program design.

### ***Software-Enabled Services***

*Advanced Component Architecture (ACA).* ACA is a robust set of service capabilities to develop customized trading and support solutions for exchanges, brokerages and financial institutions. With the core technology components of ACA, clients can significantly reduce the traditional system delivery process.

*Custom Mobility.* Custom Mobility provides expertise in designing and developing mobility solutions for the financial markets. Understanding the power of mobile/wireless technology, coupled with a deep understanding of the financial markets, has uniquely positioned us to design a mobility platform.

*SS&C Direct.* We provide comprehensive software-enabled services through our SS&C Direct operating unit for portfolio accounting, reporting and analysis functions. The SS&C Direct service includes:

- hosting of a company's application software;

- automated workflow integration;

- automated quality control mechanisms; and

- extensive interface and connectivity services to custodian banks, data service providers, depositories and other external entities.

SS&C Direct's Outsourced Investment Accounting Services option includes comprehensive investment accounting and investment operations services for sophisticated, global organizations.

*SS&C Fund Services.* We provide comprehensive on- and offshore fund administration services to hedge fund and other alternative investment managers using our proprietary software products. SS&C Fund Services offers fund manager services, transfer agency services, funds of funds services, tax processing and accounting and processing. SS&C Fund Services supports all fund types and investment strategies. Market segments served include:

hedge fund managers

investment managers

funds of funds managers

commodity pool operators

**Table of Contents**

commodity trading advisors

proprietary traders

family offices

private equity groups

private wealth groups

separate managed accounts

*SSCNet.* SSCNet is a global trade network linking investment managers, broker-dealers, clearing agencies, custodians and interested parties. SSCNet's real-time trade matching utility and delivery instruction database facilitate integration of front-, middle- and back-office functions, reducing operational risk and costs.

*SVC.* SVC is a single source for securities data that consolidates data from leading global sources to provide clients with the convenience of one customized data feed. SVC provides clients with seamless, timely and accurate data for pricing, corporate actions, dividends, interest payments, foreign exchange rates and security master for global financial instruments.

**Software and Service Delivery Options**

Our delivery methods include software-enabled services, software licenses with related maintenance agreements, and blended solutions. All of our software-enabled services are built around and leverage our proprietary software.

*Software-Enabled Services.* We provide a broad range of software-enabled services for our clients. By utilizing our proprietary software and avoiding the substantial use of third-party products to provide our software-enabled services, we are able to greatly reduce potential operating risks, efficiently tailor our products and services to meet specific client needs, significantly improve overall service levels and generate high overall operating margins and cash flow. Our software-enabled services are generally provided under two- to five-year non-cancelable contracts with required monthly or quarterly payments. Pricing on our software-enabled services varies depending upon the complexity of the services being provided, the number of users, assets under management and transaction volume. Importantly, our software-enabled services allow us to leverage our proprietary software and existing infrastructure, thereby increasing our aggregate profits and cash flows. For the year ended December 31, 2008, revenues from software-enabled services represented 59.2% of total revenues.

*Software License and Related Maintenance Agreements.* We license our software to clients through either perpetual or term licenses, both of which include annually renewable maintenance contracts. Maintenance contracts on our core enterprise software products, which typically incorporate annual pricing increases, provide us with a stable and contractually recurring revenue base due to average revenue retention rates of over 90% in each of the last five years. We typically generate additional revenues as our existing clients expand usage of our products. For the year ended December 31, 2008, license and maintenance revenues represented 8.9% and 23.3% of total revenues, respectively.

*Blended Solutions.* We provide certain clients with targeted, blended solutions based on a combination of our various software and software-enabled services. We believe that this capability further differentiates us from many of our competitors that are unable to provide this level of service.



## **Professional Services**

We offer a range of professional services to assist clients. Professional services consist of consulting and implementation services, including the initial installation of systems, conversion of historical data and ongoing training and support. Our in-house consulting teams work closely with the client to ensure the smooth transition and operation of our systems. Our consulting teams have a broad range of experience in the financial services industry and include certified public accountants, chartered financial analysts, mathematicians and IT professionals from the asset management, real estate, investment, insurance, hedge fund, municipal finance and banking industries. We believe our commitment to professional services facilitates the adoption of our software products across our target

## **Table of Contents**

markets. For the year ended December 31, 2008, revenues from professional services represented 8.7% of total revenues.

### **Product Support**

We believe a close and active service and support relationship is important to enhancing client satisfaction and furnishes an important source of information regarding evolving client issues. We provide our larger clients with a dedicated client support team whose primary responsibility is to resolve questions and provide solutions to address ongoing needs. Direct telephone support is provided during extended business hours, and additional hours are available during peak periods. We also offer the Solution Center, a website that serves as an exclusive online community for clients, where clients can find answers to product questions, exchange information, share best practices and comment on business issues. Approximately every two weeks, we distribute via the Internet our software and services *eBriefings*, which are industry-specific articles in our eight vertical markets and in geographic regions around the world. We supplement our service and support activities with comprehensive training. Training options include regularly hosted classroom and online instruction, *e.Training*, and online client seminars, or webinars, that address current, often technical, issues in the financial services industry.

We periodically make maintenance releases of licensed software available to our clients, as well as regulatory updates (generally during the fourth quarter, on a when and if available basis), to meet industry reporting obligations and other processing requirements.

### **Clients**

We have over 4,500 clients globally in eight vertical markets in the financial services industry that require a full range of information management and analysis, accounting, actuarial, reporting and compliance software on a timely and flexible basis. Our clients include multinational banks, retail banks and credit unions, hedge funds, funds of funds and family offices, institutional asset managers, insurance companies and pension funds, municipal finance groups, brokers/dealers, financial exchanges, commercial lenders, real estate lenders and property managers. Our clients include many of the largest and most well-recognized firms in the financial services industry. During the year ended December 31, 2008, our top 10 clients represented approximately 21% of revenues, with no single client accounting for more than 5% of revenues.

### **Sales and Marketing**

We believe a direct sales organization is essential to the successful implementation of our business strategy, given the complexity and importance of the operations and information managed by our products, the extensive regulatory and reporting requirements of each industry, and the unique dynamics of each vertical market. Our dedicated direct sales and support personnel continually undergo extensive product and sales training and are located in our various sales offices worldwide. We also use telemarketing to support sales of our real estate property management products and work through alliance partners who sell our software-enabled services to their correspondent banking clients.

Our marketing personnel have extensive experience in high tech marketing to the financial services industry and are responsible for identifying market trends, evaluating and developing marketing opportunities, generating client leads and providing sales support. Our marketing activities, which focus on the use of the Internet as a cost-effective means of reaching current and potential clients, include:

content-rich, periodic software and services *ebriefings* targeted at clients and prospects in each of our vertical and geographic markets,

regular product-focused webinars,  
seminars and symposiums,  
trade shows and conferences, and  
e-marketing campaigns.

Some of the benefits of our shift in focus to an Internet-based marketing strategy include lower marketing costs, more direct contacts with actual and potential clients, increased marketing leads, distribution of more up-to-date marketing information and an improved ability to measure marketing initiatives.

## **Table of Contents**

The marketing department also supports the sales force with appropriate documentation or electronic materials for use during the sales process.

### **Product Development and Engineering**

We believe we must introduce new products and offer product innovation on a regular basis to maintain our competitive advantage. To meet these goals, we use multidisciplinary teams of highly trained personnel and leverage this expertise across all product lines. We have invested heavily in developing a comprehensive product analysis process to ensure a high degree of product functionality and quality. Maintaining and improving the integrity, quality and functionality of existing products is the responsibility of individual product managers. Product engineering management efforts focus on enterprise-wide strategies, implementing best-practice technology regimens, maximizing resources and mapping out an integration plan for our entire umbrella of products as well as third-party products. Our research and development expenses for the years ended December 31, 2006, 2007 and 2008 were \$23.6 million, \$26.3 million and \$26.8 million, respectively.

Our research and development engineers work closely with our marketing and support personnel to ensure that product evolution reflects developments in the marketplace and trends in client requirements. We have generally issued a major release of our core products during the second or third quarter of each fiscal year, which includes both functional and technical enhancements. We also provide an annual release in the fourth quarter to reflect evolving regulatory changes in time to meet clients' year-end reporting requirements.

### **Competition**

The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product introductions and marketing efforts by industry participants, although high conversion costs can create barriers to adoption of new products or technologies. The market is fragmented and served by both large-scale players with broad offerings as well as firms that target only local markets or specific types of clients. We also face competition from information systems developed and serviced internally by the IT departments of large financial services firms. We believe that we generally compete effectively as to the factors identified for each market below, although some of our existing competitors and potential competitors have substantially greater financial, technological and marketing resources than we have and may offer products with different functions or features that are more attractive to potential customers than our offerings.

**Alternative Investments:** In our alternative investments market, we compete with multiple vendors that may be categorized into two groups, one group consisting of independent specialized administration providers, which are generally smaller than us, and the other including prime brokerage firms offering fund administration services. Major competitors in this market include CITCO Group, State Street Bank and Citi Alternative Investment Services. The key competitive factors in marketing software and services to the alternative investment industry are the need for independent fund administration, features and adaptability of the software, level and quality of customer support, level of software development expertise and total cost of ownership. Our strengths in this market are our expertise, our independence, our ability to deliver functionality by multiple methods and our technology, including the ownership of our own software. Although no company is dominant in this market, we face many competitors, some of which have greater financial resources and distribution facilities than we do.

**Asset Management:** In the asset management market, we compete with a variety of other vendors depending on customer characteristics such as size, type, location, computing environment and functionality requirements. Competitors in this market range from larger providers of integrated portfolio management systems and outsourcing services, such as SunGard, Mellon Financial (Eagle Investment Systems) and Advent, to smaller providers of specialized applications and technologies such as StatPro, Charles River and others. We also compete with internal

processing and information technology departments of our customers and prospective customers. The key competitive factors in marketing asset management solutions are the reliability, accuracy, timeliness and reporting of processed information to internal and external customers, features and adaptability of the software, level and quality of customer support, level of software development expertise and return on investment. Our strengths in this market are our technology, our ability to deliver functionality by multiple delivery methods and our ability to provide cost-effective solutions for clients. Although no company is dominant in this market, we face many competitors, some of which have greater financial resources and distribution facilities than we do.

## **Table of Contents**

**Insurance and Pension Funds:** In our insurance market, we compete with a variety of vendors depending on customer characteristics such as size, type, location, computing environment and functionality requirements. Competitors in this market range from large providers of portfolio management systems, such as State Street Bank (Princeton Financial Systems) and SunGard, to smaller providers of specialized applications and services.

We also compete with outsourcers, as well as the internal processing and information technology departments of our customers and prospective customers. The key competitive factors in marketing insurance and pension plan systems are the accuracy, timeliness and reporting of processed information provided to internal and external customers, features and adaptability of the software, level and quality of customer support, economies of scale and return on investment. Our strengths in this market are our years of experience, our top-tier clients, our ability to provide solutions by multiple delivery methods, our cost-effective and customizable solutions and our expertise. We believe that we have a strong competitive position in this market.

**Real Estate Property Management:** In the real estate property management market, we compete with numerous software vendors consisting of smaller specialized real estate property management solution providers and larger property management software vendors with more dedicated resources than our real estate property management business, such as Yardi and Intuit. The key competitive factors in marketing property management systems are the features and adaptability of the software, level of quality and customer support, degree of responsiveness and overall net cost. Our strengths in this market are the quality of our software and our reputation with our clients. This is a very fragmented market with many competitors.

**Treasury, Banks & Credit Unions:** In the treasury, banks & credit unions market, there are multiple software and services vendors that are either smaller providers of specialized applications and technologies or larger providers of enterprise systems, such as SunGard and Misys. We also compete with outsourcers as well as the internal processing and information technology departments of our customers and prospective customers. The key competitive factors in marketing software and services to the treasury, banks & credit unions market include accuracy and timeliness of processed information provided to customers, features and adaptability of the software, level and quality of customer support, level of software development expertise, total cost of ownership and return on investment. Our strengths in this market are our flexible technology platform and our ability to provide integrated solutions for our clients. In this market we face many competitors, some of which have greater financial resources and distribution facilities than we do.

**Commercial Lending:** In the commercial lending market, we compete with a variety of other vendors depending on customer characteristics such as size, type, location and functional requirements. Competitors in this market range from large competitors whose principal businesses are not in the loan management business, such as PNC Financial Services (Midland Loan Services), to smaller providers of specialized applications and technologies. The key competitive factors in marketing commercial lending solutions are the accuracy, timeliness and reporting of processed information provided to customers, level of software development expertise, level and quality of customer support and features and adaptability of the software. Our strength in this market is our ability to provide both broadly diversified and customizable solutions to our clients. In this market we face many competitors, some of which have greater financial resources and distribution facilities than we do.

**Financial Markets:** In the financial markets, our competition falls into two categories – the internal development organizations within the firm and specialized financial technology vendors, e.g. Sungard, Fidessa, Cinober. The key competitive factors in marketing financial markets technology solutions are a proven track record of delivering high quality solutions, level of responsiveness and overall net cost. Our strengths in this market are a successful track record of delivering solutions and our reputation with our clients. This is an extremely competitive environment which requires developing a strong customer relationship where we are viewed more as a partner than a vendor.

## **Proprietary Rights**

We rely on a combination of trade secret, copyright, trademark and patent law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for many of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford limited protection. These efforts may be insufficient to prevent third parties from asserting intellectual property

## **Table of Contents**

rights in our technology. Furthermore, it may be possible for unauthorized third parties to copy portions of our products or to reverse engineer or otherwise obtain and use proprietary information, and third parties may assert ownership rights in our proprietary technology. For additional risks relating to our proprietary technology, please see Item 1A. Risk Factors – Risks Relating to Our Business. If we are unable to protect our proprietary technology, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third parties.

Rapid technological change characterizes the software development industry. We believe factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, name recognition and reliable service and support are more important to establishing and maintaining a leadership position than legal protections of our technology.

## **Employees**

As of December 31, 2008, we had 1,128 full-time employees, consisting of:

190 employees in research and development;

662 employees in consulting and services;

70 employees in sales and marketing;

96 employees in client support; and

110 employees in finance and administration.

As of December 31, 2008, 389 of our employees were in our international operations. No employee is covered by any collective bargaining agreement. We believe that we have a good relationship with our employees.

## **Additional Information**

We were organized as a Connecticut corporation in March 1986 and reincorporated as a Delaware corporation in April 1996. Our principal executive offices are located at 80 Lambertson Road, Windsor, Connecticut 06095. The telephone number of our principal executive offices is (860) 298-4500.

## **Item 1A. Risk Factors**

You should carefully consider the following risk factors, in addition to other information included in this annual report on Form 10-K and the other reports we file with the Securities and Exchange Commission. If any of the following risks occur, our business, financial condition and operating results could be materially adversely affected.

### **Risks Relating to Our Indebtedness**

*Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our 113/4% senior subordinated notes due 2013 and our senior credit facilities.*

We have incurred a significant amount of indebtedness. As of December 31, 2008, we had total indebtedness of \$408.7 million and additional available borrowings of \$75.0 million under our revolving credit facility. Our total



indebtedness consisted of \$205.0 million of 113/4% senior subordinated notes due 2013 and \$203.7 million of secured indebtedness under our term loan B facility.

Our substantial indebtedness could have important consequences. For example, it could:

make it more difficult for us to satisfy our obligations with respect to our notes and our senior credit facilities;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;

increase our vulnerability to and limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

**Table of Contents**

expose us to the risk of increased interest rates as borrowings under our senior credit facilities are subject to variable rates of interest;

place us at a competitive disadvantage compared to our competitors that have less debt; and

limit our ability to borrow additional funds.

In addition, the indenture governing the notes and the agreement governing our senior credit facilities contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

***To service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.***

We are obligated to make periodic principal and interest payments on our senior and subordinated debt of approximately \$37 million annually. Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior credit facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our senior credit facilities and the notes, on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

***Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial financial leverage.***

We and our subsidiaries may be able to incur substantial additional indebtedness in the future because the terms of the indenture governing the notes and our senior credit facilities do not fully prohibit us or our subsidiaries from doing so. Subject to covenant compliance and certain conditions, our senior credit facilities permit additional borrowing, including borrowing up to \$75.0 million under our revolving credit facility. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

***Restrictive covenants in the indenture governing the notes and the agreement governing our senior credit facilities may restrict our ability to pursue our business strategies.***

The indenture governing the notes and the agreement governing our senior credit facilities limit our ability, among other things, to:

incur additional indebtedness;

sell assets, including capital stock of restricted subsidiaries;

agree to payment restrictions affecting our restricted subsidiaries;  
pay dividends;  
consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;  
make strategic acquisitions;  
enter into transactions with our affiliates;  
incur liens; and

## **Table of Contents**

designate any of our subsidiaries as unrestricted subsidiaries.

In addition, our senior credit facilities include other covenants which, subject to permitted exceptions, prohibit us from making capital expenditures in excess of certain thresholds, making investments, loans and other advances, engaging in sale-leaseback transactions, entering into speculative hedging agreements, and prepaying our other indebtedness while indebtedness under our senior credit facilities is outstanding. The agreement governing our senior credit facilities also requires us to maintain compliance with specified financial ratios, particularly a leverage ratio and an interest coverage ratio. Our ability to comply with these ratios may be affected by events beyond our control.

The restrictions contained in the indenture governing the notes and the agreement governing our senior credit facilities could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans.

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios could result in a default under the agreement governing our senior credit facilities. If a default occurs, the lenders under our senior credit facilities may elect to:

declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable; or

prevent us from making payments on the notes,

either of which would result in an event of default under the notes. The lenders also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our senior credit facilities also have the right to proceed against the collateral, including our available cash, granted to them to secure the indebtedness. If the indebtedness under our senior credit facilities and the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

***We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes.***

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes or that restrictions in our senior credit facilities will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture governing the notes.

## **Risks Relating to Our Business**

***Our business is greatly affected by changes in the state of the general economy and the financial markets, and a slowdown or prolonged downturn in the general economy or the financial services industry could disproportionately affect the demand for our products and services.***

As widely reported, financial markets in the United States, Europe and Asia have been experiencing extreme disruption. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy

costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for both western and emerging economies. These unfavorable changes in economic conditions, as well as declining consumer confidence, inflation, recession or other factors, have led and could continue to lead our clients or prospective clients to delay or reduce purchases of our products, and our revenues could be adversely affected. These conditions could also make it difficult for our clients to obtain credit on reasonable terms or at all, preventing them from making desired purchases of our products and services. Further, the current challenging economic conditions also may impair the ability of our clients to pay for products they have purchased and, as a result, our reserves, allowances for doubtful accounts and write-offs of

**Table of Contents**

accounts receivable could increase. We cannot predict the timing or duration of any economic downturn, generally, or in the markets in which our businesses operate. Continued turbulence in the U.S. and international markets and prolonged declines in business consumer spending could materially adversely affect our liquidity and financial condition, and the liquidity and financial condition of our clients.

Our clients include a range of organizations in the financial services industry whose success is intrinsically linked to the health of the economy generally and of the financial markets specifically. As a result, we believe that fluctuations, disruptions, instability or prolonged downturns in the general economy and the financial services industry, including the current economic crisis, could disproportionately affect demand for our products and services. For example, such fluctuations, disruptions, instability or downturns may cause our clients to do the following:

- cancel or reduce planned expenditures for our products and services;
- process fewer transactions through our software-enabled services;
- seek to lower their costs by renegotiating their contracts with us;
- move their IT solutions in-house;
- switch to lower-priced solutions provided by our competitors; or
- exit the industry.

If such conditions occur and persist, our business and financial results, including our liquidity and our ability to fulfill our obligations to the holders of our notes and our other lenders, could be materially adversely affected.

***Further or accelerated consolidations in the financial services industry could result in a decline in demand for our products and services.***

If financial services firms continue to consolidate, as they have over the past decade, there could be a decline in demand for our products and services. For example, if a client merges with a firm using its own solution or another vendor's solution, it could decide to consolidate its processing on a non-SS&C system. The resulting decline in demand for our products and services could have a material adverse effect on our revenues. For instance, in 2007, a client that represented 4.5% of our revenues in 2007 was acquired in a tender offer transaction. As a result, our revenues from that client declined significantly during the fourth quarter of 2008.

***We expect that our operating results, including our profit margins and profitability, may fluctuate over time.***

Historically, our revenues, profit margins and other operating results have fluctuated from period to period and over time primarily due to the timing, size and nature of our license and service transactions. Additional factors that may lead to such fluctuation include:

- the timing of the introduction and the market acceptance of new products, product enhancements or services by us or our competitors;
- the lengthy and often unpredictable sales cycles of large client engagements;
- the amount and timing of our operating costs and other expenses;

the financial health of our clients;

changes in the volume of assets under our clients' management;

cancellations of maintenance and/or software-enabled services arrangements by our clients;

changes in local, national and international regulatory requirements;

changes in our personnel;

implementation of our licensing contracts and software-enabled services arrangements;

**Table of Contents**

changes in economic and financial market conditions; and

changes in the mix in the types of products and services we provide.

***If we are unable to retain and attract clients, our revenues and net income would remain stagnant or decline.***

If we are unable to keep existing clients satisfied, sell additional products and services to existing clients or attract new clients, then our revenues and net income would remain stagnant or decline. A variety of factors could affect our ability to successfully retain and attract clients, including:

the level of demand for our products and services;

the level of client spending for information technology;

the level of competition from internal client solutions and from other vendors;

the quality of our client service;

our ability to update our products and services and develop new products and services needed by clients;

our ability to understand the organization and processes of our clients; and

our ability to integrate and manage acquired businesses.

***We face significant competition with respect to our products and services, which may result in price reductions, reduced gross margins or loss of market share.***

The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product and service introductions and marketing efforts by industry participants. The market is also highly fragmented and served by numerous firms that target only local markets or specific client types. We also face competition from information systems developed and serviced internally by the IT departments of financial services firms.

Some of our current and potential competitors have significantly greater financial, technical and marketing resources, generate higher revenues and have greater name recognition. Our current or potential competitors may develop products comparable or superior to those developed by us, or adapt more quickly to new technologies, evolving industry trends or changing client or regulatory requirements. It is also possible that alliances among competitors may emerge and rapidly acquire significant market share. Increased competition may result in price reductions, reduced gross margins and loss of market share. Accordingly, our business may not grow as expected and may decline.

***Catastrophic events may adversely affect our ability to provide, our clients' ability to use, and the demand for, our products and services, which may disrupt our business and cause a decline in revenues.***

A war, terrorist attack, natural disaster or other catastrophe may adversely affect our business. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our clients, the financial markets or the overall economy and reducing our ability to provide, our clients' ability to use, and the demand for, our products and services. The potential for a direct impact is due primarily to our significant investment in infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. A



computer virus, security breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for clients, disruptions to our operations, or damage to important facilities. In addition, such an event may cause clients to cancel their agreements with us for our products or services. Any of these events could cause a decline in our revenues.

***Our software-enabled services may be subject to disruptions that could adversely affect our reputation and our business.***

Our software-enabled services maintain and process confidential data on behalf of our clients, some of which is critical to their business operations. For example, our trading systems maintain account and trading information for our clients and their customers. There is no guarantee that the systems and procedures that we maintain to protect against unauthorized access to such information are adequate to protect against all security breaches. If our software-enabled services are disrupted or fail for any reason, or if our systems or facilities are infiltrated or

**Table of Contents**

damaged by unauthorized persons, our clients could experience data loss, financial loss, harm to their reputation and significant business interruption. If that happens, we may be exposed to unexpected liability, our clients may leave, our reputation may be tarnished, and client dissatisfaction and lost business may result.

***We may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating our acquisitions, which could adversely affect our revenues, subject us to unknown liabilities, increase costs and place a significant strain on our management.***

We have made and intend in the future to make acquisitions of companies, products or technologies that we believe could complement or expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. However, acquisitions could subject us to contingent or unknown liabilities, and we may have to incur debt or severance liabilities or write off investments, infrastructure costs or other assets.

Our success is also dependent on our ability to complete the integration of the operations of acquired businesses in an efficient and effective manner. Successful integration in the rapidly changing financial services software and services industry may be more difficult to accomplish than in other industries. We may not realize the benefits we anticipate from acquisitions, such as lower costs or increased revenues. We may also realize such benefits more slowly than anticipated, due to our inability to:

combine operations, facilities and differing firm cultures;

retain the clients or employees of acquired entities;

generate market demand for new products and services;

coordinate geographically dispersed operations and successfully adapt to the complexities of international operations;

integrate the technical teams of these companies with our engineering organization;

incorporate acquired technologies and products into our current and future product lines; and

integrate the products and services of these companies with our business, where we do not have distribution, marketing or support experience for these products and services.

Integration may not be smooth or successful. The inability of management to successfully integrate the operations of acquired companies could disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our operating results or financial condition. Such acquisitions may also place a significant strain on our administrative, operational, financial and other resources. To manage growth effectively, we must continue to improve our management and operational controls, enhance our reporting systems and procedures, integrate new personnel and manage expanded operations. If we are unable to manage our growth and the related expansion in our operations from recent and future acquisitions, our business may be harmed through a decreased ability to monitor and control effectively our operations and a decrease in the quality of work and innovation of our employees.

***If we cannot attract, train and retain qualified managerial, technical and sales personnel, we may not be able to provide adequate technical expertise and customer service to our clients or maintain focus on our business strategy.***

We believe that our success is due in part to our experienced management team. We depend in large part upon the continued contribution of our senior management and, in particular, William C. Stone, our Chief Executive Officer and Chairman of the Board of Directors. Losing the services of one or more members of our senior management could significantly delay or prevent the achievement of our business objectives. Mr. Stone has been instrumental in developing our business strategy and forging our business relationships since he founded the company in 1986. We maintain no key man life insurance policies for Mr. Stone or any other senior officers or managers.

Our success is also dependent upon our ability to attract, train and retain highly skilled technical and sales personnel. Loss of the services of these employees could materially affect our operations. Competition for qualified technical personnel in the software industry is intense, and we have, at times, found it difficult to attract and retain skilled personnel for our operations.

## **Table of Contents**

Locating candidates with the appropriate qualifications, particularly in the desired geographic location and with the necessary subject matter expertise, is difficult. Our failure to attract and retain a sufficient number of highly skilled employees could prevent us from developing and servicing our products at the same levels as our competitors and we may, therefore, lose potential clients and suffer a decline in revenues.

***If we are unable to protect our proprietary technology, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third parties.***

Our success and ability to compete depends in part upon our ability to protect our proprietary technology. We rely on a combination of trade secret, copyright and trademark law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for some of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. These efforts may be insufficient to prevent third parties from asserting intellectual property rights in our technology. Furthermore, it may be possible for unauthorized third parties to copy portions of our products or to reverse engineer or otherwise obtain and use our proprietary information, and third parties may assert ownership rights in our proprietary technology.

Existing patent and copyright laws afford only limited protection. Others may develop substantially equivalent or superseding proprietary technology, or competitors may offer equivalent products in competition with our products, thereby substantially reducing the value of our proprietary rights. We cannot be sure that our proprietary technology does not include open-source software, free-ware, share-ware or other publicly available technology. There are many patents in the financial services field. As a result, we are subject to the risk that others will claim that the important technology we have developed, acquired or incorporated into our products will infringe the rights, including the patent rights, such persons may hold. Third parties also could claim that our software incorporates publicly available software and that, as a result, we must publicly disclose our source code. Because we rely on confidentiality for protection, such an event could result in a material loss of our intellectual property rights. Expensive and time-consuming litigation may be necessary to protect our proprietary rights.

We have acquired and may acquire important technology rights through our acquisitions and have often incorporated and may incorporate features of this technology across many products and services. As a result, we are subject to the above risks and the additional risk that the seller of the technology rights may not have appropriately protected the intellectual property rights we acquired. Indemnification and other rights under applicable acquisition documents are limited in term and scope and therefore provide us with only limited protection.

In addition, we currently use certain third-party software in providing our products and services, such as industry standard databases and report writers. If we lost our licenses to use such software or if such licenses were found to infringe upon the rights of others, we would need to seek alternative means of obtaining the licensed software to continue to provide our products or services. Our inability to replace such software, or to replace such software in a timely manner, could have a negative impact on our operations and financial results.

***We could become subject to litigation regarding intellectual property rights, which could seriously harm our business and require us to incur significant costs, which, in turn, could reduce or eliminate profits.***

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. While we are not currently a party to any litigation asserting that we have violated third-party intellectual property rights, we may be a party to litigation in the future to enforce our intellectual property rights or as

a result of an allegation that we infringe others' intellectual property rights, including patents, trademarks and copyrights. From time to time we have received notices claiming our technology may infringe third-party intellectual property rights. Any parties asserting that our products or services infringe upon their proprietary rights could force us to defend ourselves and possibly our clients against the alleged infringement. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our proprietary rights. These lawsuits, regardless of their success, could be time-consuming and expensive to resolve,

**Table of Contents**

adversely affect our revenues, profitability and prospects and divert management time and attention away from our operations. We may be required to re-engineer our products or services or obtain a license of third-party technologies on unfavorable terms.

***Our failure to continue to derive substantial revenues from the licensing of, or the provision of software-enabled services related to, our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return software, and the provision of maintenance and professional services in support of such licensed software, could adversely affect our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.***

The licensing of, and the provision of software-enabled services, maintenance and professional services relating to, our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return software accounted for approximately 58% of our revenues for the year ended December 31, 2008. We expect that the revenues from these software products and services will continue to account for a significant portion of our total revenues for the foreseeable future. As a result, factors adversely affecting the pricing of or demand for such products and services, such as competition or technological change, could have a material adverse effect on our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.

***We may be unable to adapt to rapidly changing technology and evolving industry standards and regulatory requirements, and our inability to introduce new products and services could result in a loss of market share.***

Rapidly changing technology, evolving industry standards and regulatory requirements and new product and service introductions characterize the market for our products and services. Our future success will depend in part upon our ability to enhance our existing products and services and to develop and introduce new products and services to keep pace with such changes and developments and to meet changing client needs. The process of developing our software products is extremely complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and technologies. Our ability to keep up with technology and business and regulatory changes is subject to a number of risks, including that:

we may find it difficult or costly to update our services and software and to develop new products and services quickly enough to meet our clients' needs;

we may find it difficult or costly to make some features of our software work effectively and securely over the Internet or with new or changed operating systems;

we may find it difficult or costly to update our software and services to keep pace with business, evolving industry standards, regulatory and other developments in the industries where our clients operate; and

we may be exposed to liability for security breaches that allow unauthorized persons to gain access to confidential information stored on our computers or transmitted over our network.

Our failure to enhance our existing products and services and to develop and introduce new products and services to promptly address the needs of the financial markets could adversely affect our business and results of operations.

***Undetected software design defects, errors or failures may result in loss of our clients' data, litigation against us and harm to our reputation and business.***

Our software products are highly complex and sophisticated and could contain design defects or software errors that are difficult to detect and correct. Errors or bugs may result in loss of client data or require design modifications. We cannot assure you that, despite testing by us and our clients, errors will not be found in new products, which errors

could result in data unavailability, loss or corruption of client assets, litigation and other claims for damages against us. The cost of defending such a lawsuit, regardless of its merit, could be substantial and could divert management's attention from ongoing operations of the company. In addition, if our business liability insurance coverage proves inadequate with respect to a claim or future coverage is unavailable on acceptable terms

**Table of Contents**

or at all, we may be liable for payment of substantial damages. Any or all of these potential consequences could have an adverse impact on our operating results and financial condition.

*Challenges in maintaining and expanding our international operations can result in increased costs, delayed sales efforts and uncertainty with respect to our intellectual property rights and results of operations.*

For the years ended December 31, 2006, 2007 and 2008, international revenues accounted for 40%, 41% and 39%, respectively, of our total revenues. We sell certain of our products, such as Altair, Mabel and Pacer, primarily outside the United States. Our international business may be subject to a variety of risks, including:

- changes in a specific country's or region's political or economic condition;
- difficulties in obtaining U.S. export licenses;
- potentially longer payment cycles;
- increased costs associated with maintaining international marketing efforts;
- foreign currency fluctuations;
- the introduction of non-tariff barriers and higher duty rates;
- foreign regulatory compliance; and
- difficulties in enforcement of third-party contractual obligations and intellectual property rights.

Such factors could have a material adverse effect on our ability to meet our growth and revenue projections and negatively affect our results of operations.

*We are controlled by The Carlyle Group, whose interests may not be aligned with yours.*

The Carlyle Group and its affiliates own a substantial majority of the fully diluted equity of SS&C Holdings, and, therefore, have the power to control our affairs and policies. Carlyle and its affiliates also control, to a large degree, the election of directors, the appointment of management, the entering into mergers, sales of substantially all of our assets and other extraordinary transactions. The directors so elected will have authority, subject to the terms of our debt, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of Carlyle and its affiliates could conflict with the interests of note holders. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of Carlyle, as equity holders, might conflict with the interests of note holders. Carlyle and its affiliates may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a note holder. Additionally, Carlyle and its affiliates are in the business of making investments in companies, and may from time to time in the future acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours.

**Item 1B. *Unresolved Staff Comments***

None.





**Table of Contents**

**Item 2. *Properties***

We lease our corporate offices, which consist of 73,000 square feet of office space located in 80 Lambertson Road, Windsor, CT 06095. In 2006, we extended the lease term through October 2016. We utilize facilities and offices in thirteen locations in the United States and have offices in Toronto, Canada; Montreal, Canada; London, England; Amsterdam, the Netherlands; Kuala Lumpur, Malaysia; Tokyo, Japan; Curacao, the Netherlands Antilles; Dublin, Ireland; and Sydney, Australia. We believe our facilities and equipment are generally well maintained, in good operating condition and adequate for our present and foreseeable business needs.

**Item 3. *Legal Proceedings***

From time to time, we are subject to certain legal proceedings and claims that arise in the normal course of business. In the opinion of our management, we are not involved in any such litigation or proceedings by third parties that our management believes could have a material adverse effect on us or our business.

**Item 4. *Submission of Matters to a Vote of Security Holders***

None.

**Table of Contents****PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of the date of this filing, there was one holder of record of our common stock. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—The Transaction and Note 6 of notes to our consolidated financial statements for a description of restrictions on our ability to pay dividends.

**Item 6. Selected Financial Data**

The selected financial data set forth below should be read in conjunction with our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere herein.

	Successor	Combined(1)	Successor	Predecessor		
Year	Year	Year	Year	November 23	January 1	Year
Ended	Ended	Ended	Ended	through	through	Ended
December 31,	December 31,	December 31,	December 31,	December 31,	November 22,	December
2008(6)	2007(5)	2006(4)	2005(3)	2005	2005	2004(2)

(In thousands)

**Statement of****Operations Data:**

Revenues	\$ 280,006	\$ 248,168	\$ 205,469	\$ 161,634	\$ 17,665	\$ 143,969	\$ 95,888
Operating income	65,083	48,730	43,869	9,239	5,463	3,776	29,413
Net income	18,801	6,575	1,075	1,543	831	712	19,010
Cash dividends declared per share				\$ 0.08		\$ 0.08	\$ 0.22

**Balance Sheet Data (at period end):**

	2008(6)	2007(5)	2006(4)	2005(3)	2004(2)
Total assets	\$ 1,127,353	\$ 1,190,495	\$ 1,152,521	\$ 1,176,371	\$ 185,663
Total long-term debt, including current portion	408,726	443,009	471,929	488,581	
Stockholder's equity	587,253	612,593	563,132	577,133	156,094

- (1) Our combined results for the year ended December 31, 2005 represent the addition of the Predecessor period from January 1, 2005 through November 22, 2005 and the Successor period from November 23, 2005 through December 31, 2005. This combination does not comply with generally accepted accounting principles (GAAP) or with the rules for pro forma presentation, but is presented because we believe it provides the most meaningful

comparison of our results.

- (2) On January 16, 2004, we acquired the assets and business of Investment Advisory Network, LLC. On February 17, 2004 we acquired the assets and business of NeoVision Hypersystems, Inc. On April 12, 2004, we acquired all the outstanding shares of OMR Systems Corporation and OMR Systems International, Ltd.
- (3) On February 11, 2005, we acquired the assets and business of Achievement Technologies, Inc. On February 28, 2005, we acquired all the membership interests in EisnerFast LLC. On April 19, 2005, we acquired substantially all the outstanding stock of Financial Models Company Inc. On June 3, 2005, we acquired all the outstanding stock of Financial Interactive, Inc. On August 24, 2005, we acquired the assets and business of MarginMan. On October 31, 2005, we acquired all the outstanding stock of Open Information Systems, Inc.
- (4) On March 3, 2006, we acquired all of the outstanding stock of Cogent Management Inc. On August 31, 2006, we acquired the assets and business of Zoologic, Inc. See Notes 2 and 10 of notes to our consolidated financial statements.

## **Table of Contents**

(5) On March 12, 2007, we acquired all of the outstanding stock of Northport LLC. See Notes 2 and 10 of notes to our consolidated financial statements.

(6) On October 1, 2008, we acquired the assets and business of Micro Design Services, LLC.

## **Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

### **Overview**

We are a leading provider of mission-critical, sophisticated software products and software-enabled services that allow financial services providers to automate business processes and manage their information processing requirements. Our portfolio of software products and software-enabled services helps our clients automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. We provide our solutions globally to more than 4,500 clients, principally within the institutional asset management, alternative investment management and financial institutions sectors.

In 2008, we accomplished our goals of increasing our revenues through offering our proprietary software as software-enabled services and expanding our reach in the financial services market with acquisitions. Our revenues for 2008 were \$280.0 million, compared to \$248.2 million and \$205.5 million, in 2007 and 2006, respectively. Our recurring revenues, which are defined as maintenance revenues and software-enabled services revenues, were \$230.8 million in 2008 compared to \$203.2 million in 2007 and \$163.0 million in 2006, representing increases of 13.6% and 24.7%, respectively. In 2008, recurring revenues represented 82.4% of total revenues. We believe our high level of recurring revenues provides us with the ability to better manage our costs and capital investments.

In 2006, 2007 and 2008, we entered into new financial services markets or expanded our existing markets through the acquisitions of Cogent Management, Zoologic, Northport and Micro Design Services. These acquisitions expanded our offerings for alternative investment managers and provided us with new trading products for broker/dealers and financial exchanges and online financial and investment training courses.

We continued to focus on improving operating margins. Our total expenses, including costs of revenues, were \$214.9 million in 2008 compared to \$199.4 million and \$161.6 million, in 2007 and 2006, respectively. Our expenses increased in 2008 over 2007 mainly as a result of increased payroll as we increased our personnel count from 1,059 at the end of 2007 to 1,128 at the end of 2008. The increase in personnel was mainly to support the growth in our software-enabled services and professional services revenues. As a result of managing our expenses, our operating income margins were 23.2% of revenues in 2008 compared to 19.6% in 2007 and 21.4% in 2006. Consolidated EBITDA, a non-GAAP financial measure defined in our credit agreement and used to measure our debt compliance, was \$115.6 million in 2008 compared to \$98.7 million and \$84.0 million, in 2007 and 2006, respectively.

We generated \$61.7 million in cash from operating activities in 2008 compared to \$57.1 million and \$30.7 million, in 2007 and 2006, respectively. In 2008, we used our operating cash flow to repay \$25.6 million of debt, acquire Micro Design Services for \$17.9 million and invest \$6.7 million in capital equipment in our business.

In the fourth quarter of 2008, our clients started experiencing the impact of the economic downturn, as assets under management declined and redemptions exceeded in-flows at money managers and hedge funds. Our revenues for the fourth quarter of 2008 were \$68.3 million, down 3.8% sequentially from \$71.0 million in the third quarter of 2008.

### **Strategic Acquisitions**

To complement our organic growth, we evaluate and execute acquisitions that expand our client base, increase our market presence both in the United States and abroad, expand the breadth of our proprietary software and software-enabled service offerings and enhance our strategic assets. Since the beginning of 2006, we have spent approximately \$41.5 million in cash to acquire five financial services businesses.

**Table of Contents**

The following table lists the businesses we have acquired since 2005:

<b>Acquired Business</b>	<b>Acquisition Date</b>	<b>Description</b>
Evare	March 20, 2009	Financial data services
Micro Design Services	October 1, 2008	Securities trading systems and services
Northport	March 12, 2007	Alternative investment fund management services
Zoologic	August 31, 2006	Web-based training software
Cogent Management	March 3, 2006	Alternative investment fund management services

**Critical Accounting Estimates and Assumptions**

A number of our accounting policies require the application of significant judgment by our management, and such judgments are reflected in the amounts reported in our consolidated financial statements. In applying these policies, our management uses its judgment to determine the appropriate assumptions to be used in the determination of estimates. Those estimates are based on our historical experience, terms of existing contracts, management's observation of trends in the industry, information provided by our clients and information available from other outside sources, as appropriate. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, doubtful accounts receivable, goodwill and other intangible assets and other contingent liabilities. Actual results may differ significantly from the estimates contained in our consolidated financial statements. We believe that the following are our critical accounting policies.

***Revenue Recognition***

Our revenues consist primarily of software-enabled services and maintenance revenues, and, to a lesser degree, software license and professional services revenues.

Software-enabled services revenues, which are based on a monthly fee or transaction-based, are recognized as the services are performed. Software-enabled services are provided under arrangements that generally have terms of two to five years and contain monthly or quarterly fixed payments, with additional billing for increases in market value of a client's assets, pricing and trading activity under certain contracts.

We recognize software-enabled services revenues in accordance with Staff Accounting Bulletin (SAB) 104 Revenue Recognition, on a monthly basis as the software-enabled services are provided and when persuasive evidence of an arrangement exists, the price is fixed or determinable and collectibility is reasonably assured. We do not recognize any revenues before services are performed. Certain contracts contain additional fees for increases in market value, pricing and trading activity. Revenues related to these additional fees are recognized in the month in which the activity occurs based upon our summarization of account information and trading volume.

We apply the provisions of Statement of Position No. 97-2, Software Revenue Recognition (SOP 97-2) to all software transactions. We recognize revenues from the sale of software licenses when persuasive evidence of an arrangement exists, the product has been delivered, the fee is fixed or determinable and collection of the resulting receivable is reasonably assured. Our products generally do not require significant modification or customization of the underlying software and, accordingly, the implementation services we provide are not considered essential to the functionality of the software.

## **Table of Contents**

We use a signed license agreement as evidence of an arrangement for the majority of our transactions. Delivery generally occurs when the product is delivered to a common carrier F.O.B. shipping point, or if delivered electronically, when the client has been provided with access codes that allow for immediate possession via a download. Although our arrangements generally do not have acceptance provisions, if such provisions are included in the arrangement, then delivery occurs at acceptance. At the time of the transaction, we assess whether the fee is fixed or determinable based on the payment terms. Collection is assessed based on several factors, including past transaction history with the client and the creditworthiness of the client. The arrangements for perpetual software licenses are generally sold with maintenance and professional services. We allocate revenue to the delivered components, normally the license component, using the residual value method based on objective evidence of the fair value of the undelivered elements. The total contract value is attributed first to the maintenance and support arrangement based on the fair value, which is derived from renewal rates. Fair value of the professional services is based upon stand-alone sales of those services. Professional services are generally billed at an hourly rate plus out-of-pocket expenses. Professional services revenues are recognized as the services are performed. Maintenance revenues are recognized ratably over the term of the contract.

We also sell term licenses with maintenance. These arrangements range from one to seven years. Vendor-specific objective evidence does not exist for the maintenance element in the term licenses, and revenues are therefore recognized ratably over the contractual term of the arrangement.

We occasionally enter into software license agreements requiring significant customization or fixed-fee professional service arrangements. We account for these arrangements in accordance with the percentage-of-completion method based on the ratio of hours incurred to expected total hours; accordingly we must estimate the costs to complete the arrangement utilizing an estimate of man-hours remaining. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs may be revised. Such revisions are recognized in the period in which the revisions are determined. Due to the complexity of some software license agreements, we routinely apply judgments to the application of software recognition accounting principles to specific agreements and transactions. Different judgments or different contract structures could have led to different accounting conclusions, which could have a material effect on our reported quarterly results of operations.

### ***Allowance for Doubtful Accounts***

The preparation of financial statements requires our management to make estimates relating to the collectability of our accounts receivable. Management establishes the allowance for doubtful accounts based on historical bad debt experience. In addition, management analyzes client accounts, client concentrations, client creditworthiness, current economic trends and changes in our clients' payment terms when evaluating the adequacy of the allowance for doubtful accounts. Such estimates require significant judgment on the part of our management. Therefore, changes in the assumptions underlying our estimates or changes in the financial condition of our clients could result in a different required allowance, which could have a material effect on our reported results of operations.

### ***Long-lived Assets, Intangible Assets and Goodwill***

Under Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets (SFAS 142), we must test goodwill annually for impairment (and in interim periods if certain events occur indicating that the carrying value of goodwill or indefinite-lived intangible assets may be impaired) using reporting units identified for the purpose of assessing potential future impairments of goodwill.

We apply the provisions of SFAS 142 and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, and assess the impairment of identifiable intangibles, long-lived assets and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important



which could trigger an impairment review include the following:

significant underperformance relative to historical or projected future operating results;

significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and

significant negative industry or economic trends.

**Table of Contents**

When we determine that the carrying value of intangibles, long-lived assets and goodwill may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds related projected undiscounted cash flows from these assets. We considered a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge and thus materially different results of operations. To the extent that we do not achieve our revenue or operating cash flow plans or other measures of fair value decline, including external valuation assumptions, our current goodwill carrying value could be impaired. Additionally, since the fair value of reporting units are also based in part on the market approach, if comparable company market multiples decline from the levels at December 31, 2008, it is possible we could be required to perform the second step of the goodwill impairment test and impairment could result.

***Acquisition Accounting***

In connection with our acquisitions, we applied the provisions of SFAS No. 141, Business Combinations, and allocate the purchase price to the assets and liabilities we acquire, such as net tangible assets, completed technology, in-process research and development, client contracts, other identifiable intangible assets and goodwill. We applied significant judgments and estimates in determining the fair market value of the assets acquired and their useful lives. For example, we have determined the fair value of existing client contracts based on the discounted estimated net future cash flows from such client contracts existing at the date of acquisition and the fair value of the completed technology based on the discounted estimated future cash flows from the product sales of such completed technology. While actual results during the years ended December 31, 2008, 2007 and 2006 were consistent with our estimated cash flows and we did not incur any impairment charges during those years, different estimates and assumptions in valuing acquired assets could yield materially different results.

***Stock-based Compensation***

As of the date of the Transaction, the Company adopted SFAS No. 123R (revised 2004), Share-Based Payment (SFAS 123R), using the modified prospective method, which requires companies to record stock compensation expense over the remaining service period for all unvested awards as of the adoption date. Accordingly, prior period amounts have not been restated. Using the fair value recognition provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the appropriate service period. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options, expected volatility of our stock price, and the number of awards expected to be forfeited. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded. The realizability of the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise. If the actual value is lower than the fair value determined on the date of grant, then there could be an income tax expense for the portion of the deferred tax asset that is not realizable.

SS&C Holdings grants stock options to our employees and directors under the SS&C Holdings 2006 equity incentive plan. Given the lack of a public market for SS&C Holdings common stock, the SS&C Holdings board of directors must determine the fair value of SS&C Holdings common stock on the date of grant, which requires making complex and subjective judgments. The SS&C Holdings board has reviewed and considered a number of factors when determining the fair value of SS&C Holdings common stock, including:

the value of our business as determined at arm's length in connection with the Transaction;

significant business milestones that may have affected the value of our business subsequent to the Transaction;

the continued risks associated with our business;

**Table of Contents**

the economic outlook in general and the condition and outlook of our industry;

our financial condition and expected operating results;

our level of outstanding indebtedness;

the market price of stocks of publicly traded corporations engaged in the same or similar lines of business; and

as of July 31, 2006 and March 31, 2007, analyses using a weighted average of three generally accepted valuation procedures: the income approach, the market approach - publicly traded guideline company method and the market approach transaction method.

There were no stock options granted during 2008. The following table summarizes information about stock options granted during 2006 and 2007:

Grant Date	Shares	Exercise Price	Fair Value of Underlying Stock	Weighted-Average Grant Date Fair Value of Options by Vesting Type (1):		
				Time	Performance	Change in Control
August 2006	1,165,831	\$ 74.50	\$ 74.50	\$ 31.08	\$ 32.98	\$ 21.23
November 2006	10,500	74.50	74.50	30.75	32.61	21.23
March 2007	23,000	74.50	74.50	30.69	32.54	7.41
May 2007	17,500	98.91	98.91	40.85	43.32	9.09
June 2007	3,000	98.91	98.91	41.37	43.89	8.64

(1) The weighted-average fair value of options by vesting type represents the value as determined under SFAS 123R at the grant date. These fair values do not reflect the re-valuation of certain options related to modifications effected in March 2008 and April 2007, as more fully described in Note 9 to the consolidated financial statements for the year ended December 31, 2008.

**Income Taxes**

The carrying value of our deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to record additional valuation allowances against our deferred tax assets resulting in additional income tax expense in our consolidated statement of operations. On a quarterly basis, we evaluate whether deferred tax assets are realizable and assess whether there is a need for additional valuation allowances. Such estimates require significant judgment on the part of our management. In addition, we evaluate the need to provide additional tax provisions for adjustments proposed by taxing authorities.

On January 1, 2007, we adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). At adoption, we had \$5.3 million of liabilities for unrecognized tax benefits. The adoption of FIN 48 resulted in a reclassification of certain tax liabilities from current to

non-current and to certain related deferred tax assets. We did not record a cumulative effect adjustment to retained earnings as a result of adopting FIN 48. As of January 1, 2007, accrued interest related to unrecognized tax benefits was less than \$0.1 million. We recognize accrued interest and penalties relating to the unrecognized tax benefits as a component of the income tax provision.

As of December 31, 2008, we had \$5.8 million of liabilities for unrecognized tax benefits which, if recognized, would decrease our effective tax rate and increase our net income.

**Table of Contents****Results of Operations for the Years Ended December 31, 2008, 2007 and 2006**

The following table sets forth revenues (dollars in thousands) and changes in revenues for the periods indicated:

	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>	<b>Year Ended December 31, 2006</b>	<b>Percent Change from Prior Year</b>	
				<b>2008</b>	<b>2007</b>
Revenues:					
Software licenses	\$ 24,844	\$ 27,514	\$ 22,925	(9.7)%	20.0%
Maintenance	65,178	61,910	55,222	5.3	12.1
Professional services	24,352	17,491	19,582	39.2	(10.7)
Software-enabled services	165,632	141,253	107,740	17.3	31.1
Total revenues	\$ 280,006	\$ 248,168	\$ 205,469	12.8	20.8

The following table sets forth the percentage of our total revenues represented by each of the following sources of revenues for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Revenues:			
Software licenses	8.9%	11.1%	11.2%
Maintenance	23.3	25.0	26.9
Professional services	8.7	7.0	9.5
Software-enabled services	59.1	56.9	52.4

**Comparison of Years Ended December 31, 2008, 2007 and 2006****Revenues**

Revenues were \$280.0 million, \$248.2 million and \$205.5 million in 2008, 2007 and 2006, respectively. Revenue growth in 2008 of \$31.8 million, or 13%, was driven by revenues for businesses and products that we have owned for at least 12 months, or organic revenues, which increased 12%, accounting for \$28.7 million of the increase, and came from increased demand of \$23.2 million for our software-enabled services, an increase of \$6.0 million in professional services revenues and an increase of \$2.8 million in maintenance revenues, partially offset by a decrease of \$3.3 million in license sales. The remaining \$3.1 million increase was due to sales of products and services that we acquired in our acquisitions of Micro Design Services ( MDS ) and Northport, which occurred in October 2008 and March 2007, respectively. Revenue growth in 2008 includes the unfavorable impact from foreign currency translation of \$0.7 million resulting from the strength of the U.S. dollar relative to the British pound, partially offset by weakness relative to the Canadian dollar and the euro. Revenue growth in 2007 of \$42.7 million, or 21%, was driven by revenues for businesses and products that we have owned for at least 12 months, or organic revenues, which increased 16%, accounting for \$32.7 million of the increase, and came from increased demand of \$29.0 million for our software-enabled services, an increase of \$3.7 million in maintenance revenues and an increase of \$2.0 million in

license sales, partially offset by a decrease of \$2.0 million in professional services revenues. The remaining \$6.4 million increase was due to sales of products and services that we acquired in our acquisitions of Northport, Zoologic and Cogent, which occurred in March 2007, August 2006 and March 2006, respectively. Additionally, revenues for 2006 include a reduction of \$3.6 million as a result of adjusting deferred revenue to fair value in connection with the Transaction. Revenue growth in 2007 includes the favorable impact from foreign currency translation of \$4.6 million resulting from the weakness of the U.S. dollar relative to currencies such as the Canadian dollar, the British pound and the euro.

**Table of Contents*****Software Licenses***

Software license revenues were \$24.8 million, \$27.5 million and \$22.9 million in 2008, 2007 and 2006, respectively. The decrease in software license revenues from 2007 to 2008 of \$2.7 million was due to a decrease of \$3.3 million in organic license sales, partially offset by \$0.6 million related to sales of products we acquired as a result of our acquisition of MDS. During 2008, we had fewer perpetual license transactions than in 2007, but at a similar average size, offset by an increase in revenues from term licenses. The increase in software license revenues from 2006 to 2007 of \$4.6 million was primarily due to organic growth of \$2.0 million and acquisitions, which contributed \$1.1 million to the increase. Additionally, software license revenues for 2006 included a reduction of \$1.5 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. During 2007, both the number of perpetual license transactions and the average size of those transactions increased from 2006. Software license revenues will vary depending on the timing, size and nature of our license transactions. For example, the average size of our software license transactions and the number of large transactions may fluctuate on a period-to-period basis. Additionally, software license revenues will vary among the various products that we offer, due to differences such as the timing of new releases and variances in economic conditions affecting opportunities in the vertical markets served by such products.

***Maintenance***

Maintenance revenues were \$65.2 million, \$61.9 million and \$55.2 million in 2008, 2007 and 2006, respectively. The increase in maintenance revenues of \$3.3 million, or 5%, in 2008 was due in part to organic revenue growth of \$2.8 million and our acquisition of MDS, which added \$0.5 million. The increase in maintenance revenues of \$6.7 million, or 12%, in 2007 was due in part to organic revenue growth of \$3.7 million and acquisitions, which added \$0.2 million. Additionally, maintenance revenues in 2006 included a reduction of \$2.8 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. We typically provide maintenance services under one-year renewable contracts that provide for an annual increase in fees, generally tied to the percentage changes in the consumer price index. Future maintenance revenue growth is dependent on our ability to retain existing clients, add new license clients and increase average maintenance fees.

***Professional Services***

Professional services revenues were \$24.4 million, \$17.5 million and \$19.6 million in 2008, 2007 and 2006, respectively. The increase in professional services revenues of \$6.9 million, or 39%, in 2008 was primarily due to organic growth of \$6.0 million and our acquisition of MDS, which contributed \$0.9 million to the increase. The growth in organic revenues was primarily attributable to one significant implementation project for a client that is expected to transition to our software-enabled services in early 2009. The decrease in professional services revenues in 2007 was primarily related to several large professional services projects that were either completed or substantially completed in late 2006; we were not engaged in similar sized projects in 2007. Additionally, professional services revenues for 2006 included an increase of \$0.2 million as a result of adjusting our deferred revenue to fair value in connection with the Transaction. Our overall software license revenue levels and market demand for professional services will continue to have an effect on our professional services revenues.



**Table of Contents*****Software-Enabled Services***

Software-enabled services revenues were \$165.6 million, \$141.3 million and \$107.7 million in 2008, 2007 and 2006, respectively. The increase in software-enabled services revenues in 2008 of \$24.3 million, or 17%, was primarily due to organic growth of \$23.2 million, which included increased demand for portfolio management and accounting services from existing clients and the addition of new clients for our SS&C Fund Services and SS&C Direct software-enabled services, as well as our Pacer application service provider ( ASP ) services and Securities Valuation ( SVC ) securities data services provided by SS&C Technologies Canada Corp. Our 2007 acquisition of Northport contributed \$1.1 million of the growth, reflecting a full twelve months of activity. The increase in software-enabled services revenues in 2007 of \$33.6 million, or 31%, was primarily due to organic growth of \$29.0 million, which included increased demand for portfolio management and accounting services from existing clients and the addition of new clients for our SS&C Fund Services and SS&C Direct software-enabled services, as well as our Pacer ASP services and SVC securities data services provided by SS&C Technologies Canada Corp. Acquisitions added \$5.0 million in revenues. Additionally, software-enabled services revenues for 2006 include an increase of \$0.4 million related to the valuation of deferred revenue acquired in the Transaction. Future software-enabled services revenue growth is dependent on our ability to add new software-enabled services clients, retain existing clients and increase average software-enabled services fees.

During the fourth quarter of 2008, we experienced a decline in software-enabled services revenues of approximately 9% from the third quarter. We believe these declines are attributable to the overall weakening of economic conditions and were the result of fund redemption, several fund liquidations and the movement of existing fund investments from securities to cash. While we have continued to add new clients, we cannot be certain that revenues from these additional clients will be sufficient to offset any continued effects from the current economic downturn.

**Cost of Revenues**

The total cost of revenues was \$142.4 million, \$128.9 million and \$100.0 million in 2008, 2007 and 2006, respectively. The gross margin changed from 51% in 2006 to 48% in 2007 and 49% in 2008. The increase of \$13.5 million in total cost of revenues in 2008 was mainly due to personnel increases early in the year to support revenue growth, particularly professional services and software-enabled services, and acquisitions. Cost increases to support our organic revenue growth were \$12.5 million and acquisitions added \$1.5 million in costs, primarily in software-enabled services revenues. In November 2008, we reduced our workforce by approximately 9% in response to the anticipated effects of the current economic downturn. Severance expenses related to this action added \$0.6 million in expenses to total cost of revenues. These increases were offset by a decrease of \$1.1 million in stock-based compensation expense, as 2007 stock-based compensation expense included charges related to the vesting of 2006 performance options. The increase in total cost of revenues in 2007 was mainly due to three factors: personnel increases to support revenue growth, acquisitions and the increased costs associated with stock-based compensation and amortization of intangibles. Cost increases to support our organic revenue growth were \$15.8 million and acquisitions added \$4.0 million in costs, primarily in software-enabled services revenues. Stock-based compensation expense increased \$2.0 million due to the vesting of certain performance-based options, amortization expense increased \$6.9 million as a result of increasing cash flows, and non-cash rent expense increased \$0.2 million. Certain of our intangible assets are amortized into cost of revenues based on the ratio that current cash flows for the intangible assets bear to the total of current and expected future cash flows for the intangible assets.

***Cost of Software License Revenues***

The cost of software license revenues was \$9.2 million, \$9.6 million and \$9.2 million in 2008, 2007 and 2006, respectively. The decrease in cost of software licenses in 2008 was due to a reduction in amortization expense under the percent of cash flows method, as a lower percentage of current license revenues was deemed associated with

technology that existed at the date of the Transaction. The increase in cost of software licenses in 2007 was due to additional amortization expense under the percent of cash flows method.

**Table of Contents*****Cost of Maintenance Revenues***

The cost of maintenance revenues was \$26.9 million, \$26.0 million and \$20.4 million in 2008, 2007 and 2006, respectively. The increase in cost of maintenance revenues in 2008 was primarily due to additional personnel and related costs of \$0.7 million and additional amortization expense of \$0.3 million as a result of increasing cash flows, partially offset by a decrease of \$0.1 million in stock-based compensation expense. The increase in cost of maintenance revenues in 2007 was primarily due to additional amortization expense of \$4.6 million as a result of increasing cash flows, acquisitions, which added \$0.5 million in costs, an increase of \$0.3 million in costs to support organic revenue growth and additional stock-based compensation expense of \$0.2 million.

***Cost of Professional Services Revenues***

The cost of professional services revenue was \$16.1 million, \$14.3 million and \$12.6 million in 2008, 2007 and 2006, respectively. The increase in cost of professional services revenues in 2008 was primarily due to an increase of \$0.4 million in personnel and related costs to support revenue growth and \$0.7 million in costs for third-party hardware, partially offset by a decrease of \$0.1 million in stock-based compensation expense. Acquisitions added \$0.8 million in costs. The increase in cost of professional services revenues in 2007 was primarily due to additional stock-based compensation expense of \$0.2 million and an increase of \$1.4 million in personnel costs. Acquisitions added \$0.1 million in costs.

***Cost of Software-Enabled Services Revenues***

The cost of software-enabled services revenues was \$90.3 million, \$79.0 million and \$57.8 million in 2008, 2007 and 2006, respectively. The increase in cost of software-enabled services revenues in 2008 was primarily due to an increase of \$10.8 million in costs, primarily related to personnel and communications, to support the growth in organic revenues and our acquisition of Northport, which added \$0.7 million, representing a full year of costs. Additionally, severance expenses related to our workforce reduction contributed \$0.4 million and amortization expense increased \$0.3 million. These increases were partially offset by a decrease of \$0.9 million in stock-based compensation expense. The increase in cost of software-enabled services revenues in 2007 was primarily due to an increase of \$14.2 million in costs to support the growth in organic revenues, additional stock-based compensation expense of \$1.7 million and acquisitions, which added \$3.2 million. Additionally, amortization expense increased \$2.0 million due to increasing cash flows and non-cash rent expense increased \$0.1 million.

**Operating Expenses**

Our total operating expenses were \$72.5 million, \$70.6 million and \$61.6 million in 2008, 2007 and 2006, respectively, representing 26%, 28% and 30%, respectively, of total revenues in those years. The increase in operating expenses in 2008 was primarily due to our expensing \$1.6 million in costs related our public offering, which was withdrawn due to market conditions, and severance expenses of \$1.0 million related to our workforce reduction. Additionally, operating costs increased \$2.3 million, primarily related to personnel, and amortization expense increased \$0.2 million. These increases were offset in part by a decrease of \$2.6 million in stock-based compensation expense, as 2007 stock-based compensation expense included charges related to the vesting of 2006 performance options, a decrease of \$0.5 million in capital-based taxes and a decrease of \$0.5 million in expenses paid to The Carlyle Group. Acquisitions added \$0.4 million in costs. The increase in operating expenses in 2007 was primarily due to additional stock-based compensation expense of \$5.1 million due to the vesting of certain performance-based options and additional increases of \$2.9 million in costs to support organic revenue growth. Expenses increased \$0.2 million related to increased amortization expense, partially offset by a decrease of \$0.2 million in capital-based taxes. The remaining \$1.0 million of the increase was due to our acquisitions of Northport, Zoologic and Cogent.



**Table of Contents*****Selling and Marketing***

Selling and marketing expenses were \$19.6 million, \$19.7 million and \$17.6 million in 2008, 2007 and 2006, respectively, representing 7%, 8% and 9%, respectively, of total revenues in those years. The decrease in selling and marketing expenses in 2008 was primarily attributable to a decrease in stock-based compensation expense of \$0.6 million, partially offset by acquisitions, which added \$0.2 million in costs, and an increase of \$0.3 million in amortization expense. The increase in selling and marketing expenses in 2007 was primarily attributable to an increase in stock-based compensation expense of \$1.2 million, our acquisitions, which added \$0.5 million in costs, and an increase of \$0.4 million in costs, primarily commissions due to the increase in revenue.

***Research and Development***

Research and development expenses were \$26.8 million, \$26.3 million and \$23.6 million in 2008, 2007 and 2006, respectively, representing 10%, 11% and 11%, respectively, of total revenues in those years. The increase in research and development expenses in 2008 was primarily due to an increase of \$0.6 million in costs, to support organic revenue growth, and severance expenses of \$0.3 million, partially offset by a decrease of \$0.4 million in stock-based compensation expense. The increase in research and development expenses in 2007 was primarily due to an increase of \$1.4 million in costs to support organic revenue growth, additional stock-based compensation expense of \$0.7 million, our acquisitions, which added \$0.4 million and an increase of \$0.1 million in non-cash rent expense.

***General and Administrative***

General and administrative expenses were \$26.1 million, \$24.6 million and \$20.4 million in 2008, 2007 and 2006, respectively, representing 9%, 10% and 10%, respectively, of total revenues in those years. The increase in general and administrative expenses in 2008 was primarily due to an increase of \$1.7 million in operating costs, primarily related to personnel, our expensing \$1.6 million in costs related our public offering, which was withdrawn due to market conditions, and severance expenses of \$0.7 million. These increases were offset in part by a decrease of \$1.6 million in stock-based compensation expense, a decrease of \$0.5 million in capital-based taxes and a decrease of \$0.5 million in expenses paid to The Carlyle Group. Acquisitions added \$0.2 million in costs. The increase in general and administrative expenses in 2007 was primarily due to an increase of \$0.9 million in costs to support the growth in organic revenues, primarily personnel related costs, additional stock-based compensation expense of \$3.2 million and acquisitions, which added \$0.2 million. These increases were partially offset by a decrease of \$0.1 million in non-cash rent expense.

***Interest Income, Interest Expense and Other Income, Net***

We had interest expense of \$41.5 million and interest income of \$0.4 million in 2008 compared to interest expense of \$45.5 million and interest income of \$0.9 million in 2007. In 2006, we had interest expense of \$47.4 million and interest income of \$0.4 million. The decrease in interest expense in 2008 reflects the lower average debt balance and lower average interest rates on the floating portion of our debt as compared to 2007. The decrease in interest income in 2008 is also related to the lower average interest rates as compared to 2007. The decrease in interest expense in 2007 reflects the lower average debt balance as compared to 2006. The increase in interest income in 2007 is related to the higher average cash balance as compared to 2006. Other income, net in 2008 consists primarily of foreign currency translation gains of \$4.0 million, partially offset by a \$2.0 million loss we recorded relating to our investment in a private company which we account for under the equity method of accounting. Other income, net in 2007 consists primarily of foreign currency translation gains of \$0.6 million, property tax refunds of \$0.9 million and \$0.4 million related to the favorable settlement of a liability accrued at the time of our acquisition of Financial Models in 2005. Other income, net in 2006 primarily reflects income recorded under the equity method from a private investment.



**Table of Contents****Provision for Income Taxes**

For the year ended December 31, 2008, we recorded a provision for income taxes of \$7.1 million. The difference between the provision we recorded and the statutory rate was primarily due to foreign tax benefits of approximately \$2.3 million and a benefit of \$0.6 million due to changes in Canadian withholding rates enacted in December 2008. These benefits were partially offset by state income taxes of \$1.0 million. For the year ended December 31, 2007, we recorded a benefit of \$0.5 million. The difference between the benefit we recorded and the statutory rate was partially due to changes in Canadian statutory tax rates enacted in June 2007 and December 2007, for which we recorded a benefit of approximately \$1.5 million, and other foreign tax benefits of approximately \$1.9 million. For the year ended December 31, 2006, we recorded a benefit of \$3.8 million. This was partially due to a change in Canadian statutory tax rates enacted in June 2006, for which we recorded a benefit of approximately \$1.2 million and other foreign tax benefits of approximately \$1.9 million. We had \$65.6 million of deferred tax liabilities and \$12.8 million of deferred tax assets at December 31, 2008. In future years, we expect to have sufficient levels of profitability to realize the net deferred tax assets at December 31, 2008.

**Liquidity and Capital Resources**

Our principal cash requirements are to finance the costs of our operations pending the billing and collection of client receivables, to fund payments with respect to our indebtedness, to invest in research and development and to acquire complementary businesses or assets. We expect our cash on hand, cash flows from operations and availability under the revolving credit portion of our senior credit facilities to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next 12 months.

Our cash and cash equivalents at December 31, 2008 were \$29.3 million, an increase of \$10.1 million from \$19.2 million at December 31, 2007. Cash provided by operations was partially offset by net repayments of debt and cash used for an acquisition and capital expenditures.

Net cash provided by operating activities was \$61.7 million in 2008. Net cash provided by operating activities during 2008 was primarily the result of our net income, adjusted for non-cash expenses including depreciation and amortization, stock compensation expense, amortization of loan origination costs and a decrease in deferred income taxes. The net change in our operating accounts was driven by increases in accrued expenses, income taxes payable and deferred revenues, partially offset by increases in prepaid expenses and other assets and accounts receivable. The increase in accrued expenses primarily represents the increases in accrued employee bonuses. The increase in accounts receivable is primarily attributable to our growth in revenues. Days sales outstanding decreased to 51 days as of December 31, 2008 from 52 days as of December 31, 2007. Deferred revenues increased as a result of maintenance revenues increasing in 2008 over 2007.

Investing activities used net cash of \$24.6 million in 2008. Cash used by investing activities was primarily due to \$17.9 million cash paid for the acquisition of MDS and \$6.7 million in capital expenditures to support the growth of our business.

Net cash used in financing activities was \$25.5 million in 2008, primarily related to net repayments of debt.

***Contractual Obligations***

The following table summarizes our contractual obligations as of December 31, 2008 that require us to make future cash payments (in thousands):

<b>Contractual Obligations</b>	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More Than 5 Years</b>	<b>All Other</b>
Short-term and long-term debt	\$ 408,726	\$ 2,101	\$ 4,202	\$ 402,423	\$	\$
Interest payments(1)	152,521	34,770	65,990	51,761		
Operating lease obligations(2)	36,138	7,540	13,154	9,266	6,178	
Purchase obligations(3)	3,157	2,209	658	290		
FIN 48 liability and interest(4)	6,341					6,341
<b>Total contractual obligations</b>	<b>\$ 606,883</b>	<b>\$ 46,620</b>	<b>\$ 84,004</b>	<b>\$ 463,740</b>	<b>\$ 6,178</b>	<b>\$ 6,341</b>



**Table of Contents**

- (1) Reflects interest payments on our term loan facility and associated interest rate swap agreement at an assumed interest rate of three-month LIBOR of 1.46% plus 2.0% for U.S. dollar loans and CDOR of 1.57% plus 2.85% for Canadian dollar loans, and required interest payment payments on our senior subordinated notes of 11.75%.
- (2) We are obligated under noncancelable operating leases for office space and office equipment. The lease for the corporate facility in Windsor, Connecticut expires in 2016. We sublease office space under noncancelable leases. We received rental income under these leases of \$1.4 million, \$1.5 million and \$1.4 million for the years ended December 31, 2008, 2007 and 2006, respectively. The effect of the rental income to be received in the future has not been included in the table above.
- (3) Purchase obligations include the minimum amounts committed under contracts for goods and services.
- (4) As of December 31, 2008, our FIN 48 liability and related net interest payable were \$5.8 million and \$0.5 million, respectively. We are unable to reasonably estimate the timing of FIN 48 liability and interest payments in individual years beyond 12 months due to uncertainties in the timing of the effective settlement of tax positions.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

**The Going-Private Transaction**

On November 23, 2005, in connection with the Transaction, SS&C (1) entered into a new \$350 million credit facility, consisting of a \$200 million term loan facility with SS&C as the borrower, a \$75 million-equivalent term loan facility with a Canadian subsidiary as the borrower (\$17 million of which is denominated in US dollars and \$58 million of which is denominated in Canadian dollars) and a \$75 million revolving credit facility and (2) issued \$205 million aggregate principal amount of 113/4% senior subordinated notes due 2013.

As a result of the Transaction, we are highly leveraged and our debt service requirements are significant. At December 31, 2008, our total indebtedness was \$408.7 million and we had \$75.0 million available for borrowing under our revolving credit facility.

***Senior Credit Facilities***

SS&C's borrowings under the senior credit facilities bear interest at either a floating base rate or a Eurocurrency rate plus, in each case, an applicable margin. In addition, SS&C pays a commitment fee in respect of unused revolving commitments at a rate that will be adjusted based on our leverage ratio. SS&C is obligated to make quarterly principal payments on the term loan of \$2.1 million per year. Subject to certain exceptions, thresholds and other limitations, SS&C is required to prepay outstanding loans under the senior credit facilities with the net proceeds of certain asset dispositions and certain debt issuances and 50% of its excess cash flow (as defined in the agreements governing our senior credit facilities), which percentage will be reduced based on our reaching certain leverage ratio thresholds.

## **Table of Contents**

The obligations under our senior credit facilities are guaranteed by SS&C Holdings and all of SS&C's existing and future material wholly owned U.S. subsidiaries, with certain exceptions as set forth in our credit agreement. The obligations of the Canadian borrower are guaranteed by SS&C Holdings, SS&C and each of SS&C's U.S. and Canadian subsidiaries, with certain exceptions as set forth in the credit agreement. The obligations under the senior credit facilities are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by SS&C Holdings, SS&C and each of SS&C's existing and future U.S. subsidiary guarantors (subject to certain limitations for equity interests of foreign subsidiaries and other exceptions as set forth in our credit agreement) and all of SS&C Holdings' and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. subsidiary guarantors, with certain exceptions as set forth in the credit agreement. The Canadian borrower's borrowings under the senior credit facilities and all guarantees thereof are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by SS&C Holdings, SS&C and each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement, and all of SS&C Holdings' and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement.

The senior credit facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, SS&C's (and its restricted subsidiaries') ability to incur additional indebtedness, pay dividends and distributions on capital stock, create liens on assets, enter into sale and lease-back transactions, repay subordinated indebtedness, make capital expenditures, engage in certain transactions with affiliates, dispose of assets and engage in mergers or acquisitions. In addition, under the senior credit facilities, SS&C is required to satisfy and maintain a maximum total leverage ratio and a minimum interest coverage ratio. We were in compliance with all covenants at December 31, 2008.

In March 2007, SS&C amended the credit agreement to reduce the margin on the U.S. Term Loan from 2.5% to 2.0%.

### ***113/4% Senior Subordinated Notes due 2013***

The 113/4% senior subordinated notes due 2013 are unsecured senior subordinated obligations of SS&C that are subordinated in right of payment to all existing and future senior debt, including the senior credit facilities. The senior subordinated notes will be *pari passu* in right of payment to all future senior subordinated debt of SS&C.

The senior subordinated notes are redeemable in whole or in part, at SS&C's option, at any time at varying redemption prices that generally include premiums, which are defined in the indenture. In addition, upon a change of control, SS&C is required to make an offer to redeem all of the senior subordinated notes at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

The indenture governing the senior subordinated notes contains a number of covenants that restrict, subject to certain exceptions, SS&C's ability and the ability of its restricted subsidiaries to incur additional indebtedness, pay dividends, make certain investments, create liens, dispose of certain assets and engage in mergers or acquisitions.

### ***Covenant Compliance***

Under the senior credit facilities, we are required to satisfy and maintain specified financial ratios and other financial condition tests. As of December 31, 2008, we were in compliance with the financial and non-financial covenants. Our continued ability to meet these financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet these ratios and tests. A breach of any of these covenants could result in a default under the senior credit facilities. Upon the occurrence of any event of default under the senior credit facilities, the lenders could elect to declare all amounts outstanding under the senior credit facilities to be immediately due and payable and

terminate all commitments to extend further credit.

## **Table of Contents**

Consolidated EBITDA is a non-GAAP financial measure used in key financial covenants contained in our senior credit facilities, which are material facilities supporting our capital structure and providing liquidity to our business. Consolidated EBITDA is defined as earnings before interest, taxes, depreciation and amortization (EBITDA), further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under our senior credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with the specified financial ratios and other financial condition tests contained in our senior credit facilities.

Management uses Consolidated EBITDA to gauge the costs of our capital structure on a day-to-day basis when full financial statements are unavailable. Management further believes that providing this information allows our investors greater transparency and a better understanding of our ability to meet our debt service obligations and make capital expenditures.

The breach of covenants in our senior credit facilities that are tied to ratios based on Consolidated EBITDA could result in a default under that agreement, in which case the lenders could elect to declare all amounts borrowed due and payable and to terminate any commitments they have to provide further borrowings. Any such acceleration would also result in a default under our indenture governing the senior subordinated notes. Any default and subsequent acceleration of payments under our debt agreements would have a material adverse effect on our results of operations, financial position and cash flows. Additionally, under our debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Consolidated EBITDA.

Consolidated EBITDA does not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Further, our senior credit facilities require that Consolidated EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Consolidated EBITDA is not a recognized measurement under GAAP, and investors should not consider Consolidated EBITDA as a substitute for measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. Because other companies may calculate Consolidated EBITDA differently than we do, Consolidated EBITDA may not be comparable to similarly titled measures reported by other companies. Consolidated EBITDA has other limitations as an analytical tool, when compared to the use of net income, which is the most directly comparable GAAP financial measure, including:

Consolidated EBITDA does not reflect the provision of income tax expense in our various jurisdictions;

Consolidated EBITDA does not reflect the significant interest expense we incur as a result of our debt leverage;

Consolidated EBITDA does not reflect any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;

Consolidated EBITDA does not reflect the cost of compensation we provide to our employees in the form of stock option awards; and

Consolidated EBITDA excludes expenses that we believe are unusual or non-recurring, but which others may believe are normal expenses for the operation of a business.



**Table of Contents**

The following is a reconciliation of net income to Consolidated EBITDA as defined in our senior credit facilities.

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(In thousands)</b>		
Net income	\$ 18,801	\$ 6,575	\$ 1,075
Interest expense, net	41,130	44,524	47,039
Income tax provision (benefit)	7,146	(458)	(3,789)
Depreciation and amortization	35,038	35,047	27,128
<b>EBITDA</b>	<b>102,115</b>	<b>85,688</b>	<b>71,453</b>
Purchase accounting adjustments(1)	(289)	(296)	3,017
Capital-based taxes	1,212	1,721	1,841
Unusual or non-recurring charges(2)	1,480	(1,718)	1,485
Acquired EBITDA and cost savings(3)	2,379	135	1,147
Stock-based compensation	7,323	10,979	3,871
Other(4)	1,346	2,158	1,184
<b>Consolidated EBITDA, as defined</b>	<b>\$ 115,566</b>	<b>\$ 98,667</b>	<b>\$ 83,998</b>

- (1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of the Transaction and (b) an adjustment to increase rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of the Transaction.
- (2) Unusual or non-recurring charges include foreign currency gains and losses, expenses related to the withdrawn public offering, severance expenses associated with workforce reduction, equity earning and losses on investments, proceeds from legal and other settlements, costs associated with the closing of a regional office and other one-time expenses.
- (3) Acquired EBITDA and cost savings reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period and cost savings to be realized from such acquisitions.
- (4) Other includes management fees and related expenses paid to Carlyle and the non-cash portion of straight-line rent expense.

Our covenant restricting capital expenditures for the year ended December 31, 2008 limits expenditures to \$12.7 million. Actual capital expenditures for the year ended December 31, 2008 were \$6.7 million. Our covenant requirements for total leverage ratio and minimum interest coverage ratio and the actual ratios for the year ended December 31, 2008 are as follows:

<b>Covenant</b>	<b>Actual</b>
-----------------	---------------

	<b>Requirements</b>	<b>Ratios</b>
Maximum consolidated total leverage to Consolidated EBITDA Ratio	6.00x	3.28x
Minimum Consolidated EBITDA to consolidated net interest coverage ratio	1.70x	2.98x

### **Recent Accounting Pronouncements**

In April 2008, the FASB issued FSP FAS 142-3 Determination of the Useful Life of Intangible Assets ( FSP FAS 142-3 ), which is effective for financial statements issued for fiscal years beginning after December 31, 2008, and interim periods within those fiscal years. Early adoption is prohibited. FSP FAS 142-3 provides guidance for determining the useful life of a recognized intangible asset and will be applied prospectively to intangible assets acquired after the effective date. We plan to adopt FSP FAS 142-3 effective January 1, 2009, and its effects on future periods will depend on the nature and significance of any acquisitions subject to FAS 141R Business Combinations ( FAS 141R ).

**Table of Contents**

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, an amendment of FASB Statement No. 133 ( SFAS 161 ). SFAS 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, *Accounting for Derivative Instruments and Hedging Activities* as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. We are currently evaluating the disclosure implications of this statement.

In December 2007, the FASB issued SFAS No. 141(R). SFAS 141(R) requires all business combinations completed after the effective date to be accounted for by applying the acquisition method (previously referred to as the purchase method). Companies applying this method will have to identify the acquirer, determine the acquisition date and purchase price and recognize at their acquisition-date fair values the identifiable assets acquired, liabilities assumed, and any noncontrolling interests in the acquiree. In the case of a bargain purchase the acquirer is required to reevaluate the measurements of the recognized assets and liabilities at the acquisition date and recognize a gain on that date if an excess remains. SFAS 141(R) becomes effective for fiscal periods beginning after December 15, 2008. The impact of SFAS 141(R) on our financial statements will depend on the nature and structure of future business combinations, including the type of purchase consideration and amount of costs incurred to effect future transactions.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115*, ( SFAS 159 ) which is effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option is elected would be reported in earnings. We have adopted SFAS 159 and elected not to measure any additional financial instruments and other items at fair value.

**Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, having initial maturities of three months or less. When necessary we have borrowed to fund acquisitions.

At December 31, 2008, we had total debt of \$408.7 million, including \$203.7 million of variable interest rate debt. We have entered into three interest rate swap agreements which fixed the interest rates of our variable interest rate debt. Two of our swap agreements, one denominated in U.S. dollars with a notional value of \$50.0 million and one denominated in Canadian dollars with a remaining notional value of approximately \$31.9 million U.S. dollars, expired on December 31, 2008. Our third swap agreement is denominated in U.S. dollars, has a notional value of \$100 million, effectively fixes our interest rate at 6.78% and expires in December 2010. During the period when this swap agreement is effective, a 1% change in interest rates would result in a change in interest expense of approximately \$1.0 million per year. Upon the expiration of the interest rate swap agreement in December 2010, a 1% change in interest rates would result in a change in interest expense of approximately \$2.0 million per year.

At December 31, 2008, \$36.5 million of our debt was denominated in Canadian dollars. We expect that our foreign denominated debt will be serviced through our local operations.



During 2008, approximately 39% of our revenues were from clients located outside the United States. A portion of the revenues from clients located outside the United States is denominated in foreign currencies, the majority being the Canadian dollar. Revenues and expenses of our foreign operations are denominated in their respective local currencies. We continue to monitor our exposure to foreign exchange rates as a result of our foreign currency denominated debt, our acquisitions and changes in our operations.

**Table of Contents**

The foregoing risk management discussion and the effect thereof are forward-looking statements. Actual results in the future may differ materially from these projected results due to actual developments in global financial markets. The analytical methods used by us to assess and minimize risk discussed above should not be considered projections of future events or losses.

**Item 8. *Financial Statements and Supplementary Data***

Information required by this item is contained in our consolidated financial statements, related footnotes and the report of PricewaterhouseCoopers LLP, which information follows the signature page to this annual report and is incorporated herein by reference.

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A(T). *Controls and Procedures***

**Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2008. The term disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2008, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

**Management Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of our management and directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

**Table of Contents**

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on our assessment, management concluded that, as of December 31, 2008, our internal control over financial reporting is effective based on those criteria.

On October 1, 2008, we acquired Micro Design Services, LLC (MDS), which represented total revenues of \$2.0 million in our consolidated financial statements for the year ended December 31, 2008. Our assessment of internal control over financial reporting does not include an assessment of the internal control over financial reporting of MDS.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Our internal control over financial reporting was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

This management report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section unless we specifically state that this report is to be considered filed under the Exchange Act or incorporate it by reference into a filing under the Securities Act of 1933 or the Exchange Act.

***Changes in Internal Control Over Financial Reporting***

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2008, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. *Other Information***

None.

**Table of Contents****PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth information regarding our executive officers and directors as of the date of this report.

<b>Name</b>	<b>Age</b>	<b>Position</b>
William C. Stone	53	Chairman of the Board and Chief Executive Officer
Normand A. Boulanger	47	President, Chief Operating Officer and Director
Patrick J. Pedonti	57	Senior Vice President and Chief Financial Officer
Stephen V.R. Whitman	62	Senior Vice President, General Counsel and Secretary
Campbell (Cam) R. Dyer	35	Director
William A. Etherington	67	Director
Allan M. Holt	57	Director
Claudius (Bud) E. Watts IV	47	Director

Our executive officers and directors are briefly described below:

*William C. Stone* founded SS&C in 1986 and has served as Chairman of the Board of Directors and Chief Executive Officer since our inception. He also has served as our President from inception through April 1997 and again from March 1999 until October 2004. Prior to founding SS&C, Mr. Stone directed the financial services consulting practice of KPMG LLP, an accounting firm, in Hartford, Connecticut and was Vice President of Administration and Special Investment Services at Advest, Inc., a financial services company.

*Normand A. Boulanger* has served as our President and Chief Operating Officer since October 2004. Prior to that, Mr. Boulanger served as our Executive Vice President and Chief Operating Officer from October 2001 to October 2004, Senior Vice President, SS&C Direct from March 2000 to September 2001, Vice President, SS&C Direct from April 1999 to February 2000, Vice President of Professional Services for the Americas, from July 1996 to April 1999, and Director of Consulting from March 1994 to July 1996. Prior to joining SS&C, Mr. Boulanger served as Manager of Investment Accounting for The Travelers from September 1986 to March 1994. Mr. Boulanger was elected as one of our directors in February 2006.

*Patrick J. Pedonti* has served as our Senior Vice President and Chief Financial Officer since August 2002. Prior to that, Mr. Pedonti served as our Vice President and Treasurer from May 1999 to August 2002. Prior to joining SS&C, Mr. Pedonti served as Vice President and Chief Financial Officer for Accent Color Sciences, Inc., a company specializing in high-speed color printing, from January 1997 to May 1999.

*Stephen V. R. Whitman* has served as our Senior Vice President, General Counsel and Secretary since June 2002. Prior to joining SS&C, Mr. Whitman served as an attorney for PA Consulting Group, an international management consulting company headquartered in the United Kingdom, from November 2000 to December 2001. Prior to that, Mr. Whitman served as Senior Vice President and General Counsel of Hagler Bailly, Inc., a publicly traded international consulting company to the energy and network industries, from October 1998 to October 2000 and as Vice President and General Counsel from July 1997 to October 1998.

*Campbell (Cam) R. Dyer* was elected as one of our directors in May 2008. He currently serves as a Principal in the Technology Buyout Group of The Carlyle Group, which he joined in 2002. Prior to joining Carlyle, Mr. Dyer was an associate with the private equity firm William Blair Capital Partners (now Chicago Growth Partners), a consultant with Bain & Company, and an investment banking analyst in the M&A Group of Bowles Hollowell Conner & Company. He also serves on the board of directors of Open Solutions Inc.

*William A. Etherington* was elected as one of our directors in May 2006. Mr. Etherington retired -after a 38-year career - from IBM in September 2001 as Senior Vice President and Group Executive, Sales and Distribution and a member of the Operations Committee and the Worldwide Management Council. As a corporate director, he also serves on the boards of directors of Celestica Inc., MDS Inc. and Onex Corporation, and is the retired non-executive Chairman of the Board of the Canadian Imperial Bank of Commerce (CIBC).

## **Table of Contents**

*Allan M. Holt* was elected as one of our directors in February 2006. He currently serves as a Managing Director and Co-head of the U.S. Buyout Group of The Carlyle Group, which he joined in 1991. He previously was head of Carlyle's Global Aerospace, Defense, Technology and Business/Government Services group. Prior to joining Carlyle, Mr. Holt spent three and a half years with Avenir Group, Inc., an investment and advisory group. From 1984 to 1987, Mr. Holt was Director of Planning and Budgets at MCI Communications Corporation. He also serves on the boards of directors of Fairchild Imaging, Inc., HD Supply, Inc., Sequa Corp. and Vought Aircraft Industries, Inc.

*Claudius (Bud) E. Watts IV* was elected as one of our directors in November 2005. He currently serves as a Managing Director and Head of the Technology Buyout Group of The Carlyle Group, which he joined in 2000. Prior to joining Carlyle in 2000, Mr. Watts was a Managing Director in the M&A group of First Union Securities, Inc. He joined First Union Securities when First Union acquired Bowles Hollowell Conner & Co., where Mr. Watts was a principal. He also serves on the boards of directors of CPU Technology, Freescale Semiconductor and Open Solutions Inc.

## **Committees of our Board of Directors**

Our board of directors directs the management of our business and affairs, as provided by Delaware law, and conducts its business through meetings of the board of directors and two standing committees: the audit committee, which is currently composed of Messrs. Etherington, Dyer and Watts, and the compensation committee, which is currently composed of Messrs. Etherington, Holt and Watts. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

Each of the current members of our audit committee has been formally designated as an audit committee financial expert as that term is defined under the rules and regulations of the SEC. Our board of directors is comfortable with the present composition of the audit committee and believes that the members of the audit committee are fully qualified to address any issue that is likely to come before it, including the evaluation of our financial statements and supervision of our independent registered public accounting firm.

## **Code of Business Conduct and Ethics**

SS&C Holdings has adopted a written code of ethics, referred to as the SS&C Holdings Code of Business Conduct and Ethics, which is applicable to all our directors, officers and employees and includes provisions relating to accounting and financial matters. The SS&C Holdings Code of Business Conduct and Ethics is available on our website at [www.ssctech.com](http://www.ssctech.com). If SS&C Holdings makes any substantive amendments to, or grant any waivers from, the code of ethics for any director or officer, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

## **Item 11. *Executive Compensation***

### **Compensation Discussion and Analysis**

On November 23, 2005, SS&C Holdings acquired SS&C through a merger transaction. As discussed below, various aspects of our executive officer compensation were negotiated and determined in connection with the Transaction.

Our executive compensation program is overseen and administered by our compensation committee, which currently consists of Messrs. Etherington, Holt and Watts. Our compensation committee operates under a written charter adopted by our board of directors and discharges the responsibilities of the board relating to the compensation of our executive officers. Our chief executive officer is actively involved in setting executive compensation and typically presents salary, bonus and equity compensation recommendations to the compensation committee, which, in turn, considers the recommendations and has ultimate approval authority. As a technical matter, all equity compensation

awarded to our executive officers is SS&C Holdings equity and must be approved by the compensation committee of SS&C Holdings. As a practical matter, the members of the compensation committees of SS&C Holdings and SS&C are identical, and the meetings are generally held on a concurrent basis. For purposes of this compensation discussion and analysis, references to the compensation committee are to the



## **Table of Contents**

compensation committee of SS&C, with the understanding that formal approval of equity compensation resides with the SS&C Holdings compensation committee.

### **Objectives of Our Executive Compensation Program**

The primary objectives of the compensation committee with respect to executive compensation are to:

attract, retain and motivate the best possible executive talent;

reward successful performance by the executive officers and the company; and

align the interests of executive officers with those of SS&C Holdings' stockholders by providing long-term equity compensation.

To achieve these objectives, the compensation committee evaluates our executive compensation program with the goal of setting compensation at levels the committee believes are competitive with those of other companies in our industry and in our region that compete with us for executive talent. We have not, however, retained a compensation consultant to review our policies and procedures relating to executive compensation, and we have not formally benchmarked our compensation against that of other companies. Our compensation program rewards our executive officers based on a number of factors, including the company's operating results, the company's performance against budget, individual performance, prior-period compensation and prospects for individual growth. Changes in compensation are generally incremental in nature without wide variations from year to year but with a general trend that has matched increasing compensation with the growth of our business. The factors that affect compensation are subjective in nature and not tied to peer group analyses, surveys of compensation consultants or other statistical criteria. Each year our chief executive officer makes recommendations to the compensation committee regarding compensation packages, including his own. In making these recommendations, our chief executive officer attempts to structure a compensation package based on years of experience in the financial services and software industries and knowledge of what keeps people motivated and committed to the institution. He prepares a written description for the members of the compensation committee of the performance during the year of each executive officer, including himself, discussing both positive and negative aspects of performance and recommending salary and bonus amounts for each officer. As it relates to the compensation of executives other than our chief executive officer, our compensation committee relies heavily on our chief executive officer's recommendations and discusses his reviews and recommendations with him as part of its deliberations. As it relates to our chief executive officer's compensation, the compensation committee considers our chief executive officer's recommendations. In this as in other compensation matters, the compensation committee exercises its independent judgment. After due consideration, the compensation committee accepted the chief executive officer's recommendations for 2008 executive officer compensation.

### **Components of our Executive Compensation Program**

The primary elements of our executive compensation program are:

base salary;

discretionary annual cash bonuses;

stock option awards;

perquisites; and

severance and change-of-control benefits.

We have no formal or informal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Instead, the compensation committee, in consultation with and upon the recommendation of our chief executive officer, determines subjectively what it believes to be the appropriate level and mix of the various compensation components. While we identify below particular compensation objectives that each element of executive compensation serves, we believe that each element of compensation, to a greater or lesser extent, serves each of the objectives of our executive compensation program.

## **Table of Contents**

### **Base Salary**

Base salary is used to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our executives. When establishing base salaries for 2008, the compensation committee, together with our chief executive officer, considered a variety of factors, including the seniority of the individual, the level of the individual's responsibility, the ability to replace the individual, the individual's tenure at the company, relative pay among the executive officers and the dollar amount that would be necessary to keep the executive in the Windsor, Connecticut area. Generally, we believe that executive base salaries should grow incrementally over time and that more of the upside of compensation should rest with cash bonuses and long-term equity incentive compensation. In the case of Mr. Stone, the minimum base salary is mandated by his employment agreement negotiated in connection with the Transaction and cannot be less than \$500,000 per year.

Base salaries are reviewed at least annually by our compensation committee, and are adjusted from time to time to realign salaries with market levels after taking into account company performance and individual responsibilities, performance and experience. In March 2008, the compensation committee, upon Mr. Stone's recommendation, set the following base salaries for our executive officers in 2008: Mr. Stone, \$750,000; Mr. Boulanger, \$450,000; Mr. Pedonti, \$260,000; and Mr. Whitman, \$225,000.

### **Discretionary Annual Cash Bonus**

Annual cash bonuses to executive officers and other employees are discretionary. Annual cash bonuses are generally provided to employees regardless of whether we meet, exceed or fail to meet our budgeted results, but the amount available for bonuses to all employees, including the executive officers, will depend upon our financial results. The annual cash bonuses are intended to compensate for strategic, operational and financial successes of the company as a whole, as well as individual performance and growth potential. The annual cash bonuses are discretionary and not tied to the achievement of specific results or pre-established financial metrics or performance goals. No formula exists for determining the amount of bonuses for employees or executive officers.

Our chief executive officer proposed 2008 executive bonus allocations, including his own proposed bonus, to the compensation committee in February 2009. The compensation committee, which has ultimate approval authority, considered our chief executive officer's recommendations and made a final decision with respect to 2008 bonuses. In making recommendations to the compensation committee about bonuses for executive officers, our chief executive officer, after taking into account the positive or negative impact of events outside the control of management or an individual executive, made a subjective judgment of an individual's performance, in the context of a number of factors, including our financial performance, revenues and financial position going into the new fiscal year. In making his recommendations for 2008 bonuses, Mr. Stone considered, among other things, an executive's (including his own) work in managing the business, establishing internal controls, mentoring staff, integrating acquisitions, reducing costs, responding to market conditions and maintaining our profitability. Mr. Stone is entitled to a minimum annual bonus of at least \$450,000 pursuant to his employment agreement. Mr. Stone's \$1,500,000 bonus for 2008 was recommended by Mr. Stone and approved, after due consideration, by the compensation committee. The committee's approval of Mr. Stone's bonus took into account the outstanding revenue growth and profitability of SS&C during the first three quarters of 2008, the acquisition of MDS at an excellent price and its successful integration into our business, management's quick action to reduce costs when the market environment deteriorated and our exceptional profitability during a difficult market period.

The amount of money available for the employee bonus pool is determined by our chief executive officer after actual Consolidated EBITDA for the preceding fiscal year is determined. In making this determination, the chief executive officer takes into account a number of factors, including: actual Consolidated EBITDA, growth in Consolidated EBITDA over the preceding year, minimum Consolidated EBITDA required to ensure debt covenant compliance, our

short-term cash needs, the recent employee turnover rate and any improvement or deterioration in our strategic market position. Thereafter, the amount available for the bonuses to executive officers is determined after considering the amount that would be required from the bonus pool for bonuses to non-executive officer employees.

**Table of Contents****Stock Option Awards**

In August 2006, the board of directors and stockholders of SS&C Holdings adopted the 2006 equity incentive plan, which provides for the grant of options to purchase shares of SS&C Holdings common stock to employees, consultants and directors and provides for the sale of SS&C Holdings common stock to employees, consultants and directors. A maximum of 1,314,567 shares of SS&C Holdings common stock are reserved for issuance under the plan. Options may be incentive stock options that qualify under Section 422 of the Internal Revenue Code of 1986, or nonqualified options. Options granted under the plan may not be exercised more than ten years after the date of grant. Shares acquired by any individuals pursuant to the plan will be subject to the terms and conditions of a stockholders agreement that governs the transferability of the shares. The SS&C Holdings board of directors did not award any options to executive officers in 2008 because it had made substantial option awards in 2006, as described below.

During August 2006, SS&C Holdings awarded our executive officers long-term incentive compensation in the form of option grants to purchase an aggregate of 412,646 shares of SS&C Holdings common stock. The SS&C Holdings board of directors awarded the following types of options to our executive officers:

40% of the options are time-based options that vest as to 25% of the number of shares underlying the option on November 23, 2006 and as to 1/36 of the number of shares underlying the option each month thereafter until fully vested on November 23, 2009. The time-based options become fully vested and exercisable immediately prior to the effective date of a liquidity event, as defined in the stock option agreement;

40% of the options are performance-based options that vest based on the determination by the SS&C Holdings board of directors or compensation committee as to whether our earnings before interest, taxes, depreciation and amortization, as adjusted (EBITDA), for each fiscal year 2006 through 2010 falls within the targeted EBITDA range for such year. If our EBITDA for a particular year is at the low end of the targeted EBITDA range, 50% of the performance-based option for that year vests, and if our EBITDA is at or above the high end of the targeted EBITDA range, 100% of the performance-based option for that year vests. If our EBITDA is below the targeted EBITDA range, the performance-based option does not vest, and if our EBITDA is within the targeted EBITDA range, between 50% and 100% of the performance-based option vests, based on linear interpolation. A certain percentage of performance-based options will vest immediately prior to the effective date of a liquidity event if proceeds from the liquidity event equal or exceed specified returns on investments in SS&C Holdings made by Mr. Stone and investment funds associated with The Carlyle Group, which we refer to collectively as our principal stockholders ; and

20% of the options are superior options that vest (in whole or in part) only upon a liquidity event if proceeds from the liquidity event equal or exceed specified returns on investments in SS&C Holdings made by our principal stockholders.

The exercise price per share for the options awarded in August 2006 is \$74.50, which is the split-adjusted value of the SS&C Holdings common stock at the time of the consummation of the Transaction. As there is no trading market for SS&C Holdings common stock, the SS&C Holdings board of directors determined in good faith that the valuation of the consolidated SS&C Holdings enterprise at the time of the Transaction continued to represent the fair market value of the common stock as of August 2006. The SS&C Holdings board of directors determined the number of options to be awarded to our executive officers based on projected ownership percentages of SS&C Holdings common stock that were disclosed in connection with the Transaction. At that time, we disclosed that Mr. Stone was entitled to options for 2% of the fully diluted SS&C Holdings shares, per his employment agreement, and that we would award options representing an aggregate of 2.9% of the fully diluted shares to our other executive officers.



## **Table of Contents**

We believe that the combination of time-based and performance-based options provides incentives to our executive officers not only to remain with the company but also to help grow the company and improve profitability. The 2006 EBITDA range contained in the performance-based options was not met, and thus none of the performance-based options had vested as of December 31, 2006. On April 18, 2007, the SS&C Holdings board of directors approved (1) the vesting, as of April 18, 2007, of 50% of the performance-based options granted to our employees for fiscal year 2006 set forth in the employees' stock option agreements; (2) the vesting, conditioned upon achieving 2007 EBITDA within the EBITDA range for fiscal year 2007 set forth in the employees' stock option agreements, of the other 50% of the 2006 tranche of the performance-based options; and (3) the reduction by approximately 10% of our EBITDA range for fiscal year 2007 set forth in the employees' stock option agreements. The SS&C Holdings board of directors decided that a partial acceleration of the 2006 performance-based options and a reduction in the 2007 EBITDA range were appropriate because (1) we had improved revenues, recurring revenues and EBITDA in 2006 as compared to 2005; (2) work done in 2006 had created significant positive momentum in the business going into 2007; and (3) given the competitive labor environment in financial services and in software-enabled services, the board desired to ensure high rates of employee retention as we pursued our plan for growth.

Our 2007 EBITDA fell within the EBITDA range for fiscal year 2007. Accordingly, as of December 31, 2007, 86.74% of the remaining 50% of the 2006 tranche and of the 2007 tranche of performance options vested. In March 2008, the SS&C Holdings board approved (1) the vesting, conditioned upon our EBITDA for 2008 falling within the targeted range, of the 2006 and 2007 performance-based options that did not otherwise vest during 2007, and (2) the reduction of our annual EBITDA target range for 2008. Our 2008 EBITDA fell within the EBITDA range for fiscal year 2008. Accordingly, as of December 31, 2008, 96.294% of the remaining 2006 and 2007 tranches and of the 2008 tranche of performance options vested. In recognition of our performance in a difficult market period, in February 2009, the SS&C Holdings board approved the vesting of the 2006, 2007 and 2008 performance-based options that did not otherwise vest during 2008. The SS&C Holdings board of directors has established the 2009 EBITDA range, and we believe that 2009 EBITDA will fall within that range.

## **Perquisites**

We offer a variety of benefit programs to all eligible employees, including our executive officers. Our executive officers generally are eligible for the same benefits on the same basis as the rest of our employees, including medical, dental and vision benefits, life insurance coverage and short- and long-term disability coverage. Our executive officers are also eligible to contribute to our 401(k) plan and receive matching company contributions under the plan. In addition, our executive officers are entitled to reimbursement for all reasonable travel and other expenses incurred during the performance of the executive officer's duties in accordance with our expense reimbursement policy.

We limit the use of perquisites as a method of compensation and provide our executive officers with only those perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain talented employees for key positions.

## **Severance and Change-of-Control Benefits**

Pursuant to his employment agreement, Mr. Stone is entitled to specified benefits in the event of the termination of his employment under certain circumstances. Mr. Stone's severance benefits were negotiated with representatives of The Carlyle Group in connection with the Transaction. We provide more detailed information about Mr. Stone's benefits along with estimates of their value under various circumstances, under the captions "Employment and Related Agreements" and "Potential Payments Upon Termination or Change of Control" below.

As described above, the time-based options awarded to our executive officers vest in full immediately prior to the effective date of a liquidity event, and the performance-based and superior options vest in whole or in part if proceeds

from the liquidity event equal or exceed specified returns on investments in SS&C Holdings made by our principal stockholders. The option agreements, the terms of which were negotiated with representatives of The Carlyle Group, define a liquidity event as either



## **Table of Contents**

(a) the consummation of the sale, transfer, conveyance or other disposition in one or a series of related transactions, of the equity securities of SS&C Holdings held, directly or indirectly, by all of our principal stockholders in exchange for currency, such that immediately following such transaction (or series of related transactions), the total number of all equity securities held, directly or indirectly, by all of the principal stockholders and any affiliates is, in the aggregate, less than 50% of the total number of equity securities (as adjusted) held, directly or indirectly, by all of the principal stockholders as of November 23, 2005; or

(b) the consummation of the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of SS&C Holdings to any person other than to any of the principal stockholders or their affiliates.

In addition, under the terms of the 2006 Equity Incentive Plan, either the SS&C Holdings board or SS&C Holdings compensation committee can accelerate in whole or in part the vesting periods for outstanding options. Please see

Potential Payments Upon Termination or Change of Control below for estimates of the value our executive officers would receive in the event of a liquidity event.

## **Accounting and Tax Implications**

The accounting and tax treatment of particular forms of compensation do not materially affect our compensation decisions. However, we evaluate the effect of such accounting and tax treatment on an ongoing basis and will make appropriate modifications to compensation policies where appropriate. For instance, Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid in any taxable year to the company's chief executive officer and any other officers whose compensation is required to be reported to our stockholders pursuant to the Securities Exchange Act of 1934 by reason of being among the four most highly paid executive officers. However, certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. The compensation committee may review the potential effect of Section 162(m) periodically and use its judgment to authorize compensation payments that may be subject to the limit when the compensation committee believes such payments are appropriate and in our best interests after taking into consideration changing business conditions and the performance of our employees.

## **Compensation Committee Report**

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based upon this review and our discussions, the compensation committee recommended to SS&C's board of directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

By the compensation committee of the board of directors

William A. Etherington  
Allan M. Holt  
Claudius (Bud) E. Watts IV

**Table of Contents****Compensation Committee Interlocks and Insider Participation**

Messrs. Etherington, Holt and Watts served on our compensation committee during 2008. No member of the compensation committee is or has been a former or current officer or employee of SS&C or had any related person transaction involving SS&C. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of our compensation committee during the fiscal year ended December 31, 2008.

**Summary Compensation Table**

The following table contains information with respect to the compensation for the fiscal years ended December 31, 2008, 2007 and 2006 of our executive officers, including our chief executive officer (principal executive officer) and chief financial officer (principal financial officer). We refer to these four executive officers, who are our only executive officers, as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards \$(1)	All Other	Total (\$)
					Compensation (\$)	
William C. Stone Chief Executive Officer	2008	\$ 737,500	\$ 1,500,000	\$ 1,296,624	\$ 3,552(2)	\$ 3,537,676
	2007	591,667	1,175,000	1,713,901	3,552	3,484,120
	2006	500,000	895,000	597,582	3,552	1,996,134
Normand A. Boulanger Chief Operating Officer	2008	445,833	750,000	972,468	3,360(3)	2,171,661
	2007	395,833	600,000	1,285,437	3,360	2,284,630
	2006	350,000	440,000	448,188	3,240	1,241,428
Patrick J. Pedonti Chief Financial Officer	2008	257,083	300,000	486,250	4,011(4)	1,047,344
	2007	222,917	225,000	642,734	3,887	1,094,538
	2006	200,000	165,000	224,094	3,774	592,868
Stephen V.R. Whitman General Counsel	2008	223,333	200,000	259,319	4,360(5)	687,012
	2007	203,750	150,000	342,811	4,213	700,774
	2006	190,000	100,000	119,515	3,722	413,237

- (1) The amounts in this column reflect the dollar amount earned for financial reporting purposes for the applicable year, in accordance with SFAS 123R, for options to purchase shares of SS&C Holdings common stock granted under SS&C Holdings 2006 equity incentive plan. The amounts disregard the estimate of forfeitures related to service-based vesting and are based on assumptions included in Note 9 of the notes to our consolidated financial statements for the fiscal year ended December 31, 2008 included in this Annual Report on Form 10-K.
- (2) Consists of our contribution of \$3,000 to Mr. Stone's account under the SS&C 401(k) savings plan and our payment of \$552 of group term life premiums for the benefit of Mr. Stone.
- (3) Consists of our contribution of \$3,000 to Mr. Boulanger's account under the SS&C 401(k) savings plan and our payment of \$360 of group term life premiums for the benefit of Mr. Boulanger.
- (4)

Consists of our contribution of \$3,000 to Mr. Pedonti's account under the SS&C 401(k) savings plan and our payment of \$1,011 of group term life premiums for the benefit of Mr. Pedonti.

- (5) Consists of our contribution of \$3,000 to Mr. Whitman's account under the SS&C 401(k) savings plan and our payment of \$1,360 of group term life premiums for the benefit of Mr. Whitman.

### **Employment and Related Agreements**

Effective as of November 23, 2005, SS&C Holdings entered into a definitive employment agreement with Mr. Stone. The terms of the agreement, which were negotiated between Mr. Stone and representatives of The Carlyle Group in connection with the Transaction, include the following:

The employment of Mr. Stone as the chief executive officer of SS&C Holdings and SS&C;

An initial term through November 23, 2008, with automatic one-year renewals until terminated either by Mr. Stone or SS&C Holdings;

**Table of Contents**

An annual base salary of at least \$500,000;

An opportunity to receive an annual bonus in an amount to be established by the board of directors of SS&C Holdings based on achieving individual and company performance goals mutually determined by such board of directors and Mr. Stone. If Mr. Stone is employed at the end of any calendar year, his annual bonus will not be less than \$450,000 for that year;

A grant of options to purchase shares of common stock of SS&C Holdings representing 2% of the outstanding common stock of SS&C Holdings on November 23, 2005;

Certain severance payments and benefits. If SS&C Holdings terminates Mr. Stone's employment without cause, if Mr. Stone resigns for good reason (including, under certain circumstances, following a Change of Control (as defined in the employment agreement)) prior to the end of the term of the employment agreement, or if Mr. Stone receives a notice of non-renewal of the employment term by SS&C Holdings, Mr. Stone will be entitled to receive (1) an amount equal to 200% of his base salary and 200% of his target annual bonus, (2) vesting acceleration with respect to 50% of his then unvested options and shares of restricted stock, and (3) three years of coverage under SS&C's medical, dental and vision benefit plans. In the event of Mr. Stone's death or a termination of Mr. Stone's employment due to any disability that renders Mr. Stone unable to perform his duties under the agreement for six consecutive months, Mr. Stone or his representative or heirs, as applicable, will be entitled to receive (1) vesting acceleration with respect to 50% of his then unvested options and shares of restricted stock, and (2) a pro-rated amount of his target annual bonus. In the event payments to Mr. Stone under his employment agreement (or the management agreement entered into in connection with the Transaction) cause Mr. Stone to incur a 20% excise tax under Section 4999 of the Internal Revenue Code, Mr. Stone will be entitled to an additional payment sufficient to cover such excise tax and any taxes associated with such payments; and

Certain restrictive covenants, including a non-competition covenant pursuant to which Mr. Stone will be prohibited from competing with SS&C and its affiliates during his employment and for a period equal to the later of (1) four years following the effective time of the merger, in the case of a termination by SS&C Holdings for cause or a resignation by Mr. Stone without good reason, and (2) two years following Mr. Stone's termination of employment for any reason.

Cause means (a) Mr. Stone's willful and continuing failure (except where due to physical or mental incapacity) to substantially perform his duties; (b) Mr. Stone's conviction of, or plea of guilty or nolo contendere to, a felony; (c) the commission by Mr. Stone of an act of fraud or embezzlement against SS&C Holdings or any of its subsidiaries as determined in good faith by a two-thirds majority of SS&C Holdings' board; or (d) Mr. Stone's breach of any material provision of his employment agreement.

Good reason means the occurrence of any of the following events without Mr. Stone's written consent: (a) an adverse change in Mr. Stone's title; (b) a material diminution in Mr. Stone's employment duties, responsibilities or authority, or the assignment to Mr. Stone of duties that are materially inconsistent with his position; (c) any reduction in Mr. Stone's base salary or target annual bonus; (d) a relocation of our principal executive offices to a location more than 35 miles from its current location which has the effect of increasing Mr. Stone's commute; (e) any breach by SS&C Holdings of any material provision of Mr. Stone's employment agreement or the stockholders agreement entered into by and among SS&C Holdings, investment funds affiliated with Carlyle and Mr. Stone; or (f) upon a change in control where (1) Carlyle exercises its bring-along rights in accordance with the stockholders agreement, and (2) Mr. Stone votes against the proposed transaction in his capacity as a stockholder.

Under Mr. Stone's employment agreement, a change of control means:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either:

the then-outstanding shares of our common stock or the common stock of SS&C Holdings, or

the combined voting power of our then-outstanding voting securities or the then-outstanding voting securities of SS&C Holdings entitled to vote generally in the election of directors (in each case, other than any acquisition by SS&C Holdings, Carlyle Partners IV, L.P. (an investment fund affiliated with Carlyle), Mr. Stone, any employee or group of employees of SS&C Holdings, or affiliates of any of the

**Table of Contents**

foregoing, or by any employee benefit plan (or related trust) sponsored or maintained by SS&C Holdings or any of its affiliates); or

(b) individuals who, as of the effective date of Mr. Stone's employment agreement, constituted SS&C Holdings' board of directors and any individuals subsequently elected to SS&C Holdings' board of directors pursuant to the stockholders agreement cease for any reason to constitute at least a majority of SS&C Holdings' board of directors, other than:

individuals whose election, or nomination for election by SS&C Holdings' stockholders, was approved by at least a majority of the directors comprising the board of directors of SS&C Holdings on the effective date of Mr. Stone's employment agreement and any individuals subsequently elected to SS&C Holdings' board of directors pursuant to the stockholders agreement or

individuals nominated or designated for election by Carlyle Partners IV, L.P.

Other than Mr. Stone, none of our current executive officers is party to an employment agreement.

**2008 Grants of Plan-Based Awards**

We did not make any grants of plan-based awards to our named executive officers during 2008.

**1998 Stock Incentive Plan**

In 1998, our board of directors adopted, and our stockholders approved, the 1998 stock incentive plan, or 1998 plan, to provide equity compensation to our officers, directors, employees, consultants and advisors. In connection with the Transaction, all outstanding options to purchase our common stock under the 1998 plan became fully vested and exercisable immediately prior to the effectiveness of the Transaction. Each option that remained outstanding under the 1998 plan at the time of the Transaction (other than options held by (1) our non-employee directors, (2) certain individuals identified by us and SS&C Holdings and (3) individuals who held options that were, in the aggregate, exercisable for fewer than 100 shares of our common stock) was assumed by SS&C Holdings and was automatically converted into an option to purchase shares of common stock of SS&C Holdings. The options that were not assumed or otherwise exercised immediately prior to the Transaction were cashed out in connection with the Transaction. Since the Transaction, we have granted no further options or other awards under the 1998 plan. On May 17, 2006, SS&C Holdings' board of directors adopted, and its stockholders approved, the amendment and restatement of the 1998 plan, which reflects, among other things, the formal assumption of the 1998 plan by SS&C Holdings. As of December 31, 2008, there were outstanding options under the 1998 plan to purchase a total of 409,337 shares of SS&C Holdings common stock at a weighted average exercise price of \$13.45 per share.

**1999 Non-Officer Employee Stock Incentive Plan**

In 1999, our board of directors adopted the 1999 non-officer employee stock incentive plan, or 1999 plan, to provide equity compensation to our employees, consultants and advisors other than our executive officers and directors. In connection with the Transaction, all outstanding options to purchase our common stock under the 1999 plan became fully vested and exercisable immediately prior to the effectiveness of the Transaction. Each option that remained outstanding under the 1999 plan at the time of the Transaction (other than options held by (1) certain individuals identified by us and SS&C Holdings and (2) individuals who held options that were, in the aggregate, exercisable for fewer than 100 shares of our common stock) was assumed by SS&C Holdings and was automatically converted into an option to purchase shares of common stock of SS&C Holdings. The options that were not assumed or otherwise exercised immediately prior to the Transaction were cashed out in connection with the Transaction. Since the

Transaction, we have granted no further options or other awards under the 1999 plan. On May 17, 2006, SS&C Holdings board of directors adopted, and its stockholders approved, the amendment and restatement of the 1999 plan, which reflects, among other things, the formal assumption of the 1999 plan by SS&C Holdings. As of December 31, 2008, there were outstanding options under the 1999 plan to purchase a total of 60,875 shares of our common stock at a weighted average exercise price of \$34.29 per share.

**Table of Contents**

**2006 Equity Incentive Plan**

In August 2006, SS&C Holdings' board of directors adopted, and its stockholders approved, the 2006 equity incentive plan. The 2006 equity incentive plan provides for the granting of options, restricted stock and other stock-based awards to our employees, consultants and directors and our subsidiaries' employees, consultants and directors. A maximum of 1,314,567 shares of SS&C Holdings common stock are reserved for issuance under the 2006 equity incentive plan, and the unexercised portion of any shares of common stock subject to awards that is forfeited, repurchased, expires or lapses under the 2006 equity incentive plan will again become available for the grant of awards under the 2006 equity incentive plan except for vested shares of common stock that are forfeited or repurchased after being issued from the 2006 equity incentive plan.

As of December 31, 2008, options to purchase a total of 1,042,981 shares of common stock were outstanding under the 2006 equity incentive plan at a weighted average exercise price of \$74.91 per share. As of December 31, 2008, SS&C Holdings had issued 8,900 shares of common stock under the 2006 equity incentive plan, and 236,737 shares remained available for future awards under the plan. We may adjust the number of shares reserved for issuance under the 2006 equity incentive plan in the event of our reorganization, merger, consolidation, recapitalization, reclassification, stock dividend, stock split or similar event.

SS&C Holdings' board of directors or a committee appointed by its board of directors administers the 2006 equity incentive plan. The administrator is authorized to take any action with respect to the 2006 equity incentive plan, including:

- to prescribe, amend and rescind rules and regulations relating to the 2006 equity incentive plan,
- to determine the type or types of awards to be granted under the 2006 equity incentive plan,
- to select the persons to whom awards may be granted under the 2006 equity incentive plan,
- to grant awards and to determine the terms and conditions of such awards,
- to construe and interpret the 2006 equity incentive plan and
- to amend, suspend or terminate the 2006 equity incentive plan.

SS&C Holdings grants stock options under the 2006 equity incentive plan pursuant to a stock grant notice and stock option agreement, which we refer to as the option agreement. Options may be incentive stock options that qualify under Section 422 of the Internal Revenue Code of 1986, or nonqualified options. Options granted under the 2006 equity incentive plan may not be exercised more than ten years after the date of grant. The option agreement provides, among other things, that:

each option will vest, depending on the classification of the option as a time option, performance option or superior option, as follows:

Time options will vest as to 25% of the number of shares underlying the option on a date certain (November 23, 2006 for the first tranche of options awarded under the plan in August 2006, but generally the first anniversary of either the date of grant or the start date for a new employee) and will continue to vest as to 1/36 of the number of shares underlying the option on the day of the month of the date of grant each month thereafter until such options are fully vested. Time options will become fully vested and exercisable immediately prior to the effective date of a liquidity event as defined in the stock option agreement.



A certain percentage of the performance options will vest based on the administrator's determination as to whether our EBITDA for each fiscal year 2006 through 2010 (2007 through 2011 for options awarded in 2007) falls within the targeted EBITDA range for such year. If our EBITDA is at or above the high end of the targeted EBITDA range, 100% of the performance-based option for that year vests. If our EBITDA is below the targeted EBITDA range, the performance-based option does not vest, and if our EBITDA is within the targeted EBITDA range, between 50% and 100% of the performance-based option vests, based on linear interpolation. A certain percentage of performance options will also vest immediately prior to the effective date of a liquidity event if proceeds from the liquidity event equal or exceed a certain target.

**Table of Contents**

The superior options vest only upon specified liquidity events if proceeds from the liquidity event equal or exceed a certain target.

any portion of an option that is unvested at the time of a participant's termination of service with us will be forfeited to SS&C Holdings; and

any portion of an option that is vested but unexercised at the time of a participant's termination of service with us may not be exercised after the first to occur of the following:

the expiration date of the option, which will be no later than ten years from the date of grant,

90 days following the date of the termination of service for any reason other than cause, death or disability,

the date of the termination of service for cause and

twelve months following the termination of service by reason of the participant's death or disability.

Restricted stock awards may also be granted under the 2006 equity incentive plan and are evidenced by a stock award agreement. Upon termination of a participant's employment or service, shares of restricted stock that are not vested at such time will be forfeited to SS&C Holdings. The 2006 equity incentive plan also gives the administrator discretion to grant stock awards free of restrictions on transfer or forfeiture.

If a change in control of our company occurs, the administrator may, in its sole discretion, cause any and all awards outstanding under the 2006 equity incentive plan to terminate on or immediately prior to the date of such change in control and will give each participant the right to exercise the vested portion of such awards during a period of time prior to such change in control. The 2006 equity incentive plan will terminate on August 8, 2016, unless the administrator terminates it sooner. Please see Compensation Discussion and Analysis Components of our Executive Compensation Program Stock Option Awards for additional information relating to the 2006 equity incentive plan and awards thereunder.

**2008 Stock Incentive Plan**

In April 2008, the SS&C Holdings board of directors adopted, and its stockholders approved, the 2008 stock incentive plan. In July 2008, the SS&C Holdings board of directors voted that the 2008 stock incentive plan would become effective after stockholder approval rather than upon the effectiveness of SS&C Holdings' proposed public offering. On July 30, 2008, the SS&C Holdings stockholders approved the 2008 stock incentive plan, effective as of the date of approval. The 2008 stock incentive plan provides for the granting of options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to our employees, officers, directors, consultants and advisors, and our subsidiaries' employees, officers, directors, consultants and advisors. To date, no options or other awards have been granted under the 2008 stock incentive plan.

The number of shares of SS&C Holdings common stock reserved for issuance under the 2008 stock incentive plan is equal to the sum of:

(1) 166,666 shares of SS&C Holdings common stock; plus

(2) an annual increase to be added on the first day of each of our fiscal years during the term of the 2008 stock incentive plan beginning in fiscal 2009 equal to the least of (i) 166,666 shares of SS&C Holdings common stock,

(ii) 2% of the outstanding shares on such date or (iii) an amount determined by the SS&C Holdings board of directors. As of January 2009, there were 308,666 shares reserved for issuance under the 2008 stock incentive plan.

Furthermore, if any award expires or is terminated, surrendered or canceled without having been fully exercised, is forfeited in whole or in part (including as the result of shares subject to such award being repurchased pursuant to a contractual repurchase right), is settled in cash or otherwise results in any common stock not being issued, the unused common stock covered by such award shall again be available for the grant of awards under the 2008 stock incentive plan. In addition, shares of common stock tendered to SS&C Holdings by a participant in order to exercise an award shall be added to the number of shares of common stock available for the grant of awards under the 2008 stock incentive plan. However, in the case of incentive stock options, the foregoing provisions shall be subject to any limitations under the Internal Revenue Code of 1986. The maximum number of shares of common

**Table of Contents**

stock with respect to which awards may be granted to any participant under the 2008 stock incentive plan is 66,666 per calendar year.

Shares issued under the 2008 stock incentive plan may consist in whole or in part of authorized but unissued shares or treasury shares. SS&C Holdings will adjust the number of shares reserved for issuance under the 2008 stock incentive plan in the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event.

The SS&C Holdings board of directors or a committee thereof administers the 2008 stock incentive plan. The administrator is authorized to take any action with respect to the 2008 stock incentive plan, including:

- to adopt, amend and repeal rules and regulations relating to the 2008 stock incentive plan;
- to determine the type or types of awards to be granted under the 2008 stock incentive plan;
- to select the persons to whom awards may be granted under the 2008 stock incentive plan;
- to grant awards and to determine the terms and conditions of such awards;
- to delegate to one or more of our officers the power to grant awards under the 2008 stock incentive plan to our employees or officers (other than executive officers);
- to construe and interpret the 2008 stock incentive plan; and
- to amend, suspend or terminate the 2008 stock incentive plan, subject in certain instances to stockholder approval.

SS&C Holdings can grant stock options under the 2008 stock incentive plan pursuant to a stock option grant notice and stock option agreement, which we refer to as the option agreement. Options may be incentive stock options that qualify under Section 422 of the Internal Revenue Code of 1986, or nonstatutory options. Options granted under the 2008 stock incentive plan may not be exercised more than ten years after the date of grant. The option agreement provides, among other things, that:

- each option will vest as to 25% of the number of shares underlying the option on the first anniversary of the date of grant and will continue to vest as to an additional 1/36 of the remaining number of shares underlying the option on the day of the month of the date of grant each month thereafter until the fourth anniversary of the date of grant;
- options will become fully vested and exercisable immediately prior to the effective date of a change in control as defined in the stock option agreement;
- any portion of an option that is unvested at the time of a participant's termination of service with us will be forfeited to SS&C Holdings; and
- any portion of an option that is vested but unexercised at the time of a participant's termination of service with us may not be exercised after the first to occur of the following:
  - the expiration date of the option, which will be no later than ten years from the date of grant,

90 days following the date of the termination of service for any reason other than cause, death or disability, the date of the termination of service for cause, and

twelve months following the termination of service by reason of the participant's death or disability.

Stock appreciation rights, restricted stock awards, restricted stock units and other stock-based awards may also be granted under the 2008 stock incentive plan. The 2008 stock incentive plan gives the SS&C Holdings board the ability to determine the terms and conditions for each of these types of awards, including the duration and exercise price of stock appreciation rights, and the conditions for vesting and repurchase (or forfeiture) and the issue price, if any, of restricted stock and restricted units.

**Table of Contents**

If SS&C Holdings undergoes a significant corporate event such as a reorganization, merger, consolidation, liquidation, dissolution or sale, transfer, exchange or other disposition of all or substantially all of its stock or assets, exchange of securities, issuance of warrants or other rights to purchase securities, or the acquisition or disposition of any material assets or businesses, the 2008 stock incentive plan permits the SS&C Holdings board to take any one or more of the following actions as to all or any (or any portion of) outstanding awards (other than restricted stock awards) on such terms as the board determines:

provide that awards shall be assumed, or substantially equivalent awards shall be distributed, by the acquiring or succeeding corporation;

upon written notice to a participant, provide that the participant's unexercised awards will terminate immediately prior to the consummation of such corporate event unless exercised by the participant within a specified period following the date of notice;

provide that outstanding awards shall become exercisable, realizable or deliverable, or restrictions applicable to an award shall lapse, in whole or in part prior to or upon such corporate event;

in the event of a corporate event under the terms of which holders of SS&C Holdings common stock will receive a cash payment for each share surrendered in connection with the corporate event, make or provide for a cash payment to participants in exchange for the termination of all such awards;

provide that, in connection with a liquidation or dissolution, awards shall convert into the right to receive liquidation proceedings (net of any applicable exercise price or tax withholdings); and

any combination of the foregoing.

The 2008 stock incentive plan does not obligate the SS&C Holdings board to treat all types of awards, all awards held by any participant, or all awards of the same type, identically.

Upon the occurrence of a corporate event of the type described above, other than a liquidation or dissolution, the 2008 stock incentive plan provides that SS&C Holdings' repurchase and other rights under each outstanding restricted stock award will inure to the benefit of its successor and will, unless the SS&C Holdings board determines otherwise, apply to the cash, securities or other property which SS&C Holdings common stock was converted into or exchanged for pursuant to such corporate event in the same manner and to the same extent as it applied to the common stock subject to such restricted stock award. In the event of the liquidation or dissolution of SS&C Holdings, all restrictions and conditions on all restricted stock awards then outstanding will automatically be deemed terminated or satisfied, except as otherwise provided in the restricted stock award agreement or other related agreement.

The SS&C Holdings board may, without stockholder approval, amend any outstanding award granted under the 2008 stock incentive plan to provide an exercise price per share that is lower than the then-current exercise price per share of any such outstanding award. The SS&C Holdings board may also, without stockholder approval, cancel any outstanding award (whether or not granted under the 2008 stock incentive plan) and grant in substitution therefor new awards under the 2008 stock incentive plan covering the same or a different number of shares of common stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled award.

The 2008 stock incentive plan will terminate ten years following board adoption, unless the SS&C Holdings board terminates it sooner.



**Table of Contents****2008 Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning stock options for SS&C Holdings common stock held by each of our named executive officers as of December 31, 2008.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:	Option Exercise Price (\$)	Option Expiration Date
			Number of Securities Underlying Unexercised Options (#)(3)		
William C. Stone	75,000(1)			\$ 7.34	2/17/2010
	75,000(1)			6.60	5/31/2011
	150,000(1)			15.99	4/8/2013
	54,724(2)	16,269(2)		74.50	8/9/2016
	41,964(3)		29,029(3)	74.50	8/9/2016
Normand A. Boulanger			35,496(4)	74.50	8/9/2016
	25,000(1)			35.70	10/18/2014
	37,500(1)			14.97	2/6/2013
	41,043(2)	12,202(2)		74.50	8/9/2016
	31,473(3)		21,772(3)	74.50	8/9/2016
Patrick J. Pedonti			26,622(4)	74.50	8/9/2016
	15,000(1)			16.56	8/1/2012
	20,521(2)	6,101(2)		74.50	8/9/2016
	15,737(3)		10,885(3)	74.50	8/9/2016
Stephen V.R. Whitman			13,311(4)	74.50	8/9/2016
	7,461(1)			14.97	2/6/2013
	10,945(2)	3,253(2)		74.50	8/9/2016
	8,393(3)		5,805(3)	74.50	8/9/2016
			7,099(4)	74.50	8/9/2016

(1) These options were granted under our prior 1998 Plan and are fully vested.

(2) This option is a time-based option awarded under SS&C Holdings 2006 equity incentive plan that vests as to 25% of the number of shares underlying the option on November 23, 2006 and as to 1/36 of the number of shares underlying the option each month thereafter until fully vested on November 23, 2009. The time-based options become fully vested and exercisable immediately prior to the effective date of a liquidity event, as defined in the stock option agreement.

(3) This option is a performance-based option awarded under SS&C Holdings 2006 equity incentive plan that vests based on the determination by SS&C Holdings board of directors or compensation committee as to whether our EBITDA for each fiscal year 2006 through 2010 falls within the targeted EBITDA range for such year. If our



EBITDA for a particular year is at the low end of the targeted EBITDA range, 50% of the performance-based option for that year vests, and if our EBITDA is at or above the high end of the targeted EBITDA range, 100% of the performance-based option for that year vests. If our EBITDA is below the targeted EBITDA range, the performance-based option does not vest, and if our EBITDA is within the targeted EBITDA range, between 50% and 100% of the performance-based option vests, based on linear interpolation. A certain percentage of performance-based options will vest immediately prior to the effective date of a liquidity event if proceeds from the liquidity event equal or exceed specified returns on investments in SS&C Holdings made by our principal stockholders.

- (4) This option is a superior option awarded under SS&C Holdings 2006 Equity Incentive Plan that vests (in whole or in part) only upon a liquidity event if proceeds from the liquidity event equal or exceed specified returns on investments in SS&C Holdings made by our principal stockholders.

**Table of Contents****2008 Option Exercises**

No stock options were exercised by our named executive officers during 2008.

**2008 Pension Benefits**

None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

**2008 Non-qualified Deferred Compensation**

None of our named executive officers participate in or have account balances in non-qualified deferred contribution plans or other deferred compensation plans maintained by us.

**Potential Payments Upon Termination or Change-in-Control****William C. Stone**

Effective as of November 23, 2005, SS&C Holdings entered into a definitive employment agreement with Mr. Stone. The terms of the agreement are described in this Item 11 under the caption "Employment and Related Agreements" and incorporated herein by reference.

The table below reflects the amount of compensation payable to Mr. Stone in the event of termination of his employment or a liquidity event (as defined in SS&C Holdings' 2006 equity incentive plan). The amounts shown assume that such termination was effective as of December 31, 2008, and thus include amounts earned through such time and are estimates of the amounts that would be paid out to him upon his termination. The actual amounts to be paid out, if any, can only be determined at the time of his separation.

Payments to William C. Stone Upon Termination or Liquidity Event	Without Cause, For Good Reason	For Cause or Without Good		Disability	Death
	(Including Certain Changes of Control) or Upon Notice of Non-Renewal	Reason (1)	Liquidity Event(2)		
Base salary	\$ 1,500,000(3)	\$	\$	\$	\$
Target annual bonus	900,000(4)			450,000(5)	450,000(5)
Stock Options(6)	450,421(7)		900,842	450,421(7)	450,421(7)
Health and welfare benefits	37,077(8)				
Tax gross up payment	3,158,966(9)				
Disability benefits					
Life insurance proceeds					

<b>Total</b>	\$	6,046,464	\$	\$ 900,842	\$ 900,421	\$ 900,421
--------------	----	-----------	----	------------	------------	------------

- (1) In the event that Mr. Stone's employment is terminated for cause or without good reason, he will be entitled to unpaid base salary through the date of the termination, payment of any annual bonus earned with respect to a completed fiscal year of SS&C that is unpaid as of the date of termination and any benefits due to him under any employee benefit plan, policy, program, arrangement or agreement.
- (2) Liquidity event is defined in SS&C Holdings' 2006 equity incentive plan. Time-based options will become fully vested and exercisable immediately prior to the effective date of a liquidity event. Performance-based options will vest in whole or in part immediately prior to the effective date of a liquidity event if proceeds from the liquidity event equal or exceed a certain target. The vesting of superior options will be determined based on the extent to which proceeds from a liquidity event equal or exceed a certain target. The payments in this column assume the liquidity event will generate sufficient proceeds to accelerate in full the performance-based and superior options.
- (3) Consists of 200% of 2008 base salary payable promptly upon termination.

**Table of Contents**

- (4) Consists of 200% of 2008 target annual bonus payable promptly upon termination. The compensation committee did not set a formal 2008 target annual bonus for Mr. Stone. The figure used for the 2008 target annual bonus is \$450,000, the minimum annual bonus specified for Mr. Stone in his employment agreement.
- (5) Consists of a cash payment equal to the amount of Mr. Stone's target annual bonus for 2008, payable within 30 business days of termination. The compensation committee did not set a formal 2008 target annual bonus for Mr. Stone. The figure used for the 2008 target annual bonus is \$450,000, the minimum annual bonus specified for Mr. Stone in his employment agreement.
- (6) Based upon an exercise price of \$74.50 per share and an estimated fair market price of \$85.65 per share as of December 31, 2008. The common stock of SS&C Holdings is privately held and there is no established public trading market for its common stock. The estimated fair market price represents the fair market value of the common stock of SS&C Holdings as determined by its board of directors as of the last option award date.
- (7) Vesting acceleration with respect to unvested options to purchase an aggregate of 40,397 shares of SS&C Holdings common stock, which is equal to 50% of all unvested options held by Mr. Stone on December 31, 2008.
- (8) Represents three years of coverage under SS&C's medical, dental and vision benefit plans.
- (9) In the event that the severance and other benefits provided for in Mr. Stone's employment agreement or otherwise payable to him in connection with a change in control constitute parachute payments within the meaning of Section 280G of the Internal Revenue Code of 1986 and will be subject to the excise tax imposed by Section 4999 of the Code, then Mr. Stone shall receive (a) a payment from SS&C Holdings sufficient to pay such excise tax, and (b) an additional payment from SS&C Holdings sufficient to pay the excise tax and federal and state income taxes arising from the payments made by SS&C Holdings to Mr. Stone pursuant to this sentence.

In accordance with Mr. Stone's employment agreement, none of the severance payments described above will be paid during the six-month period following his termination of employment unless SS&C Holdings determines, in its good faith judgment, that paying such amounts at the time or times indicated above would not cause him to incur an additional tax under Section 409A of the Internal Revenue Code (in which case such amounts shall be paid at the time or times indicated above). If the payment of any amounts are delayed as a result of the previous sentence, on the first day following the end of the six-month period, SS&C Holdings will pay Mr. Stone a lump-sum amount equal to the cumulative amounts that would have otherwise been previously paid to him under his employment agreement. Thereafter, payments will resume in accordance with the above table.

**Other Named Executive Officers**

Other than Mr. Stone, none of our current named executive officers has any arrangement that provides for severance payments. SS&C Holdings' 2006 equity incentive plan provides for vesting of stock options in connection with a liquidity event. Time-based options become fully vested and exercisable immediately prior to the effective date of a liquidity event, a certain percentage of performance-based options vest immediately prior to the effective date of a liquidity event if proceeds from the liquidity event equal or exceed a certain target and superior options vest based on the extent to which proceeds from a liquidity event equal or exceed a certain target.

As of December 31, 2008, Messrs. Boulanger, Pedonti and Whitman held the following unvested stock options that would have become fully vested upon a liquidity event, assuming that certain targets with respect to proceeds from the liquidity event were met.

<b>Name</b>	<b>Number of Shares Underlying Unvested Options (#)</b>	<b>Value of Unvested Options \$(1)</b>
Normand A. Boulanger	60,595	\$ 675,634
Patrick J. Pedonti	30,297	337,812
Stephen V.R. Whitman	16,158	180,162

- (1) The value of unvested options was calculated by multiplying the number of shares underlying unvested options by \$85.65, the estimated fair market value of SS&C Holdings common stock on December 31, 2008, and then deducting the aggregate exercise price for these options. The common stock of SS&C Holdings is privately held and there is no established public trading market for its common stock. The estimated fair market price represents the fair market value of the common stock of SS&C Holdings as determined by its board of directors as of the last option award date.

**Table of Contents****Director Compensation**

None of our directors, except Mr. Etherington, receives compensation for serving as a director. Mr. Etherington receives an annual retainer fee of \$25,000 and \$2,500 for each board meeting attended in person. All of the directors are reimbursed for reasonable out-of-pocket expenses associated with their service on the board. The following table contains Mr. Etherington's compensation received during the year ended December 31, 2008 for serving as a director.

**2008 Director Compensation**

Name	Fees Earned or		Total (\$)
	Paid in Cash (\$)(1)	Option Awards (\$)(2)	
William Etherington	\$ 35,000		\$ 35,000

- (1) For his service as a director, Mr. Etherington is paid an annual retainer fee of \$25,000 and \$2,500 for each board meeting attended in person. Mr. Etherington was paid an aggregate of \$35,000 for his service as a director in 2008.
- (2) Upon his election to the board of directors in 2006, Mr. Etherington was granted an option to purchase 2,500 shares of common stock of SS&C Holdings at an exercise price per share of \$74.50. Such option was 100% vested on the date of grant.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

All of the issued and outstanding common stock of SS&C Technologies, Inc is owned by our parent, SS&C Holdings.

The following table provides summary information regarding the beneficial ownership of outstanding SS&C Holdings common stock as of December 31, 2008, for:

Each person or group known to beneficially own more than 5% of the common stock;

Each of the named executive officers in the Summary Compensation Table;

Each of our directors; and

All of our directors and executive officers as a group.

Beneficial ownership of shares is determined under the rules of the Securities and Exchange Commission and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as indicated by footnote, and subject to applicable community property laws, each person identified in the table possesses sole voting and investment power with respect to all shares of common stock held by them. Shares of common stock subject to options currently exercisable or exercisable within 60 days of December 31, 2008 and not subject to repurchase as of that date are deemed outstanding for calculating the percentage of outstanding shares of the person holding these options, but are not deemed outstanding for calculating the percentage of any other person.



**Table of Contents**

Except as otherwise indicated in the footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the shares of the common stock.

Name of Beneficial Owner	Shares Owned(1)	
	Number	Percentage
TCG Holdings, L.L.C.(2)	5,114,094	72.0%
William A. Etherington(3)	2,500	*
Allan M. Holt(4)		
Claudius (Bud) E. Watts IV(4)		
Campbell (Cam) R. Dyer(4)		
William C. Stone(5)	2,360,625	31.5%
Normand A. Boulanger(6)	137,236	1.9%
Patrick J. Pedonti(7)	52,367	*
Stephen V.R. Whitman(8)	27,390	*
All Directors and Executive Officers as a Group (8 persons)(9)	2,580,118	33.4%

\* Less than 1%

- (1) Includes shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each stockholder named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire either currently or at any time within the 60-day period following December 31, 2008 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares.
- (2) TC Group IV, L.P. is the sole general partner of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P., the record holders of 4,915,570 and 198,524 shares of common stock of Holdings, respectively. TC Group IV Managing GP, L.L.C. is the sole general partner of TC Group IV, L.P. TC Group, L.L.C. is the sole managing member of TC Group IV Managing GP, L.L.C. TCG Holdings, L.L.C. is the sole managing member of TC Group, L.L.C. Accordingly, TC Group IV, L.P., TC Group IV Managing GP, L.L.C., TC Group, L.L.C. and TCG Holdings, L.L.C. each may be deemed owners of shares of common stock owned of record by each of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein are managing members of TCG Holdings, L.L.C. and, in such capacity, may be deemed to share beneficial ownership of shares of common stock beneficially owned by TCG Holdings, L.L.C. Such individuals expressly disclaim any such beneficial ownership. The principal address and principal offices of TCG Holdings, L.L.C. and certain affiliates is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505.
- (3) Includes 2,500 shares subject to outstanding stock options exercisable on December 31, 2008.
- (4) Does not include 5,114,094 shares held by investment funds associated with or designated by The Carlyle Group. Messrs. Holt, Watts and Dyer are executives of The Carlyle Group. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by The Carlyle Group.



- (5) Consists of 399,647 shares subject to outstanding stock options exercisable on or within the 60-day period following December 31, 2008. The principal address of Mr. Stone is c/o SS&C Technologies, Inc., 80 Lambertton Road, Windsor, CT 06095.
- (6) Consists of 137,236 shares subject to outstanding stock options exercisable on or within the 60-day period following December 31, 2008.
- (7) Consists of 52,367 shares subject to outstanding stock options exercisable on or within the 60-day period following December 31, 2008.

**Table of Contents**

- (8) Consists of 27,390 shares subject to outstanding stock options exercisable on or within the 60-day period following December 31, 2008.
- (9) Includes 619,140 shares subject to outstanding stock options exercisable on or within the 60-day period following December 31, 2008.

**Equity Compensation Plan Information**

The following table sets forth, as of December 31, 2008, the number of securities outstanding under SS&C Holdings equity compensation plans, the weighted-average exercise price of such securities and the number of securities available for grant under these plans:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted-Average Exercise Price of Outstanding Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	1,513,193	\$ 56.65	403,403
Equity compensation plans not approved by security holders			
Total	1,513,193	\$ 56.65	403,403

**Item 13. Security Certain Relationships and Related Transactions****Transactions with Related Persons****The Carlyle Group*****Carlyle Management Agreement***

TC Group, L.L.C. (an affiliate of Carlyle), Mr. Stone and SS&C Holdings entered into a management agreement on November 23, 2005, pursuant to which SS&C Holdings pays to TC Group, L.L.C. an annual fee of \$1.0 million for certain management services performed by it for SS&C Holdings and its subsidiaries and may reimburse TC Group, L.L.C. for certain out-of-pocket expenses incurred in connection with the performance of such services. In addition, under the management agreement, SS&C Holdings may pay to TC Group, L.L.C. additional reasonable compensation for other services provided by TC Group, L.L.C. to SS&C Holdings and its subsidiaries from time to time, including investment banking, financial advisory and other services. The management agreement, which was amended in April 2008, will terminate upon the completion of an initial public offering by SS&C Holdings. From January 1, 2008 through the quarter ended March 31, 2009, pursuant to the management agreement, SS&C Holdings paid to TC Group, L.L.C. an aggregate amount of \$1,608,536.

***Carlyle Fund Services Agreement***

On August 12, 2008, Walkers SPV Limited acting solely in its capacity as trustee of the Carlyle Series Trust and its classes or sub-trusts, Carlyle Loan Investment Ltd., CLP Cayman Holdco, Ltd., CCPMF Cayman Holdco, Carlyle Credit Partners Financing I, Ltd. (collectively, the Funds ) and Carlyle Investment Management L.L.C. entered into a fund administration services agreement with SS&C. Pursuant to the agreement, the Funds appointed SS&C to act as administrator, registrar and transfer agent and to provide the Funds with certain fund administration services, including daily processing and reconciliation services, fund accounting services and unitholder services, and such ancillary services as are set forth in work requests that may be executed by the parties from time to time. The agreement became effective on July 1, 2008 and continues until December 31, 2010. SS&C will be paid a monthly charge based on annual rates derived from the net asset value of the Funds (with a minimum monthly fee of \$15,000). SS&C will also receive certain hourly and other fees for any ancillary services that it provides under the agreement. Through March 31, 2009, the Funds paid an aggregate of \$462,775 to us under the agreement.

**Table of Contents*****RLI Insurance Company***

From January 1, 2008 through March 31, 2009, RLI Insurance Company paid an aggregate of \$100,425 to us for maintenance of CAMRA and Finesse products. Michael J. Stone, President of RLI Insurance, is the brother of William C. Stone.

***Other Transactions***

John Stone, the brother of William C. Stone, is employed by SS&C as Vice President of Sales Management. From January 1, 2008 through March 31, 2009, John Stone was paid an aggregate of \$180,000 as salary and commissions related to his employment at SS&C.

**Review, Approval or Ratification of Transactions with Related Persons**

We have not adopted any policies or procedures for the review, approval and ratification of related-person transactions because we are not a listed issuer whose related-person transactions would require such policies. As a Delaware corporation, we are subject to Section 144 of the Delaware General Corporation Law, which provides procedures for the approval of interested director transactions.

**Director Independence**

Our securities are not listed on a national securities exchange or in an inter-dealer quotation system. All of our board members other than Messrs. Stone and Boulanger are considered to be independent members of the board under applicable NASDAQ rules for purposes of board and compensation committee independence. Mr. Etherington is considered to be an independent member of the audit committee, and Messrs. Dyer and Watts are not, under applicable NASDAQ and SEC rules.

**Item 14. *Principal Accountant Fees and Services***

The following table summarizes the fees of PricewaterhouseCoopers LLP, our registered public accounting firm, billed to us for each of the last two fiscal years. For fiscal 2008, audit fees include an estimate of amounts not yet billed.

<b>Fee Category</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Audit Fees(1)	\$ 724,763	\$ 1,122,811
Audit-Related Fees(2)	757,060	375,700
Tax Fees(3)	138,443	325,953
All Other Fees(4)	1,500	1,500
Total Fees	\$ 1,621,766	\$ 1,825,964

(1) Audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and services related to SS&C Holdings filings of Form S-1 in 2007 and 2008, such as the issuance of comfort letters and consents.

(2)

Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit and the review of our financial statements and which are not reported under **Audit Fees** . These services relate to accounting consultations in connection with acquisitions, procedures performed for SAS 70 reports, attest services that are not required by statute or regulation and consultations concerning internal controls, financial accounting and reporting standards. None of the audit-related fees billed in 2007 or 2008 related to services provided under the de minimis exception to the audit committee pre-approval requirements.

- (3) Tax fees consist of fees for tax compliance, tax advice and tax planning services. Tax compliance services, which relate to preparation of original and amended tax returns, claims for refunds and tax payment-planning services, accounted for \$113,822 of the total tax fees billed in 2008 and \$194,451 of the total tax fees billed in 2007. Tax advice and tax planning services relate to assistance with tax audits and appeals, tax advice related to acquisitions and requests for rulings or technical advice from taxing authorities. None of the tax fees billed in 2007 or 2008 related to services provided under the de minimis exception to the audit committee pre-approval requirements.

**Table of Contents**

- (4) All other fees for 2007 and 2008 consist of the licensing of accounting and finance research technology owned by PricewaterhouseCoopers LLP. None of the all other fees billed in 2007 or 2008 were provided under the de minimis exception to the audit committee pre-approval requirements.

**Audit Committee Pre-Approval Policies and Procedures**

All the services described above were approved by our board of directors or audit committee in advance of the services being rendered. The audit committee is responsible for the appointment, compensation and oversight of the work performed by the independent registered public accounting firm. The audit committee must pre-approve all audit (including audit-related) services and permitted non-audit services provided by the independent registered public accounting firm in accordance with the pre-approval policies and procedures established by the audit committee. The audit committee annually approves the scope and fee estimates for the quarterly reviews, year-end audit, statutory audits and tax work to be performed by our independent registered public accounting firm for the next fiscal year. With respect to other permitted services, management defines and presents specific projects and categories of service for which the advance approval of the audit committee is requested. The audit committee pre-approves specific engagements, projects and categories of services on a fiscal year basis, subject to individual project thresholds and annual thresholds. In assessing requests for services by the independent registered public accounting firm, the audit committee considers whether such services are consistent with the independent registered public accounting firm's independence, whether the independent registered public accounting firm is likely to provide the most effective and efficient service based upon their familiarity with us, and whether the service could enhance our ability to manage or control risk or improve audit quality. At each audit committee meeting, the audit committee is advised of the aggregate fees for which the independent registered public accounting firm has been engaged for such engagements, projects and categories of services compared to the approved amounts.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a)

1. *Financial Statements*

The following financial statements are filed as part of this annual report:

<b>Document</b>	<b>Page</b>
<u>Reports of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets as of December 31, 2008 and 2007</u>	F-2
<u>Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006</u>	F-3
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006</u>	F-4
<u>Consolidated Statements of Changes in Stockholder's Equity for years ended December 31, 2008, 2007 and 2006</u>	F-5
<u>Notes to Consolidated Financial Statements</u>	F-6

2. *Financial Statement Schedules*

Financial statement schedules are not submitted because they are not applicable, not required or the information is included in our consolidated financial statements.

3. *Exhibits*

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this annual report.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SS&C TECHNOLOGIES, INC.

By: /s/ William C. Stone

William C. Stone  
Chairman of the Board and Chief Executive Officer

Date: March 30, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signatures</b>	<b>Title</b>	<b>Date</b>
/s/ William C. Stone William C. Stone	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 30, 2009
/s/ Patrick J. Pedonti Patrick J. Pedonti	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2009
/s/ Normand A. Boulanger Normand A. Boulanger	Director	March 30, 2009
/s/ Campbell R. Dyer Campbell R. Dyer	Director	March 30, 2009
/s/ William A. Etherington William A. Etherington	Director	March 30, 2009
/s/ Allan M. Holt Allan M. Holt	Director	March 30, 2009
/s/ Claudius E. Watts, IV	Director	March 30, 2009



Claudius E. Watts, IV

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of SS&C Technologies, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of SS&C Technologies, Inc. and its subsidiaries at December 31, 2008 and 2007 and the results of their operations and their cash flows for the years ended December 31, 2008, 2007 and 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

March 27, 2009

F-1

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	<b>December 31, 2008</b>	<b>December 31, 2007</b>
	<b>(In thousands, except per share data)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 29,299	\$ 19,175
Accounts receivable, net of allowance for doubtful accounts of \$1,444 and \$1,223, respectively (Note 3)	38,318	39,546
Prepaid expenses and other current assets	4,327	7,237
Deferred income taxes	3,777	1,169
Total current assets	75,721	67,127
Property and equipment:		
Leasehold improvements	4,852	4,522
Equipment, furniture, and fixtures	20,978	17,532
	25,830	22,054
Less accumulated depreciation	(11,800)	(9,014)
Net property and equipment	14,030	13,040
Goodwill	822,409	860,690
Intangible and other assets, net of accumulated amortization of \$82,520 and \$55,572, respectively	215,193	249,638
Total assets	\$ 1,127,353	\$ 1,190,495
<b>LIABILITIES AND STOCKHOLDER S EQUITY</b>		
Current liabilities:		
Current portion of long-term debt (Note 6)	\$ 2,101	\$ 2,429
Accounts payable	1,821	2,558
Income taxes payable	4,898	3,181
Accrued employee compensation and benefits	13,640	11,668
Other accrued expenses	11,561	10,053
Interest payable	2,007	2,090
Deferred maintenance and other revenue	30,844	29,480
Total current liabilities	66,872	61,459
Long-term debt, net of current portion (Note 6)	406,625	440,580
Other long-term liabilities	9,991	10,216

Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Deferred income taxes (Note 5)	56,612	65,647
Total liabilities	540,100	577,902
Commitments and contingencies (Note 12)		
Stockholder's equity (Notes 4 and 9):		
Common stock, \$0.01 par value, 1 share authorized; 1 share issued and outstanding		
Additional paid-in capital	577,861	570,497
Accumulated other comprehensive (loss) income	(17,890)	33,615
Retained earnings	27,282	8,481
Total stockholder's equity	587,253	612,593
Total liabilities and stockholder's equity	\$ 1,127,353	\$ 1,190,495

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

F-2

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(In thousands)</b>		
Revenues:			
Software licenses	\$ 24,844	\$ 27,514	\$ 22,925
Maintenance	65,178	61,910	55,222
Professional services	24,352	17,491	19,582
Software-enabled services	165,632	141,253	107,740
<b>Total revenues</b>	<b>280,006</b>	<b>248,168</b>	<b>205,469</b>
Cost of revenues:			
Software licenses	9,198	9,616	9,216
Maintenance	26,854	26,038	20,415
Professional services	16,118	14,277	12,575
Software-enabled services	90,263	78,951	57,810
<b>Total cost of revenues</b>	<b>142,433</b>	<b>128,882</b>	<b>100,016</b>
<b>Gross profit</b>	<b>137,573</b>	<b>119,286</b>	<b>105,453</b>
Operating expenses:			
Selling and marketing	19,566	19,701	17,598
Research and development	26,804	26,282	23,620
General and administrative	26,120	24,573	20,366
<b>Total operating expenses</b>	<b>72,490</b>	<b>70,556</b>	<b>61,584</b>
<b>Operating income</b>	<b>65,083</b>	<b>48,730</b>	<b>43,869</b>
Interest income	409	939	388
Interest expense	(41,539)	(45,463)	(47,427)
Other income, net	1,994	1,911	456
<b>Income (loss) before income taxes</b>	<b>25,947</b>	<b>6,117</b>	<b>(2,714)</b>
Provision (benefit) for income taxes (Note 5)	7,146	(458)	(3,789)
<b>Net income</b>	<b>\$ 18,801</b>	<b>\$ 6,575</b>	<b>\$ 1,075</b>

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



**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(In thousands)</b>		
Cash flow from operating activities:			
Net income	\$ 18,801	\$ 6,575	\$ 1,075
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,038	35,047	27,128
Stock compensation expense	7,323	10,979	3,871
Foreign exchange gains on debt		(768)	(15)
Amortization of loan origination costs	2,328	2,317	2,754
Equity losses (earnings) in long-term investment	2,098	187	(456)
Loss on sale or disposition of property and equipment	1	105	4
Deferred income taxes	(7,368)	(6,115)	(10,112)
Provision for doubtful accounts	865	336	424
Changes in operating assets and liabilities, excluding effects from acquisitions:			
Accounts receivable	(1,301)	(6,635)	2,509
Prepaid expenses and other assets	(2,742)	(1,723)	(2,044)
Income taxes receivable			7,844
Accounts payable	(494)	101	(114)
Accrued expenses	1,581	10,745	(3,088)
Income taxes payable	2,552	2,790	(247)
Deferred maintenance and other revenue	2,973	3,116	1,176
Net cash provided by operating activities	61,655	57,057	30,709
Cash flow from investing activities:			
Additions to property and equipment	(6,746)	(7,717)	(4,223)
Proceeds from sale of property and equipment	2	8	1
Cash paid for business acquisitions, net of cash acquired (Note 10)	(17,864)	(5,130)	(13,979)
Additions to capitalized software			(425)
Net cash used in investing activities	(24,608)	(12,839)	(18,626)
Cash flow from financing activities:			
Cash received from other borrowings		5,200	17,400
Repayment of debt and acquired debt	(25,574)	(42,688)	(34,518)
Transactions involving SS&C Technologies Holdings, Inc. common stock	42	80	691
Net cash used in financing activities	(25,532)	(37,408)	(16,427)

Effect of exchange rate changes on cash	(1,391)	647	478
Net increase (decrease) in cash and cash equivalents	10,124	7,457	(3,866)
Cash and cash equivalents, beginning of period	19,175	11,718	15,584
Cash and cash equivalents, end of period	\$ 29,299	\$ 19,175	\$ 11,718
Supplemental disclosure of cash paid (refunded) for:			
Interest	\$ 38,505	\$ 43,451	\$ 45,549
Income taxes, net	\$ 12,472	\$ (1,627)	\$ (635)
Supplemental disclosure of non-cash investing activities			
See Note 10 for a discussion of acquisitions.			

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

F-4

---



Table of Contents**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER S EQUITY****For the Years Ended December 31, 2008, 2007 and 2006**

	<b>Common Stock</b>	<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>	<b>Total</b>
	<b>Number of Issued</b>	<b>Paid-in</b>	<b>Retained</b>	<b>Other</b>	<b>Stockholder</b>
	<b>Shares</b>	<b>Capital</b>	<b>Earnings</b>	<b>Comprehensive Income (Loss)</b>	<b>Equity</b>
	<b>Amount</b>	<b>Capital</b>	<b>Earnings</b>	<b>Income (Loss)</b>	<b>Equity</b>
					<b>Comprehensive Income (Loss)</b>
<b>(In thousands, except per share amounts)</b>					
Balance, at December 31, 2005	1	\$ 554,965	\$ 831	\$ 1,337	\$ 557,133
Net income			1,075		1,075
Foreign exchange translation adjustment				(273)	(273)
Change in unrealized gain on interest rate swaps, net of tax				635	635
Total comprehensive income					\$ 1,437
Stock-based compensation expense		3,871			3,871
Exercise of stock options and issuance of SS&C Technologies Holdings, Inc. common stock, net		691			691
Balance, at December 31, 2006	1	\$ 559,527	\$ 1,906	\$ 1,699	\$ 563,132
Net income			6,575		6,575
Foreign exchange translation adjustment			34,490		34,490
Change in unrealized gain on interest rate swaps, net of tax				(2,574)	(2,574)
Total comprehensive income					\$ 38,491
Stock-based compensation expense		10,979			10,979
		(9)			(9)

Exercise of stock options  
and issuance of SS&C  
Technologies Holdings,  
Inc. common stock

Balance, at December 31, 2007	1	\$	\$ 570,497	\$ 8,481	\$ 33,615	\$ 612,593	
Net income				18,801		18,801	\$ 18,801
Foreign exchange translation adjustment					(49,078)	(49,078)	(49,078)
Change in unrealized gain on interest rate swaps, net of tax					(2,427)	(2,427)	(2,427)
Total comprehensive loss							\$ (32,704)
Stock-based compensation expense			7,323			7,323	
Exercise of stock options and issuance of SS&C Technologies Holdings, Inc. common stock			41			41	
Balance, at December 31, 2008	1	\$	\$ 577,861	\$ 27,282	\$ (17,890)	\$ 587,253	

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

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization**

SS&C Technologies, Inc. ( SS&C or the Company ) was acquired on November 23, 2005 through a merger transaction with SS&C Technologies Holdings, Inc. ( SS&C Holdings or Holdings ) (formerly known as Sunshine Acquisition Corporation), a Delaware corporation formed by investment funds associated with The Carlyle Group. The acquisition was accomplished through the merger of Sunshine Merger Corporation, a wholly-owned subsidiary of SS&C Holdings, into SS&C Technologies, Inc., with SS&C Technologies, Inc. being the surviving company and a wholly-owned subsidiary of SS&C Holdings (the Transaction ).

The Company provides software products and software-enabled services to the financial services industry, primarily in North America. The Company also has operations in the U.K., the Netherlands, Malaysia, Ireland, Australia, the Netherlands Antilles and Japan. The Company's portfolio of over 60 products and software-enabled services allows its clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. The Company provides its products and related services in eight vertical markets in the financial services industry:

1. Insurance and pension funds;
2. Asset management;
3. Alternative investments;
4. Financial markets;
5. Commercial lending;
6. Real estate property management;
7. Municipal finance; and
8. Treasury, banks and credit unions.

**2. Summary of Significant Accounting Policies**

*Use of Estimates*

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, collectibility of accounts receivable, costs to complete certain contracts, valuation of acquired assets and liabilities, valuation of stock options, income tax accruals and the value of deferred tax assets. Estimates are also used to determine the remaining economic lives and carrying value of fixed assets, goodwill and intangible assets. Actual results could differ from those estimates.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant accounts, transactions and profits between the consolidated companies have been eliminated in consolidation. In the first quarter of 2005, the Company made a \$2.0 million investment in a company. This unconsolidated investment is in a company over which we do not have control, but have the ability to exercise influence over operating and financial policies, and as a result is accounted for under the equity method of accounting. The earnings and losses from the investment have been recorded on a pre-tax basis. The carrying value of this investment was zero and \$2.1 million at December 31, 2008 and 2007, respectively, and is included in intangible and other assets in the Consolidated Balance Sheets.

F-6

---

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Revenue Recognition***

The Company's payment terms for software licenses typically require that the total fee be paid upon signing of the contract. Maintenance services are typically due in full at the beginning of the maintenance period. Professional services and software-enabled services are typically due and payable monthly in arrears. Normally the Company's arrangements do not provide for any refund rights, and payments are not contingent on specific milestones or customer acceptance conditions. For arrangements that do contain such provisions, the Company defers revenue until the rights or conditions have expired or have been met.

Unbilled accounts receivable primarily relates to professional services and software-enabled services revenue that has been earned as of month end but is not invoiced until the subsequent month, and to software license revenue that has been earned and is realizable but not invoiced to clients until future dates specified in the client contract.

Deferred revenue consists of payments received related to product delivery, maintenance and other services, which have been paid by customers prior to the recognition of revenue. Deferred revenue relates primarily to cash received for maintenance contracts in advance of services performed.

***License Revenue***

The Company follows the principles of Statement of Position (SOP) No. 97-2, Software Revenue Recognition (SOP 97-2), which provides guidance on applying generally accepted accounting principles in recognizing revenue on software transactions. SOP 97-2 requires that revenue recognized from software transactions be allocated to each element of the transaction based on the relative fair values of the elements, such as software products, specified upgrades, enhancements, post-contract client support, installation or training. The determination of fair value is based upon vendor-specific objective evidence (VSOE). Under SOP 97-2, the Company recognizes software license revenues allocated to software products and enhancements generally upon delivery of each of the related products or enhancements, assuming all other revenue recognition criteria are met. In the rare occasion that a software license agreement includes the right to a specified upgrade or product, the Company defers all revenues under the arrangement until the specified upgrade or product is delivered, since typically VSOE does not exist to support the fair value of the specified upgrade or product.

The Company generally recognizes revenue from sales of software or products including proprietary software upon product shipment and receipt of a signed contract, provided that collection is probable and all other revenue recognition criteria of SOP 97-2 are met. The Company sells perpetual software licenses in conjunction with professional services for installation and maintenance. For these arrangements, the total contract value is attributed first to the maintenance arrangement based on its fair value, which is derived from stated renewal rates. The contract value is then attributed to professional services based on estimated fair value, which is derived from the rates charged for similar services provided on a stand-alone basis. The Company's software license agreements generally do not require significant modification or customization of the underlying software, and, accordingly, implementation services provided by the Company are not considered essential to the functionality of the software. The remainder of the total contract value is then attributed to the software license based on the residual method described in SOP 98-9, Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions.

The Company also sells term licenses ranging from one to seven years, some of which include bundled maintenance services. For those arrangements with bundled maintenance services, VSOE does not exist for the maintenance element and therefore the total fee is recognized ratably over the contractual term of the arrangement. The Company classifies revenues from bundled term license arrangements as both software licenses and maintenance revenues by allocating a portion of the revenues from the arrangement to maintenance revenues and classifying the remainder in software licenses revenues. The Company uses its renewal rates for maintenance under perpetual license agreements for the purpose of determining the portion of the arrangement fee that is classified as maintenance revenues.

F-7

---

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company occasionally enters into license agreements requiring significant customization of the Company's software. The Company accounts for the license fees under these agreements on the percentage-of-completion basis. This method requires estimates to be made for costs to complete the agreement utilizing an estimate of development man-hours remaining. Revenue is recognized each period based on the hours incurred to date compared to the total hours expected to complete the project. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs may be revised. Such revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are determined on a contract-by-contract basis, and are made in the period in which such losses are first estimated or determined.

***Maintenance Agreements***

Maintenance agreements generally require the Company to provide technical support and software updates (on a when-and-if-available basis) to its clients. Such services are generally provided under one-year renewable contracts. Maintenance revenues are recognized ratably over the term of the maintenance agreement.

***Professional Services***

The Company provides consulting and training services to its clients. Revenues for such services are generally recognized over the period during which the services are performed. The Company typically charges for professional services on a time and materials basis. However, some contracts are for a fixed fee. For the fixed-fee arrangements, an estimate is made of the total hours expected to be incurred to complete the project. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs may be revised. Such revisions are recognized in the period in which the revisions are determined. Revenues are recognized each period based on the hours incurred to date compared to the total hours expected to complete the project.

***Software-enabled Services***

The Company's software-enabled services arrangements make its software application available to its clients for processing of transactions. The software-enabled services arrangements provide an alternative for clients who do not wish to install, run and maintain complicated financial software. Under the arrangements, the client does not have the right to take possession of the software, rather, the Company agrees to provide access to its applications, remote use of its equipment to process transactions, access to client's data stored on its equipment, and connectivity between its environment and the client's computing systems. Software-enabled services arrangements generally have terms of two to five years and contain monthly or quarterly fixed payments, with additional billing for increases in market value of a client's assets, pricing and trading activity under certain contracts.

The Company recognizes software-enabled services revenues in accordance with Staff Accounting Bulletin (SAB) 104 Revenue Recognition, on a monthly basis as the software-enabled services are provided and when persuasive evidence of an arrangement exists, the price is fixed or determinable and collectibility is reasonably assured. The Company does not recognize any revenue before services are performed. Certain contracts contain additional fees for increases in market value, pricing and trading activity. Revenues related to these additional fees are recognized in the month in which the activity occurs based upon the Company's summarization of account information and trading volume.

***Research and Development***

Research and development costs associated with computer software are charged to expense as incurred. In accordance with Statement of Financial Accounting Standards ( SFAS ) No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed , capitalization of internally developed computer software costs begins upon the establishment of technological feasibility based on a working model. Net capitalized software costs of \$0.1 million and \$0.3 million are included in the December 31, 2008 and 2007 balance sheets, respectively, under Intangible and other assets .

F-8

---



**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company's policy is to amortize these costs upon a product's general release to the client. Amortization of capitalized software costs is calculated by the greater of (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product, including the period being reported on, typically two to six years. It is reasonably possible that those estimates of anticipated future gross revenues, the remaining estimated economic life of the product, or both could be reduced significantly due to competitive pressures. Amortization expense related to capitalized software development costs for the years ended December 31, 2008, 2007 and 2006 was \$0.1 million, \$0.1 million and \$0, respectively.

***Stock-based Compensation***

The Company follows the principles of SFAS No. 123R (revised 2004), *Share-Based Payment* (SFAS 123R). Using the fair value recognition provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the appropriate service period. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options, expected volatility of the Company's stock price, and the number of awards expected to be forfeited. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, the Company estimates the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on the Company's financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded. The realizability of the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise. If the actual value is lower than the fair value determined on the date of grant, then there could be an income tax expense for the portion of the deferred tax asset that is not realizable.

***Other Income***

Other income, net for 2008 consists primarily of foreign currency translation gains of \$4.0 million, partially offset by a \$2.0 million loss relating to an investment in a private company which is accounted for under the equity method of accounting. Other income, net for 2007 consists primarily of foreign currency translation gains of \$0.6 million, property tax refunds of \$0.9 million and \$0.4 million related to the favorable settlement of a liability accrued at the time of the Company's acquisition of Financial Models in 2005. Other income, net for 2006 primarily reflects income recorded under the equity method from a private investment.

***Income Taxes***

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under SFAS No. 109, an asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of items that are recognized in its financial statements and tax returns in different years. A valuation allowance is established against net deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the net deferred tax assets will not be realized.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*—an Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 contains a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies) accounted for in accordance with

SFAS No. 109. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

F-9

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Cash and Cash Equivalents***

The Company considers all highly liquid marketable securities with original maturities of three months or less at the date of acquisition to be cash equivalents.

***Property and Equipment***

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using a combination of straight-line and accelerated methods over the estimated useful lives of the assets as follows:

<b>Description</b>	<b>Useful Life</b>
Equipment	3-5 years
Furniture and fixtures	7-10 years
Leasehold improvements	Shorter of lease term or estimated useful life

Depreciation expense for the years ended December 31, 2008, 2007 and 2006 was \$4.9 million, \$5.1 million and \$4.6 million, respectively.

Maintenance and repairs are expensed as incurred. The costs of sold or retired assets are removed from the related asset and accumulated depreciation accounts and any gain or loss is included in other income, net.

***Registration Costs***

During the year ended December 31, 2007, the Company incurred and capitalized approximately \$1.2 million in professional fees and other costs related to the anticipated initial public offering of SS&C Holdings common stock. These costs were recorded in prepaid expenses and other current assets in the consolidated balance sheet at December 31, 2007. During the year ended December 31, 2008, the Company expensed a total of \$1.6 million in costs, which are included in general and administrative expenses, that had been incurred related the offering as a result of uncertainty related to the planned offering. SS&C Holdings withdrew the offering in October 2008.

***Goodwill and Intangible Assets***

SFAS No. 142, *Goodwill and Other Intangible Assets*, requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. Goodwill must also be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company has completed the required impairment tests for goodwill and has determined that no impairment existed as of December 31, 2008 or 2007. There were no indefinite-lived intangible assets as of December 31, 2008 or 2007.

Table of Contents**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table summarizes changes in goodwill (in thousands):

Balance at December 31, 2006	\$ 820,470
2007 acquisition	3,303
Adjustments to previous acquisitions	15
Income tax benefit on Rollover options exercised	(89)
Effect of foreign currency translation	36,991
 Balance at December 31, 2007	 \$ 860,690
2008 acquisition	8,937
Adjustments to previous acquisitions	2
Income tax benefit on Rollover options exercised	(578)
Effect of foreign currency translation	(46,642)
 Balance at December 31, 2008	 \$ 822,409

Completed technology and other identifiable intangible assets are amortized over lives ranging from three to 15 years based on the ratio that current cash flows for the intangible asset bear to the total of current and expected future cash flows for the intangible asset. Amortization expense associated with completed technology and other amortizable intangible assets was \$30.0 million, \$29.8 million and \$22.5 million for the years ended December 31, 2008, 2007 and 2006, respectively.

A summary of the components of intangible assets is as follows (in thousands):

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
Customer relationships	\$ 207,757	\$ 210,128
Completed technology	58,046	59,593
Trade names	17,391	17,411
Other	2,016	2,272
	285,210	289,404
Less: accumulated amortization	(82,236)	(55,430)
	\$ 202,974	\$ 233,974

Total estimated amortization expense, related to intangible assets, for each of the next five years ending December 31 is expected to approximate (in thousands):

2009	\$ 29,516
2010	28,366
2011	26,910
2012	25,231
2013	23,322
	\$ 133,345

F-11

---

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Impairment of Long-Lived Assets***

The Company evaluates the recoverability of its long-lived assets in accordance with SFAS No. 144, Accounting for the Impairment of Long-Lived Assets to be Disposed of . The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the assets carrying value unlikely. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. The Company has identified no such impairment losses. Substantially all of the Company's long-lived assets are located in the United States and Canada.

***Concentration of Credit Risk***

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, cash equivalents, marketable securities, and trade receivables. The Company has cash investment policies that limit investments to investment grade securities. Concentrations of credit risk, with respect to trade receivables, are limited due to the fact that the Company's client base is highly diversified. As of December 31, 2008 and 2007, the Company had no significant concentrations of credit risk and the carrying value of these assets approximates fair value.

***International Operations and Foreign Currency***

The functional currency of each foreign subsidiary is the local currency. Accordingly, assets and liabilities of foreign subsidiaries are translated to U.S. dollars at period-end exchange rates, and capital stock accounts are translated at historical rates. Revenues and expenses are translated using the average rates during the period. The resulting translation adjustments are excluded from net earnings and accumulated as a separate component of stockholder's equity. Foreign currency transaction gains and losses are included in the results of operations in the periods in which they occur.

***Derivative Instruments***

The Company uses derivative instruments, consisting of interest rate swaps, to manage interest rate risk associated with the variable interest rate on its bank credit facility. The Company's objective in managing interest rate risk is to manage volatility in the effective cost of debt. The Company accounts for its derivative instruments in accordance with Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ( SFAS 133 ), which requires that all derivative instruments be recorded at fair value.

In order for derivative instruments to qualify for hedge accounting in accordance with SFAS 133, the underlying hedged item must expose the Company to risks associated with market fluctuations and the financial instrument used as a hedge must reduce the Company's exposure to market fluctuation throughout the hedge period. If these criteria are not met, a change in the market value of the financial instrument is recognized as a gain or loss and is recorded as a component of interest expense in the period of change. The Company excludes the change in the time value of money when assessing the effectiveness of the hedging relationship. All derivatives are evaluated quarterly.

Derivative instruments entered into by the Company qualify for hedge accounting and are designated as cash flow hedges. Cash flow hedges are hedges of forecasted transactions or the variability of cash flows to be received or paid

related to a recognized asset or liability. For cash flow hedge transactions, changes in the fair value of the derivative instrument are reported in other comprehensive income. The gains and losses on cash flow hedge transactions reported in other comprehensive income are effectively reclassified to earnings in the periods in which earnings are affected by the variability of the cash flows of the hedged item.

Net interest paid or received pursuant to the derivative instruments is included as a component of interest expense in the period. Pending interest settlements earned/incurred on derivative instruments held at the end of a period are also included as a component of interest expense and in the accompanying consolidated balance sheet. See Note 6 for further disclosure related to the Company's derivative instruments.

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Comprehensive Income***

SFAS No. 130, Reporting Comprehensive Income, requires that items defined as comprehensive income, such as foreign currency translation adjustments and unrealized gains (losses) on interest rate swaps qualifying as hedges, be separately classified in the financial statements and that the accumulated balance of other comprehensive income be reported separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. Total comprehensive income consists of net income and other accumulated comprehensive income disclosed in the equity section of the balance sheet.

At December 31, 2008, the Company had a balance of \$13.6 million in foreign currency translation losses and a balance of \$4.3 million (net of taxes of \$2.3 million) in unrealized losses on interest rate swaps. At December 31, 2007, the Company had a balance of \$35.5 million in foreign currency translation gains and a balance of \$1.8 million (net of taxes of \$1.0 million) in unrealized losses on interest rate swaps.

***Reclassification***

Certain amounts in prior year consolidated financial statements have been reclassified to be comparable with current year presentation. These reclassifications have had no effect on net income, working capital or net equity.

***Recent Accounting Pronouncements***

In April 2008, the FASB issued FSP FAS 142-3 Determination of the Useful Life of Intangible Assets (FSP FAS 142-3), which is effective for financial statements issued for fiscal years beginning after December 31, 2008, and interim periods within those fiscal years. Early adoption is prohibited. FSP FAS 142-3 provides guidance for determining the useful life of a recognized intangible asset and will be applied prospectively to intangible assets acquired after the effective date. The Company plans to adopt FSP FAS 142-3 effective January 1, 2009, and its effects on future periods will depend on the nature and significance of any acquisitions subject to FAS 141R Business Combinations (FAS 141R).

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS 161). SFAS 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, Accounting for Derivative Instruments and Hedging Activities as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. The Company is currently evaluating the disclosure implications of this statement.

In December 2007, the FASB issued SFAS No. 141(R). SFAS 141(R) requires all business combinations completed after the effective date to be accounted for by applying the acquisition method (previously referred to as the purchase method). Companies applying this method will have to identify the acquirer, determine the acquisition date and purchase price and recognize at their acquisition-date fair values the identifiable assets acquired, liabilities assumed,



and any noncontrolling interests in the acquiree. In the case of a bargain purchase the acquirer is required to reevaluate the measurements of the recognized assets and liabilities at the acquisition date and recognize a gain on that date if an excess remains. SFAS 141(R) becomes effective for fiscal periods beginning after December 15, 2008. The impact of SFAS 141(R) on the Company's financial statements will depend on the nature and structure of future business combinations, including the type of purchase consideration and amount of costs incurred to effect future transactions.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115, ( SFAS 159 ) which is effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Unrealized gains and losses on items for which the fair value option is elected would be reported in earnings. The Company adopted SFAS 159 as of January 1, 2008 and has elected not to measure any additional financial instruments and other items at fair value.

**3. Accounts Receivable**

Accounts receivable are as follows (in thousands):

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
Accounts receivable	\$ 28,785	\$ 29,521
Unbilled accounts receivable	10,977	11,248
Allowance for doubtful accounts	(1,444)	(1,223)
Total accounts receivable	\$ 38,318	\$ 39,546

The following table represents the activity for the allowance for doubtful accounts during the years ended December 31, 2008, 2007 and 2006 (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Allowance for Doubtful Accounts:</b>			
Balance at beginning of period	\$ 1,223	\$ 1,638	\$ 2,026
Charge to costs and expenses	865	336	424
Write-offs, net of recoveries	(524)	(812)	(820)
Other adjustments	(120)	61	8
Balance at end of period	\$ 1,444	\$ 1,223	\$ 1,638

Management establishes the allowance for doubtful accounts based on historical bad debt experience. In addition, management analyzes client accounts, client concentrations, client creditworthiness, current economic trends and changes in the client's payment terms when evaluating the adequacy of the allowance for doubtful accounts.

**4. Stockholder s Equity**

At December 31, 2008 and 2007, 1,000 shares of common stock were authorized, issued and outstanding.

**5. Income Taxes**

The sources of income (loss) before income taxes were as follows (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
U.S.	\$ 6,671	\$ (11,417)	\$ (10,670)
Foreign	19,276	17,534	7,956
Income (loss) before taxes	\$ 25,947	\$ 6,117	\$ (2,714)

F-14

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The income tax provision (benefit) consists of the following (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Current:			
Federal	\$ 6,580	\$ 460	\$ 1,168
Foreign	7,746	4,406	3,556
State	94	99	75
Deferred:			
Federal	(7,129)	(6,262)	(6,116)
Foreign	(1,602)	441	(2,776)
State	1,457	398	304
Total	\$ 7,146	\$ (458)	\$ (3,789)

The reconciliation between the expected tax expense and the actual tax provision (benefit) is computed by applying the U.S. federal corporate income tax rate of 35% to income before income taxes as follows (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Computed expected tax expense (benefit)	\$ 9,081	\$ 2,141	\$ (949)
Increase (decrease) in income tax expense resulting from:			
State income taxes (net of federal income tax benefit)	1,008	321	248
Foreign operations	(2,333)	(1,883)	(1,905)
Rate change impact on tax liabilities	(581)	(1,536)	(1,228)
Uncertain tax positions	702	646	
Other	(731)	(147)	45
Provision (benefit) for income taxes	\$ 7,146	\$ (458)	\$ (3,789)

The favorable rate change impact on tax liabilities is primarily attributable to a reduction in withholding rates on cross-border activity between Canadian and U.S. subsidiaries enacted in 2008 and statutory rate reductions enacted in Canada in 2007 and 2006.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of deferred income taxes at December 31, 2008 and 2007 are as follows (in thousands):

	2008		2007	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Deferred compensation	\$ 6,327	\$	\$ 4,418	\$
Net operating loss carryforwards	5,512		6,592	
Interest rate swap	2,382		1,041	
Purchased in-process research and development	1,251		1,658	
Accrued expenses	898		887	
Impaired investment interest	738			
Tax credit carryforwards	237		548	
Other		345		449
Property and equipment		468	985	
Acquired technology		691		3,808
Trade names		4,750		5,440
Other intangible assets		8,122		5,616
Customer relationships		51,232		60,192
Total	17,345	65,608	16,129	75,505
Valuation allowance	(4,572)		(5,102)	
Total	\$ 12,773	\$ 65,608	\$ 11,027	\$ 75,505

At December, 31, 2008, the Company has not accrued deferred income taxes of \$9.1 million on unremitted earnings from non-U.S. subsidiaries as such earnings are expected to be reinvested overseas and used to service Canadian debt. At December 31, 2008, the Company had U.S. federal foreign tax credit carryforwards of \$0.2 million that begin to expire in 2011.

At December 31, 2008, the Company had U.S. federal net operating loss carryforwards of \$1.2 million that begin to expire in 2017. As defined in Section 382 of the Internal Revenue Code, certain ownership changes limit the annual utilization of federal net operating losses and tax credit carryforwards. The Company does not believe that the Section 382 limitation from its previous ownership changes will result in the loss of any net operating loss or credit carryforward. At December 31, 2008, the Company had state net operating loss carryforwards in various states of \$65.2 million that expire between 2009 and 2026. The Company anticipates that approximately \$54.0 million of these state net operating loss carryforwards will expire unused within the next 12 months. At December 31, 2008, the Company had foreign net operating loss carryforwards other than Japan of \$3.4 million, which are available to offset foreign income on an infinite carryforward basis. Japan's net operating loss carryforward of \$0.3 million begins to expire in 2009.

The Company has recorded valuation allowances of \$4.6 million and \$5.1 million at December 31, 2008 and 2007 related to net operating loss carryforwards and tax credits in certain state and foreign jurisdictions. The reduction in the valuation allowance of \$0.5 million was due to the utilization of previously unrecognized net operating loss carryforwards that were used to offset higher than anticipated earnings in domestic and foreign jurisdictions.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table summarizes the activity related to the Company's unrecognized tax benefits for the years ended December 31, 2008 and 2007 (in thousands):

<b>Balance at January 1, 2007</b>	\$ 5,266
Increases related to current year tax positions	452
Foreign exchange translation adjustment	739
<b>Balance at December 31, 2007</b>	6,457
Increases related to current year tax positions	375
Lapse of statute of limitation	(19)
Foreign exchange translation adjustment	(1,020)
<b>Balance at December 31, 2008</b>	\$ 5,793

The Company accrued potential penalties and interest on the unrecognized tax benefits of \$0.3 million and \$0.2 million during 2008 and 2007, respectively, and has recorded a total liability for potential penalties and interest of \$0.5 million and \$0.3 million at December 31, 2008 and 2007, respectively. Unrecognized tax benefits of approximately \$1.4 million are likely to be recognized within the next 12 months due to a lapse of the statute of limitation. These unrecognized tax benefits relate to deductions claimed on tax returns that could be reclassified as capitalized acquisition costs. The Company's unrecognized tax benefits as of December 31, 2008 relate to domestic and foreign taxing jurisdictions.

The Company is subject to examination by tax authorities throughout the world, including such major jurisdictions as the U.S., Canada, Connecticut and New York. In these major jurisdictions, the Company is no longer subject to examination by tax authorities for years prior to 2002, 2005, 2004 and 2004, respectively. The Company's U.S. federal income tax returns are currently under audit for the tax periods ended December 31, 2003 and 2004 and November 23, 2005.

**6. Debt and Derivative Instruments**

At December 31, 2008 and 2007, debt consisted of the following (in thousands):

	<b>2008</b>	<b>2007</b>
Senior credit facility, revolving portion(A)	\$	\$
Senior credit facility, term loan portion, weighted-average interest rate of 3.54% and 7.04%, respectively(A)	203,726	238,009
113/4% senior subordinated notes due 2013(B)	205,000	205,000
	408,726	443,009
Short-term borrowings and current portion of long-term debt	(2,101)	(2,429)

Long-term debt	\$ 406,625	\$ 440,580
----------------	------------	------------

F-17

---



**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On November 23, 2005, in connection with the Transaction, the Company (i) entered into a new \$350 million credit facility, consisting of a \$200 million term loan facility with SS&C as the borrower, a \$75 million-equivalent term loan facility with a Canadian subsidiary as the borrower (\$17 million of which is denominated in U.S. dollars and \$58 million of which is denominated in Canadian dollars) and a \$75 million revolving credit facility, of which \$10 million was immediately drawn (\$5 million of which is denominated in U.S. dollars and \$5 million of which is denominated in Canadian dollars) and (ii) issued \$205 million aggregate principal amount of senior subordinated notes. The portion of the term loan facility denominated in Canadian dollars was \$36.5 million and \$60.0 million, respectively, at December 31, 2008 and 2007. The Company capitalized financing costs of approximately \$17.2 million associated with these facilities. Costs of \$8.5 million associated with the credit facility are being amortized over a period of seven years. Costs of \$8.7 million associated with the senior subordinated notes are being amortized over a period of eight years. Costs of \$2.3 million, \$2.3 million and \$2.8 million were amortized to interest expense in the years ended December 31, 2008, 2007 and 2006, respectively. The unamortized balance of capitalized financing costs is included in intangible and other assets in the Company's consolidated balance sheets.

**(A) Senior Credit Facilities**

Borrowings under the senior credit facilities bear interest at either a floating base rate or a Eurocurrency rate plus, in each case, an applicable margin. In addition, the Company pays a commitment fee in respect of unused revolving commitments at a rate that will be adjusted based on its leverage ratio. The initial commitment fee rate is 0.5% per annum. The Company is obligated to make quarterly principal payments on the term loan of approximately \$2.1 million per year. Subject to certain exceptions, thresholds and other limitations, the Company is required to prepay outstanding loans under its senior credit facilities with the net proceeds of certain asset dispositions and certain debt issuances and 50% of its excess cash flow (as defined in the agreements governing the senior credit facilities), which percentage will be reduced based on the Company reaching certain leverage ratio thresholds.

The obligations under the senior credit facilities are guaranteed by all of SS&C's existing and future wholly owned U.S. subsidiaries and by Holdings, with certain exceptions as set forth in the credit agreement. The obligations of the Canadian borrower are guaranteed by SS&C, each of its U.S. and Canadian subsidiaries and Holdings, with certain exceptions as set forth in the credit agreement. Obligations under the senior credit facilities are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by Holdings, SS&C and each of SS&C's existing and future U.S. subsidiary guarantors (subject to certain limitations for equity interests of foreign subsidiaries and other exceptions as set forth in the credit agreement) and all of Holdings and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. subsidiary guarantors, with certain exceptions as set forth in the credit agreement. The Canadian borrower's borrowings under the senior credit facilities and all guarantees thereof are secured by a perfected first priority security interest in all of SS&C's capital stock and all of the capital stock or other equity interests held by Holdings, SS&C and each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement, and all of Holdings' and SS&C's tangible and intangible assets and the tangible and intangible assets of each of SS&C's existing and future U.S. and Canadian subsidiary guarantors, with certain exceptions as set forth in the credit agreement.

The senior credit facilities contain a number of covenants that, among other things, restrict, subject to certain exceptions, Holdings, SS&C and most of SS&C's subsidiaries' ability to incur additional indebtedness, pay dividends and distributions on capital stock, create liens on assets, enter into sale and lease-back transactions, repay subordinated

indebtedness, make capital expenditures, engage in certain transactions with affiliates, dispose of assets and engage in mergers or acquisitions. In addition, under the senior credit facilities, the Company is required to satisfy and maintain a maximum total leverage ratio and a minimum interest coverage ratio. As of December 31, 2008, the Company was in compliance with the financial and non-financial covenants.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company uses interest rate swap agreements to manage the floating rate portion of its debt portfolio. An interest rate swap is a contractual agreement to exchange payments based on underlying interest rates. In November 2005, the Company entered into three interest rate swap agreements which fixed the interest rates for \$181.9 million of its variable rate debt. Two of the Company's swap agreements, one denominated in U.S. dollars with a notional value of \$50.0 million and one denominated in Canadian dollars with a remaining notional value of approximately \$31.9 million U.S. dollars, expired on December 31, 2008. Under these agreements, the Company was required to pay the counterparty a stream of fixed interest payments of 4.71% and 3.93%, respectively, and in turn, receive variable interest payments based on LIBOR and the Canadian dollar Bankers' Acceptances, respectively, from the counterparty. The Company's third swap agreement is denominated in U.S. dollars, has a notional value of \$100 million and expires in December 2010. Under this agreement, the Company is required to pay the counterparty a stream of fixed interest payments of 4.78% and in turn, receive variable interest payments based on LIBOR (1.46% at December 31, 2008) from the counterparty. The net receipt or payment from the interest rate swap agreements is recorded in interest expense and increased net interest expense by \$1.9 million during 2008 and decreased net interest expense by \$1.2 million during 2007. The interest rate swaps are designated and qualify as cash flow hedges under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. As such, the swaps are accounted for as assets and liabilities in the consolidated balance sheet at fair value.

On January 1, 2008, the Company adopted the provisions of SFAS No. 157, *Fair Value Measurements* (SFAS No. 157), with respect to the valuation of its interest rate swap agreements. The Company did not adopt the provisions of SFAS No. 157 as they relate to nonfinancial assets pursuant to FSP FAS 157-2, *Effective Date of FASB Statement No. 157*. The major categories of assets that are measured at fair value for which the Company has not applied the provisions of SFAS No. 157 include the measurement of fair value in the first step of a goodwill impairment test under SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 157 clarifies how companies are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, a framework for measuring fair value, and expanding disclosures about fair value measurements. The adoption of SFAS No. 157 did not have a material impact on the Company's results of operations or financial position. In October 2008, the FASB issued FSP FAS 157-3 *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active* (FSP FAS 157-3), which is effective upon issuance for all financial statements that have not been issued. FSP FAS 157-3 clarifies the application of SFAS 157 in a market that is not active. The Company has adopted FSP FAS 157-3 effective with this filing. FSP FAS 157-3 does not have a material impact on the Company's financial position, financial performance or cash flows.

SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company determines the fair value of its interest rate swaps based on the amount at which it could be settled, which is referred to in SFAS No. 157 as the exit price. This price is based upon observable market assumptions and appropriate valuation adjustments for credit risk. The Company has categorized its interest rate swaps as Level 2 under SFAS No. 157. The fair value of the Company's remaining interest rate swap was a liability of \$6.6 million at December 31, 2008. The fair value of the three interest rate swaps at December 31, 2007 was a liability of \$2.9 million.

For the years ended December 31, 2008, 2007 and 2006, the Company recognized unrealized losses of \$2.4 million and \$2.6 million and unrealized gains of \$0.6 million, respectively, net of tax, in other comprehensive income related to the change in fair value of the swaps. There is no income statement impact from changes in the fair value of the swap agreements as the hedges have been assessed to have no ineffectiveness. The fair value of the swaps recorded in other comprehensive income may be recognized in the statement of operations if certain terms of

F-19

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

the senior credit facility change, if the loan is extinguished or if the swaps agreements are terminated prior to maturity.

**(B) 113/4% Senior Subordinated Notes due 2013**

The 113/4% senior subordinated notes due 2013 are unsecured senior subordinated obligations of SS&C that are subordinated in right of payment to all existing and future senior debt of SS&C, including the senior credit facilities. The senior subordinated notes will be *pari passu* in right of payment to all future senior subordinated debt of SS&C. The senior subordinated notes are jointly and severally fully and unconditionally guaranteed on an unsecured senior subordinated basis by all existing and future direct and indirect domestic subsidiaries of SS&C that guarantee the obligations under the senior credit facilities or any of SS&C's other indebtedness or the indebtedness of the guarantors.

The senior subordinated notes are redeemable in whole or in part, at SS&C's option, at any time at varying redemption prices that generally include premiums, which are defined in the indenture. In addition, upon a change of control, SS&C is required to make an offer to redeem all of the senior subordinated notes at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

The indenture governing the senior subordinated notes contains a number of covenants that restrict, subject to certain exceptions, SS&C's ability and the ability of its restricted subsidiaries to incur additional indebtedness, pay dividends, make certain investments, create liens, dispose of certain assets and engage in mergers or acquisitions. Although the indenture generally limits the ability of Holdings to obtain funds from its subsidiaries, whether by dividend or loan, the indenture permits SS&C, after an initial public offering of Holdings, to pay dividends to Holdings in an amount not to exceed in any fiscal year 6% of the net proceeds received by SS&C through a contribution to equity capital from such offering to enable Holdings to pay dividends to its stockholders. An event of default on the senior credit facility that leads to an acceleration of those amounts due also results in a default under the indenture governing the senior subordinated notes. As of December 31, 2008, SS&C was in compliance with the financial covenants.

The estimated fair value of SS&C's senior subordinated notes due 2013 is \$180.2 million at December 31, 2008. The estimated fair value of SS&C's senior subordinated notes was based on quoted market prices on or about December 31, 2008 and is presented to satisfy the disclosure requirements of SFAS No. 107, *Disclosures about Fair Values of Financial Instruments* (SFAS 107).

At December 31, 2008, annual maturities of long-term debt during the next five years and thereafter are as follows (in thousands):

<b>Year Ending December 31,</b>	
2009	\$ 2,101
2010	2,101
2011	2,101
2012	197,423
2013	205,000
	\$ 408,726

**7. Leases**

The Company is obligated under noncancelable operating leases for office space and office equipment. Total rental expense was \$9.5 million, \$9.0 million and \$9.0 million for the years ended December 31, 2008, 2007 and 2006, respectively. The lease for the corporate facility in Windsor, Connecticut expires in 2016. Future minimum

F-20

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

lease payments under the Company's operating leases, excluding future sublease income, as of December 31, 2008, are as follows (in thousands):

**Year Ending December 31,**

2009	\$ 7,540
2010	7,170
2011	5,984
2012	5,242
2013	4,024
2014 and thereafter	6,178
	\$ 36,138

The Company subleases office space to other parties under noncancelable leases. The Company received rental income under these leases of \$1.4 million, \$1.5 million and \$1.4 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Future minimum lease receipts under these leases as of December 31, 2008 are as follows (in thousands):

**Year Ending December 31,**

2009	\$ 1,191
2010	1,205
2011	1,205
2012	1,205
2013	1,205
2014 and thereafter	200
	\$ 6,211

**8. Defined Contribution Plans**

The Company has a 401(k) Retirement Plan (the "Plan") that covers substantially all domestic employees. Each employee may elect to contribute to the Plan, through payroll deductions, up to 20% of his or her salary, subject to certain limitations. The Plan provides for a Company match of employees' contributions in an amount equal to 50% of an employee's contributions up to \$3,000 per year. The Company offers employees a selection of various public mutual funds but does not include Company common stock as an investment option in its Plan.

During the years ended December 31, 2008, 2007 and 2006, the Company incurred \$1.3 million, \$1.3 million and \$1.0 million, respectively, of matching contribution expenses related to this plan.

## **9. Stock Option and Purchase Plans**

In April 2008, the SS&C Holdings Board of Directors adopted, and its stockholders approved, an equity-based incentive plan ( the 2008 Plan ), which authorizes equity awards to be granted for up to 166,666 shares of SS&C Holdings common stock. Under the 2008 Plan, which became effective in July 2008, the exercise price of awards is set on the grant date and may not be less than the fair market value per share on such date. Generally, awards expire ten years from the date of grant. SS&C Holdings has not granted any options under the 2008 Plan.

In August 2006, the Board of Directors of SS&C Holdings adopted the 2006 equity incentive plan (the Plan ), which authorizes equity awards to be granted for up to 1,314,567 shares of SS&C Holdings common stock. Under the Plan, the exercise price of awards is set on the grant date and may not be less than the fair market value per share



**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

on such date. Generally, awards expire ten years from the date of grant. SS&C Holdings has granted both time-based and performance-based options under the Plan.

Time-based options granted upon adoption of the Plan vested 25% on November 23, 2006 and 1/36th of the remaining balance each month thereafter for 36 months. Time-based options granted thereafter generally vest 25% on the first anniversary of the grant date and 1/36th of the remaining balance each month thereafter for 36 months. All time-based options can vest upon a change in control, subject to certain conditions. There were no time-based options granted during 2008. Time-based options granted during 2007 and 2006 have a weighted-average grant date fair value of \$35.57 and \$31.08 per share, respectively, based on the Black-Scholes option pricing model. Compensation expense is recorded on a straight-line basis over the requisite service period, with the exception of the options granted upon adoption of the Plan, for which the first 25%, was recorded between the grant date and November 23, 2006, to mirror the vesting. The fair value of time-based options vested during the years ended December 31, 2008, 2007 and 2006 was approximately \$3.4 million, \$3.6 million and \$3.9 million, respectively. At December 31, 2008, there was approximately \$3.1 million of unearned non-cash stock-based compensation that the Company expects to recognize as expense over a weighted average remaining period of approximately one year.

Certain performance-based options granted under the Plan vest upon the attainment of annual EBITDA targets for the Company during the five fiscal year periods following the date of grant. Additionally, EBITDA in excess of the EBITDA target in any given year shall be applied to the EBITDA of any previous year for which the EBITDA target was not met in full such that attainment of a prior year EBITDA target can be achieved subsequently. In the event all EBITDA targets of previous years were met in full, the excess EBITDA shall be applied to the EBITDA of future years. These performance-based options can also vest upon a change in control, subject to certain conditions. There were no such performance-based options granted during 2008. Performance-based options of this type granted during 2007 and 2006 have a weighted-average grant date fair value of \$37.68 and \$32.98 per share, respectively, based on the Black-Scholes option pricing model. Compensation expense is recorded at the time that the attainment of the annual and cumulative EBITDA targets becomes probable. In April 2007, the Board of Directors of SS&C Holdings approved (i) the vesting, as of April 18, 2007, of 50% of the performance-based options granted to the Company's employees through March 31, 2007 that would have vested if the Company had met its EBITDA target for fiscal year 2006 (collectively, the 2006 Performance Options); (ii) the vesting, conditioned upon the Company's meeting its EBITDA target for fiscal year 2007, of the other 50% of the 2006 Performance Options; and (iii) the reduction of the Company's EBITDA target for fiscal year 2007. The Company re-measured those awards using the Black-Scholes option-pricing model and assumptions reflecting current facts and circumstances as of the modification date. As of the modification date, the Company estimated the fair value of the modified performance-based options to be \$45.45. In estimating the common stock value, the Company used several methods, including the income approach, guideline company method and comparable transaction method. The Company used the following assumptions to estimate the value of the modified performance-based options: expected term to exercise of 3.5 years; expected volatility of 41.0%; risk-free interest rate of 4.57%; and no dividend yield. Expected volatility is based on a combination of the Company's historical volatility adjusted for the Transaction and historical volatility of the Company's peer group. Expected term to exercise is based on the Company's historical stock option exercise experience, adjusted for the Transaction. In March 2008, SS&C Holdings' Board of Directors approved (i) the vesting, conditioned upon the Company's EBITDA for 2008 falling within the targeted range, of the 2006 and 2007 performance-based options that did not otherwise vest during 2006 or 2007, and (ii) the reduction of the Company's annual EBITDA target range for 2008. As of that date, the Company estimated the weighted-average fair value of its performance-based options that vest upon the attainment of the 2008 EBITDA target range to be \$41.06. In estimating the common stock value, the Company valued the

Company using several methods, including the income approach, guideline company method and comparable transaction method. The Company used the following weighted-average assumptions to estimate the option value: expected term to exercise of 2.5 years; expected volatility of 26.0%; risk-free interest rate of 1.735%; and no dividend yield. Expected volatility is based on the historical volatility of the Company's peer group. Expected term to exercise is based on the Company's historical stock option exercise experience, adjusted for the Transaction. The

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

fair value of these performance-based options vested during the years ended December 31, 2008, 2007 and 2006 was approximately \$3.9 million, \$7.4 million and \$0, respectively. In February 2009, the Board of Directors of SS&C Holdings approved the vesting of the 2006, 2007 and 2008 performance-based options that did not otherwise vest during 2008. At December 31, 2008, there was approximately \$5.7 million of unearned non-cash stock-based compensation that the Company could recognize as expense over approximately the next two years when and if the attainment of the future EBITDA targets becomes probable.

For the time-based and performance-based options valued using the Black-Scholes option-pricing model, the Company used the following assumptions:

	<b>Time-based Awards</b>		<b>Performance-based Awards</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Expected term to exercise (years)	4.0	4.0	4.5	4.5
Expected volatility	45.85%	45.85%	45.85%	45.85%
Risk-free interest rate	4.57%	4.86%	4.57%	4.86%
Expected dividend yield	0%	0%	0%	0%

Expected volatility is based on a combination of the Company's historical volatility adjusted for the Transaction and historical volatility of the Company's peer group. Expected term to exercise is based on the Company's historical stock option exercise experience, adjusted for the Transaction. There were no options granted during 2008.

The remaining performance-based options vest only upon a change in control in which certain internal rate of return targets are attained ( Liquidity Options ). There were no such performance-based options granted during 2008. Performance-based options of this type granted during 2007 and 2006 have a weighted-average grant date fair value of approximately \$8.17 and \$21.23 per share, respectively. Compensation expense will be recorded at the time that a change in control becomes probable. The Company did not record stock-based compensation expense related to these options during the years ended December 31, 2008, 2007 and 2006. At December 31, 2008, there was approximately \$4.3 million of unearned non-cash stock-based compensation that the Company expects to recognize when and if a change in control becomes probable.

The Company generally settles stock option exercises with newly issued common shares of SS&C Holdings, the Company's parent. The issuance of SS&C Holdings shares is recorded as an additional capital contribution by the Company.

The amount of stock-based compensation expense recognized in the Company's consolidated statements of operations for the years ended December 31, 2008, 2007 and 2006 was as follows (in thousands):

**2008                      2007                      2006**

**Statement of operations classification**

Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Cost of maintenance	\$ 142	\$ 257	\$ 100
Cost of professional services	240	343	124
Cost of software-enabled services	1,621	2,452	785
Total cost of revenues	2,003	3,052	1,009
Selling and marketing	1,184	1,803	647
Research and development	777	1,146	425
General and administrative	3,359	4,978	1,790
Total operating expenses	5,320	7,927	2,862
Total stock-based compensation expense	\$ 7,323	\$ 10,979	\$ 3,871

F-23

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The associated future income tax benefit recognized was \$2.1 million, \$3.2 million and \$1.2 million for the years ended December 31, 2008, 2007 and 2006, respectively.

For the year ended December 31, 2008, the amount of cash received from the exercise of stock options was less than \$0.1 million, with an associated tax benefit realized of less than \$0.1 million. The intrinsic value of options exercised during the year ended December 31, 2008 was approximately \$1.3 million. For the year ended December 31, 2007, the amount of cash received from the exercise of stock options was less than \$0.1 million, with an associated tax benefit realized of less than \$0.1 million. The intrinsic value of options exercised during the year ended December 31, 2007 was less than \$0.1 million. For the year ended December 31, 2006, the amount of cash received from the exercise of stock options was \$0.1 million, with an associated tax benefit realized of \$0.1 million. The intrinsic value of options exercised during the year ended December 31, 2006 was \$0.2 million.

The following table summarizes stock option transactions for the years ended December 31, 2008, 2007 and 2006:

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
Outstanding at December 31, 2005 (Rollover options)	484,467	\$ 16.97
Granted	1,176,331	74.50
Cancelled	(42,885)	74.50
Exercised	(4,467)	21.34
Outstanding at December 31, 2006	1,613,446	57.37
Granted	43,500	86.00
Cancelled/forfeited	(36,050)	73.88
Exercised	(225)	7.33
Outstanding at December 31, 2007	1,620,671	57.78
Granted		
Cancelled/forfeited	(73,216)	75.40
Exercised	(34,262)	70.00
Outstanding at December 31, 2008	1,513,193	56.65

The following table summarizes information about stock options outstanding that are expected to vest and stock options outstanding that are exercisable at December 31, 2008:

**Outstanding, Vested Options Currently Exercisable**  
**Weighted**

**Outstanding Options Expected to Vest**

-

<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Aggregate Intrinsic Value (In thousands)</b>	<b>Average Remaining Contractual Term (years)</b>	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Aggregate Intrinsic Value (In thousands)</b>	<b>Weighted-Average Remaining Contractual Term (years)</b>
1,035,217	\$ 48.13	\$ 38,845	5.7	100,561	\$ 75.53	\$ 1,018	7.7

## 10. Acquisitions

On October 1, 2008, the Company purchased substantially all the assets of Micro Design Services, LLC ( MDS ), for approximately \$17.8 million in cash, plus the costs of effecting the transaction, and the assumption of certain liabilities. MDS specializes in the design and development of real-time, mission-critical order routing and execution services for equities, options and commodities exchanges and brokerage firms.

The net assets and results of operations of MDS have been included in the Company's consolidated financial statements from October 1, 2008. The purchase price was allocated to tangible and intangible assets based on their

**Table of Contents**

**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

fair value at the date of acquisition. The fair value of the intangible assets, consisting of completed technology, trade name, client relationships and client contracts, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for the completed technology and trade name and the discounted cash flows method was utilized for the contractual relationships. The intangible assets are amortized each year based on the ratio that current cash flows for the intangible asset bear to the total of current and expected future cash flows for the intangible asset. The completed technology and trade name are amortized over approximately six years, and the contractual relationships are amortized over approximately eight years, the estimated lives of the assets. The remainder of the purchase price was allocated to goodwill.

On March 12, 2007, the Company purchased substantially all the assets of Northport LLC ( Northport ), for approximately \$5.1 million in cash, plus the costs of effecting the transaction, and the assumption of certain liabilities. Northport provides accounting and management services to private equity funds.

The net assets and results of operations of Northport have been included in the Company s consolidated financial statements from March 1, 2007. The purchase price was allocated to tangible and intangible assets based on their fair value at the date of acquisition. The fair value of the intangible assets, consisting of client relationships and client contracts, was determined using the future cash flows method. The intangible assets are amortized each year based on the ratio that current cash flows for the intangible asset bear to the total of current and expected future cash flows for the intangible asset. The intangible assets are amortized over approximately seven years, the estimated life of the assets. The remainder of the purchase price was allocated to goodwill.

On August 31, 2006, the Company purchased substantially all the assets of Zoologic, Inc. ( Zoologic ) for approximately \$3.0 million in cash, plus the costs of effecting the transaction. Zoologic provides web-based courseware and instructor-led training for the securities, asset management and wealth management markets.

The net assets and results of operations of Zoologic have been included in the Company s consolidated financial statements from September 1, 2006. The purchase price was allocated to tangible and intangible assets based on their fair value at the date of acquisition. The fair value of the intangible assets, consisting of completed technology, trade name, client relationships and client contracts, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for the completed technology and trade name and the discounted cash flows method was utilized for the contractual relationships. The intangible assets are amortized each year based on the ratio that current cash flows for the intangible asset bear to the total of current and expected future cash flows for the intangible asset. The completed technology and trade name are amortized over approximately six years, and the contractual relationships are amortized over approximately three years, the estimated lives of the assets. The remainder of the purchase price was allocated to goodwill.

On March 3, 2006, the Company purchased all of the outstanding stock of Cogent Management Inc. ( Cogent ), for \$12.25 million in cash, plus the costs of effecting the transaction. The Company used \$6.25 million of cash on hand and borrowed \$6.0 million under the revolving portion of its senior credit facility to fund the acquisition. Cogent provides hedge fund management services primarily to U.S.-based hedge funds.

The net assets and results of operations of Cogent have been included in the Company s consolidated financial statements from March 1, 2006. The purchase price was allocated to tangible and intangible assets based on their fair value at the date of acquisition. The fair value of the intangible assets, consisting of client relationships and client

contracts, was determined using the future cash flows method. The intangible assets are amortized each year based on the ratio that current cash flows for the intangible asset bear to the total of current and expected future cash flows for the intangible asset. The intangible assets are amortized over approximately seven years, the estimated life of the assets. The remainder of the purchase price was allocated to goodwill.

F-25

---



**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following summarizes the allocation of the purchase price for the acquisitions of Micro Design Services, Northport, Zoologic and Cogent (in thousands):

	<b>Micro Design</b>	<b>Northport</b>	<b>Zoologic</b>	<b>Cogent</b>
Tangible assets acquired, net of cash received	\$ 1,216	\$ 708	\$ 505	\$ 1,019
Completed technology	2,300		425	
Trade names	155		60	
Acquired client relationships and contracts	5,370	1,500	500	4,500
Goodwill	8,937	3,303	2,535	9,328
Deferred revenue	(114)	(350)	(1,163)	(756)
Debt				(300)
Deferred taxes				(1,755)
Other liabilities assumed		(31)	(150)	(142)
Consideration paid, net of cash acquired	\$ 17,864	\$ 5,130	\$ 2,712	\$ 11,894

The following unaudited pro forma condensed consolidated results of operations is provided for illustrative purposes only and assumes that the acquisitions of Micro Design Services, Northport, Zoologic and Cogent occurred on January 1, 2006. This unaudited pro forma information (in thousands) should not be relied upon as being indicative of the historical results that would have been obtained if these acquisitions had actually occurred on that date, nor of the results that may be obtained in the future.

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Revenues	\$ 285,875	\$ 258,194	\$ 219,886
Net income	20,457	9,828	4,458

The pro forma results of operations presented above include a reduction in revenues of \$3.6 million for 2006 related to the deferred revenue adjustment recorded in connection with the Transaction.

**11. Related Party Transactions**

The Company has agreed to pay TC Group, L.L.C. an annual fee of \$1.0 million for certain management services to be performed by TC Group, L.L.C. following the Transaction, and will also pay Carlyle additional reasonable compensation for other services provided by TC Group, L.L.C. to the Company from time to time, including investment banking, financial advisory and other services.

In 2008, the Company agreed to provide fund administration services to certain investment funds affiliated with The Carlyle Group. In 2008, the Company recorded revenue of \$0.5 million under this arrangement.

## **12. Commitments and Contingencies**

From time to time, the Company is subject to certain other legal proceedings and claims that arise in the normal course of its business. In the opinion of management, the Company is not involved in any such litigation or proceedings by third parties that management believes could have a material adverse effect on the Company or its business.

## **13. Product and Geographic Sales Information**

The Company operates in one reportable segment, as defined by SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information . There were no sales to any individual clients during the periods in the three-year period ended December 31, 2008 that represented 10% or more of net sales. The Company attributes net sales to an individual country based upon location of the client.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Company manages its business primarily on a geographic basis. The Company's reportable regions consist of the United States, Canada, Americas excluding the United States and Canada, Europe and Asia Pacific and Japan. The European region includes European countries as well as the Middle East and Africa.

The Company relies exclusively on its operations in the Netherlands for sales of its Altair product. Total revenue derived from this product was \$2.7 million, \$2.2 million and \$2.0 million in the years ended December 31, 2008, 2007 and 2006, respectively.

Revenues by geography were (in thousands):

	<b>2008</b>	<b>2007</b>	<b>2006</b>
United States	\$ 169,749	\$ 147,104	\$ 122,341
Canada	44,112	40,892	35,924
Americas excluding United States and Canada	4,448	4,672	2,850
Europe	53,860	49,612	40,150
Asia Pacific and Japan	7,837	5,888	4,204
	<b>\$ 280,006</b>	<b>\$ 248,168</b>	<b>\$ 205,469</b>

Long-lived assets as of December 31, were (in thousands):

	<b>2008</b>	<b>2007</b>
United States	\$ 20,107	\$ 20,702
Canada	5,132	4,580
Americas excluding United States and Canada	141	134
Europe	300	523
Asia Pacific and Japan	444	124
	<b>\$ 26,124</b>	<b>\$ 26,063</b>

Revenues by product group were (in thousands):

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Portfolio management/accounting	\$ 223,864	\$ 192,617	\$ 152,094
Trading/treasury operations	29,367	29,341	27,686
Financial modeling	8,685	8,919	9,446

Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Loan management/accounting	5,189	5,120	5,296
Property management	5,874	5,514	5,983
Money market processing	4,032	4,498	4,083
Training	2,995	2,159	881
	\$ 280,006	\$ 248,168	\$ 205,469

F-27

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. Selected Quarterly Financial Data (Unaudited)**

<b>2008</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>
	<b>(In thousands)</b>			
Revenue	\$ 68,523	\$ 72,195	\$ 71,001	\$ 68,287
Gross profit	33,600	35,779	35,029	33,165
Operating income	15,822	17,276	15,579	16,406
Net income	3,736	3,786	4,810	6,469
<b>2007</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>
	<b>(In thousands)</b>			
Revenue	\$ 55,914	\$ 60,328	\$ 63,483	\$ 68,443
Gross profit	26,472	28,020	31,114	33,680
Operating income	11,047	9,598	13,902	14,183
Net income (loss)	(173)	(1,059)	2,221	5,586

**15. Subsequent Event**

On March 20, 2009, the Company purchased substantially all the assets of Evare, LLC ( Evare ), for approximately \$3.5 million in cash, plus the costs of effecting the transaction, and the assumption of certain liabilities. Evare is a managed utility service provider for financial data acquisition, enrichment, transformation and delivery. The net assets and results of operations of Evare will be included in the Company's consolidated financial statements from March 20, 2009.

**16. Supplemental Guarantor Condensed Consolidating Financial Statements**

On November 23, 2005, in connection with the Transaction, the Company issued \$205 million aggregate principal amount of 113/4% senior subordinated notes due 2013. The senior subordinated notes are jointly and severally and fully and unconditionally guaranteed on an unsecured senior subordinated basis, in each case, subject to certain exceptions, by substantially all wholly owned domestic subsidiaries of the Company (collectively Guarantors ). All of the Guarantors are 100% owned by the Company. All other subsidiaries of the Company, either direct or indirect, do not guarantee the senior subordinated notes ( Non-Guarantors ). The Guarantors also unconditionally guarantee the senior secured credit facilities. There are no significant restrictions on the ability of the Company or any of the subsidiaries that are Guarantors to obtain funds from its subsidiaries by dividend or loan.

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Condensed consolidating financial information as of December 31, 2008 and December 31, 2007 and for the years ended December 31, 2008, 2007 and 2006 are presented. The condensed consolidating financial information of the Company and its subsidiaries are as follows:

	<b>December 31, 2008</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non- Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
Cash and cash equivalents	\$ 10,329	\$ 5,180	\$ 13,790	\$	\$ 29,299
Accounts receivable, net	19,945	6,397	11,976		38,318
Prepaid expenses and other current assets	1,342	530	2,455		4,327
Deferred income taxes	673	92	340	2,672	3,777
Property and equipment, net	8,574	1,007	4,449		14,030
Investment in subsidiaries	126,555			(126,555)	
Intercompany balances	134,025	(20,441)	(113,584)		
Deferred income taxes, long-term		606	489	(1,095)	
Goodwill, intangible and other assets, net	747,894	35,702	254,006		1,037,602
<b>Total assets</b>	<b>\$ 1,049,337</b>	<b>\$ 29,073</b>	<b>\$ 173,921</b>	<b>\$ (124,978)</b>	<b>\$ 1,127,353</b>
Current portion of long-term debt	\$ 1,724	\$	\$ 377	\$	\$ 2,101
Accounts payable	448	132	1,241		1,821
Accrued expenses	20,127	1,472	5,609		27,208
Deferred income taxes		125		(125)	
Income taxes payable	1,102	2	3,794		4,898
Deferred maintenance and other revenue	20,643	2,788	7,413		30,844
Long-term debt, net of current portion	370,551		36,074		406,625
Other long-term liabilities	4,294		5,697		9,991
Deferred income taxes, long-term	43,195		11,715	1,702	56,612
<b>Total liabilities</b>	<b>462,084</b>	<b>4,519</b>	<b>71,920</b>	<b>1,577</b>	<b>540,100</b>
Stockholder s equity	587,253	24,554	102,001	(126,555)	587,253
<b>Total liabilities and stockholder s equity</b>	<b>\$ 1,049,337</b>	<b>\$ 29,073</b>	<b>\$ 173,921</b>	<b>\$ (124,978)</b>	<b>\$ 1,127,353</b>



**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>December 31, 2007</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,031	\$ 1,984	\$ 8,160	\$	\$ 19,175
Accounts receivable, net	19,281	4,792	15,473		39,546
Prepaid expenses and other current assets	3,441	421	3,375		7,237
Deferred income taxes	497	77	595		1,169
Property and equipment, net	8,475	661	3,904		13,040
Investment in subsidiaries	121,363			(121,363)	
Intercompany balances	151,489	(8,769)	(142,720)		
Deferred income taxes, long-term		1,026		(1,026)	
Goodwill, intangible and other assets, net	772,445	20,766	317,117		1,110,328
<b>Total assets</b>	<b>\$ 1,086,022</b>	<b>\$ 20,958</b>	<b>\$ 205,904</b>	<b>\$ (122,389)</b>	<b>\$ 1,190,495</b>
Current portion of long-term debt	\$ 1,817	\$	\$ 612	\$	\$ 2,429
Accounts payable	1,407	56	1,095		2,558
Accrued expenses	15,248	1,725	6,838		23,811
Income taxes payable	623		2,558		3,181
Deferred maintenance and other revenue	18,768	2,894	7,818		29,480
Long-term debt, net of current portion	381,214		59,366		440,580
Other long-term liabilities	3,680		6,536		10,216
Deferred income taxes, long-term	50,672		16,001	(1,026)	65,647
<b>Total liabilities</b>	<b>473,429</b>	<b>4,675</b>	<b>100,824</b>	<b>(1,026)</b>	<b>577,902</b>
Stockholder's equity	612,593	16,283	105,080	(121,363)	612,593
<b>Total liabilities and stockholder's equity</b>	<b>\$ 1,086,022</b>	<b>\$ 20,958</b>	<b>\$ 205,904</b>	<b>\$ (122,389)</b>	<b>\$ 1,190,495</b>

	<b>For the Year Ended December 31, 2008</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
Revenues	\$ 115,501	\$ 78,577	\$ 87,514	\$ (1,586)	\$ 280,006



Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Cost of revenues	65,069	44,268	34,682	(1,586)	142,433
Gross profit	50,432	34,309	52,832		137,573
Operating expenses:					
Selling & marketing	12,085	1,799	5,682		19,566
Research & development	14,237	4,163	8,404		26,804
General & administrative	18,995	1,318	5,807		26,120
Total operating expenses	45,317	7,280	19,893		72,490
Operating income	5,115	27,029	32,939		65,083
Interest expense, net	(26,117)	(3)	(15,010)		(41,130)
Other income, net	541	106	1,347		1,994
(Loss) income before income taxes	(20,461)	27,132	19,276		25,947
(Benefit) provision for income taxes	(4,905)	5,657	6,394		7,146
Equity in net income of subsidiaries	34,357			(34,357)	
Net income	\$ 18,801	\$ 21,475	\$ 12,882	\$ (34,357)	\$ 18,801

F-30

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>For the Year Ended December 31, 2007</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
Revenues	\$ 101,686	\$ 66,431	\$ 81,566	\$ (1,515)	\$ 248,168
Cost of revenues	58,086	41,399	30,912	(1,515)	128,882
Gross profit	43,600	25,032	50,654		119,286
Operating expenses:					
Selling & marketing	12,471	1,717	5,513		19,701
Research & development	14,747	3,360	8,175		26,282
General & administrative	18,424	1,024	5,125		24,573
Total operating expenses	45,642	6,101	18,813		70,556
Operating (loss) income	(2,042)	18,931	31,841		48,730
Interest expense, net	(27,754)	10	(16,780)		(44,524)
Other income, net	(422)	(139)	2,472		1,911
Income (loss) before income taxes	(30,218)	18,802	17,533		6,117
(Benefit) provision for income taxes	(7,778)	3,695	3,625		(458)
Equity in net income of subsidiaries	29,015			(29,015)	
Net income	\$ 6,575	\$ 15,107	\$ 13,908	\$ (29,015)	\$ 6,575

	<b>For the Year Ended December 31, 2006</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
Revenues	\$ 81,934	\$ 55,705	\$ 69,397	\$ (1,567)	\$ 205,469
Cost of revenues	41,379	34,130	26,074	(1,567)	100,016
Gross profit	40,555	21,575	43,323		105,453
Operating expenses:					
Selling & marketing	10,268	2,088	5,242		17,598
Research & development	12,858	3,295	7,467		23,620
General & administrative	13,418	1,116	5,832		20,366
Total operating expenses	36,544	6,499	18,541		61,584
Operating income	4,011	15,076	24,782		43,869

Edgar Filing: SS&C TECHNOLOGIES INC - Form 10-K

Interest expense, net	(30,361)	(7)	(16,671)		(47,039)
Other income, net	429	5	22		456
Income (loss) before income taxes	(25,921)	15,074	8,133		(2,714)
Provision (benefit) for income taxes	(10,916)	6,348	779		(3,789)
Equity in net income of subsidiaries	16,080			(16,080)	
Net income	\$ 1,075	\$ 8,726	\$ 7,354	\$ (16,080)	\$ 1,075

F-31

---

**Table of Contents****SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>For the Year Ended December 31, 2008</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non- Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
<b>Cash Flow from Operating Activities:</b>					
Net income	\$ 18,801	21,475	\$ 12,882	\$ (34,357)	\$ 18,801
Non-cash adjustments	(6,424)	3,320	9,032	34,357	40,285
Changes in operating assets and liabilities	3,305	(1,200)	464		2,569
Net cash provided by operating activities	15,682	23,595	22,378		61,655
<b>Cash Flow from Investment Activities:</b>					
Intercompany transactions	(1,011)	(1,771)	2,782		
Cash paid for businesses acquired, net of cash acquired		(17,864)			(17,864)
Additions to property and equipment and software	(2,662)	(764)	(3,320)		(6,746)
Proceeds from sale of property and equipment	2				2
Net cash used in investing activities	(3,671)	(20,399)	(538)		(24,608)
<b>Cash Flow from Financing Activities:</b>					
Net repayments of debt	(10,755)		(14,819)		(25,574)
Transactions involving SS&C Technologies Holdings, Inc. common stock	42				42
Net cash used in financing activities	(10,713)		(14,819)		(25,532)
Effect of exchange rate changes on cash			(1,391)		(1,391)
Net increase in cash and cash equivalents	1,298	3,196	5,630		10,124
Cash and cash equivalents, beginning of period	9,031	1,984	8,160		19,175
Cash and cash equivalents, end of period	\$ 10,329	\$ 5,180	\$ 13,790	\$	\$ 29,299

Table of Contents**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	<b>For the Year Ended December 31, 2007</b>				
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non- Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
<b>Cash Flow from Operating Activities:</b>					
Net income	\$ 6,575	\$ 15,107	\$ 13,908	\$ (29,015)	\$ 6,575
Non-cash adjustments	2,766	1,993	8,314	29,015	42,088
Changes in operating assets and liabilities	8,402	(1,911)	1,903		8,394
Net cash provided by operating activities	17,743	15,189	24,125		57,057
<b>Cash Flow from Investment Activities:</b>					
Intercompany transactions	17,092	(10,152)	(6,940)		
Cash paid for businesses acquired, net of cash acquired		(5,127)	(3)		(5,130)
Additions to property and equipment and software	(5,977)	(243)	(1,497)		(7,717)
Proceeds from sale of property and equipment	7		1		8
Net cash provided by (used in) investing activities	11,122	(15,522)	(8,439)		(12,839)
<b>Cash Flow from Financing Activities:</b>					
Net repayments of debt	(22,969)		(14,519)		(37,488)
Transactions involving SS&C Technologies Holdings, Inc. common stock	80				80
Net cash used in financing activities	(22,889)		(14,519)		(37,408)
Effect of exchange rate changes on cash			647		647
Net increase (decrease) in cash and cash equivalents	5,976	(333)	1,814		7,457
Cash and cash equivalents, beginning of period	3,055	2,317	6,346		11,718
Cash and cash equivalents, end of period	\$ 9,031	\$ 1,984	\$ 8,160	\$	\$ 19,175

Table of Contents**SS&C TECHNOLOGIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

		<b>For the Year Ended December 31, 2006</b>			
	<b>SS&amp;C</b>	<b>Total Guarantors</b>	<b>Total Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total</b>
<b>Cash Flow from Operating Activities:</b>					
Net income	\$ 1,075	\$ 8,726	\$ 7,354	\$ (16,080)	\$ 1,075
Non-cash adjustments	837	1,717	4,964	16,080	23,598
Changes in operating assets and liabilities	3,241	3,336	(541)		6,036
Net cash provided by operating activities	5,153	13,779	11,777		30,709
<b>Cash Flow from Investment Activities:</b>					
Intercompany transactions	9,922	(13,013)	3,091		
Cash paid for businesses acquired, net of cash acquired	(13,500)		(479)		(13,979)
Additions to property and equipment and software	(3,216)	(420)	(1,012)		(4,648)
Proceeds from sale of property and equipment			1		1
Net cash provided by (used in) investing activities	(6,794)	(13,433)	1,601		(18,626)
<b>Cash Flow from Financing Activities:</b>					
Net repayments of debt	(2,314)		(14,804)		(17,118)
Transactions involving SS&C Technologies, Holdings, Inc. common stock	691				691
Net cash used in financing activities	(1,623)		(14,804)		(16,427)
Effect of exchange rate changes on cash			478		478
Net increase (decrease) in cash and cash equivalents	(3,264)	346	(948)		(3,866)
Cash and cash equivalents, beginning of period	6,319	1,971	7,294		15,584
Cash and cash equivalents, end of period	\$ 3,055	\$ 2,317	\$ 6,346	\$	\$ 11,718

**Table of Contents****EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
2.1	Agreement and Plan of Merger, dated as of July 28, 2005, by and among Sunshine Acquisition Corporation, Sunshine Merger Corporation and the Registrant is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on July 28, 2005 (File No. 000-28430)
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of August 25, 2005, by among Sunshine Acquisition Corporation, Sunshine Merger Corporation and the Registrant is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on August 30, 2005 (File No. 000-28430)
2.3	Asset Purchase Agreement, dated September 30, 2008, by and among SS&C Technologies New Jersey, Inc., Micro Design Services, LLC and, for the limited purposes stated therein, Roman J. Szymansky and Xavier F. Gonzalez is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on October 2, 2008 (File No. 333-135139)
3.1	Restated Certificate of Incorporation of the Registrant is incorporated herein by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-4, as amended (File No. 333-135139) (the Form S-4)
3.2	Bylaws of the Registrant are incorporated herein by reference to Exhibit 3.2 to the Form S-4
4.1	Indenture, dated as of November 23, 2005, among Sunshine Acquisition II, Inc., the Registrant, the Guarantors named on the signature pages thereto, and Wells Fargo Bank, National Association, as Trustee, relating to the 113/4% Senior Subordinated Notes due 2013, including the form of 113/4% Senior Subordinated Note due 2013, is incorporated herein by reference to Exhibit 4.1 to the Form S-4
4.2	First Supplemental Indenture, dated as of April 27, 2006, among Cogent Management Inc., the Registrant and Wells Fargo Bank, National Association, as Trustee, relating to the 113/4% Senior Subordinated Notes due 2013, is incorporated herein by reference to Exhibit 4.2 to the Form S-4
4.3	Guarantee of 113/4% Senior Subordinated Notes due 2013 by Financial Models Company Ltd., Financial Models Holdings Inc., SS&C Fund Administration Services LLC, OMR Systems Corporation and Open Information Systems, Inc. is incorporated herein by reference to Exhibit 4.3 to the Form S-4
4.4	Guarantee of 113/4% Senior Subordinated Notes due 2013 by Cogent Management Inc. is incorporated herein by reference to Exhibit 4.4 to the Form S-4
4.5	Registration Rights Agreement, dated as of November 23, 2005, among Sunshine Acquisition II, Inc., the Registrant and the Guarantors named therein, as Issuers, and Wachovia Capital Markets, LLC, J.P. Morgan Securities Inc. and Banc of America Securities LLC, as Initial Purchasers, is incorporated herein by reference to Exhibit 4.5 to the Form S-4
4.6	Purchase Agreement, dated as of November 17, 2005, between Sunshine Acquisition II, Inc. and the Initial Purchasers named in Schedule I thereto is incorporated herein by reference to Exhibit 4.6 to the Form S-4
4.7	Joinder Agreement, dated as of November 23, 2005, executed by the Registrant, Financial Models Company Ltd., Financial Models Holdings Inc., SS&C Fund Administration Services LLC, OMR Systems Corporation and Open Information Systems, Inc. is incorporated herein by reference to Exhibit 4.7 to the Form S-4
4.8	

- Joinder Agreement, dated as of April 27, 2006, executed by Cogent Management Inc. is incorporated herein by reference to Exhibit 4.8 to the Form S-4
- 10.1 Credit Agreement, dated as of November 23, 2005, among Sunshine Acquisition II, Inc., the Registrant, SS&C Technologies Canada Corp., the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, Wachovia Bank, National Association, as Syndication Agent, and Bank of America, N.A., as Documentation Agent, is incorporated herein by reference to Exhibit 10.1 to the Form S-4
- 10.2 Guarantee and Collateral Agreement, dated as of November 23, 2005, made by Sunshine Acquisition Corporation, Sunshine Acquisition II, Inc., the Registrant and certain of its subsidiaries in favor of JPMorgan Chase Bank, N.A., as Administrative Agent, is incorporated herein by reference to Exhibit 10.2 to the Form S-4
-



**Table of Contents**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
10.3	CDN Guarantee and Collateral Agreement, dated as of November 23, 2005, made by SS&C Technologies Canada Corp. and 3105198 Nova Scotia Company in favor of JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, is incorporated herein by reference to Exhibit 10.3 to the Form S-4
10.4	Assumption Agreement, dated as of April 27, 2006, made by Cogent Management Inc., in favor of JPMorgan Chase Bank, N.A., as Administrative Agent, is incorporated herein by reference to Exhibit 10.4 to the Form S-4
10.5*	Stockholders Agreement of Sunshine Acquisition Corporation, dated as of November 23, 2005, by and among Sunshine Acquisition Corporation, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., William C. Stone and Other Executive Stockholders (as defined therein) is incorporated herein by reference to Exhibit 10.5 to the Form S-4
10.6	Registration Rights Agreement, dated as of November 23, 2005, by and among Sunshine Acquisition Corporation, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., William C. Stone and Other Executive Investors (as defined therein) is incorporated herein by reference to Exhibit 10.6 to the Form S-4
10.7*	Form of Service Provider Stockholders Agreement of Sunshine Acquisition Corporation by and among Sunshine Acquisition Corporation, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and the Service Provider Stockholders (as defined therein) is incorporated herein by reference to Exhibit 10.7 to the Form S-4
10.8	Management Agreement, dated as of November 23, 2005, between Sunshine Acquisition Corporation, William C. Stone and TC Group, L.L.C. is incorporated herein by reference to Exhibit 10.8 to the Form S-4
10.9	SS&C Technologies, Inc. Management Rights Agreement, dated as of November 23, 2005, by and among Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., Sunshine Acquisition Corporation and the Registrant is incorporated herein by reference to Exhibit 10.9 to the Form S-4
10.10*	1998 Stock Incentive Plan, including form of stock option agreement, is incorporated herein by reference to Exhibit 10.10 to the Form S-4
10.11*	1999 Non-Officer Employee Stock Incentive Plan, including form of stock option agreement, is incorporated herein by reference to Exhibit 10.11 to the Form S-4
10.12*	Form of Option Assumption Notice for 1998 Stock Incentive Plan and 1999 Non-Officer Employee Stock Incentive Plan is incorporated herein by reference to Exhibit 10.12 to the Form S-4
10.13*	2006 Equity Incentive Plan is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 15, 2006 (File No. 333-135139) (the August 15, 2006 8-K )
10.14*	Form of Stock Option Grant Notice and Stock Option Agreement is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 (File No. 333-135139)
10.15*	Form of Dividend Equivalent Agreement is incorporated herein by reference to Exhibit 10.3 to the August 15, 2006 8-K
10.16*	Form of Stock Award Agreement is incorporated herein by reference to Exhibit 10.4 to the August 15, 2006 8-K
10.17*	Employment Agreement, dated as of November 23, 2005, by and between William C. Stone and Sunshine Acquisition Corporation is incorporated herein by reference to Exhibit 10.13 to the Form S-4
10.18	Lease Agreement, dated September 23, 1997, by and between the Registrant and Monarch Life Insurance Company, as amended by First Amendment to Lease dated as of November 18, 1997, is

incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 000-28430)

- 10.19 Second Amendment to Lease, dated as of April 1999, between the Registrant and New Boston Lambertton Limited Partnership is incorporated herein by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 000-28430) (the 2004 10-K )
- 10.20 Third Amendment to Lease, effective as of July 1, 1999, between the Registrant and New Boston Lambertton Limited Partnership is incorporated herein by reference to Exhibit 10.13 to the 2004 10-K
-

**Table of Contents**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
10.21	Fourth Amendment to Lease, effective as of June 7, 2005, between the Registrant and New Boston Lambert Limited Partnership, is incorporated herein by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005 (File No. 000-28430) (the Q2 2005 10-Q )
10.22	Lease Agreement, dated January 6, 1998, by and between Financial Models Company Inc. and Polaris Realty (Canada) Limited, as amended by First Amendment of Lease, dated as of June 24, 1998, and as amended by Second Lease Amending Agreement, dated as of November 13, 1998, is incorporated herein by reference to Exhibit 10.6 to the Q2 2005 10-Q
10.23	First Amendment, dated as of March 6, 2007, to the Credit Agreement, dated as of November 23, 2005, among the Registrant, SS&C Technologies Canada Corp., as CDN Borrower, the several banks and other financial institutions or entities from time to time parties to the Credit Agreement as lenders, Wachovia Bank, National Association, as Syndication Agent, JPMorgan Chase Bank, N.A., as administrative agent and JPMorgan Chase Bank, N.A., Toronto Branch, as Canadian Administrative Agent, is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current on Form 8-K, filed on March 9, 2007 (File No. 333-135139)
10.24	Fifth Amendment to Lease, dated as of November 1, 2006, by and between the Registrant and New Boston Limited Partnership is incorporated herein by reference to Exhibit 10.25 to SS&C Technologies Holdings, Inc.'s Registration Statement on Form S-1, as amended (File No. 333-143719) (the Form S-1 )
10.25*	2008 Stock Incentive Plan is incorporated herein by reference to Exhibit 10.26 to the Form S-1
10.26*	Form of 2008 Stock Incentive Plan Stock Option Grant Notice and Stock Option Agreement is incorporated herein by reference to Exhibit 10.27 to the Form S-1
10.27*	Amendment No. 1, dated April 22, 2008, to the Stockholders Agreement dated as of November 23, 2005, by and among SS&C Technologies Holdings, Inc., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.28 to the Form S-1
10.28*	Amendment No. 1, dated April 22, 2008, to the Service Provider Stockholders Agreement dated as of November 23, 2005, by and among SS&C Technologies Holdings, Inc., Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. is incorporated herein by reference to Exhibit 10.29 to the Form S-1
10.29	Amendment No. 1, dated April 22, 2008, to the Management Agreement dated as of November 23, 2005, by and among SS&C Technologies Holdings, Inc., William C. Stone and TC Group, L.L.C. is incorporated herein by reference to Exhibit 10.30 to the Form S-1
12	Statement of Computation of Ratio of Earnings to Fixed Charges
21	Subsidiaries of the Registrant
31.1	Certification of the Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1351, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Management contract or compensatory plan or arrangement filed herewith in response to Item 15(a)(3) of the Instructions to the Annual Report on Form 10-K.

The Registrant hereby agrees to furnish supplementally a copy of any omitted schedules to this agreement to the Securities and Exchange Commission upon its request.

Confidential treatment has been requested as to certain portions of this Exhibit. Such portions have been omitted and filed separately with the Securities and Exchange Commission.