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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 3, 2018



SS&C Technologies Holdings, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34675
(Commission
File Number)

71-0987913
(IRS Employer
Identification No.)

80 Lambertson Road, Windsor, CT
(Address of Principal Executive Offices)

06095
(Zip Code)

Registrant's telephone number, including area code: (860) 298-4500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On April 3, 2018, SS&C Technologies Holdings, Inc. (“SS&C” or the “Company”) announced the commencement of an underwritten public offering for the sale of up to \$1.25 billion of its common stock. A copy of the press release announcing the offering is attached hereto as Exhibit 99.1.

The information in this Item 7.01 (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01 Other Events.

The Company is filing this Current Report on Form 8-K in order to provide certain unaudited pro forma combined condensed financial information, included as Exhibit 99.2 hereto, with respect to the Company’s pending acquisition of DST Systems, Inc. (“DST”), as previously disclosed in its Current Report on Form 8-K filed on January 11, 2018, and to provide the consent, included as Exhibit 23.1 hereto, of DST’s independent registered public accounting firm to the incorporation by reference into the Company’s existing shelf registration statement of their report with respect to certain historical financial statements of DST, which are incorporated by reference in Exhibit 99.3 hereto.

Completion of the DST acquisition is subject to various customary conditions, including (i) there being no applicable law, order, judgment or other legal restraint, preliminary, temporary or permanent, and no action, proceeding, binding order or determination by any governmental entity, preventing or otherwise making illegal the consummation of the acquisition, (ii) the receipt of specified regulatory consents and approvals, (iii) performance by the parties in all material respects of their respective obligations under the acquisition agreement and (iv) the accuracy of the representations and warranties of the parties under the acquisition agreement, subject to specified materiality standards. Closing is not subject to any vote of SS&C’s stockholders or conditioned on the availability, obtaining or receipt of financing for the transaction.

Certain information contained in this communication constitutes forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance, underlying assumptions, and other statements that are other than statements of historical facts. The forward-looking statements contained herein include, but are not limited to, statements about the expected effects on SS&C of the proposed acquisition of DST, the expected timing and conditions precedent relating to the proposed acquisition of DST, anticipated earnings enhancements, synergies, and other strategic options. Without limiting the foregoing, the words “believes”, “anticipates”, “plans”, “expects”, “estimates”, “projects”, “forecasts”, “may”, “assume”, “anticipates”, “intend”, “will”, “continue”, “opportunity”, “predict”, “potential”, “future”, “guarantee”, “likely”, “target”, “indicate”, “would”, “could” and “should” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Such statements reflect management’s best judgment based on factors currently known but are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, unanticipated issues associated with the satisfaction of the conditions precedent to the proposed acquisition; issues associated with obtaining necessary regulatory approvals and the terms and conditions of such approvals; the inability to obtain financing and the terms of any financing; the inability to integrate successfully DST within SS&C and to obtain anticipated synergies; exposure to potential litigation; and changes in anticipated costs related to the acquisition of DST. Additional factors that could cause actual results and developments to differ materially include, among others, the state of the economy and the financial services industry, SS&C’s ability to finalize large client contracts, fluctuations in customer demand for SS&C’s products and services, intensity of competition from application vendors, delays in product development, SS&C’s ability to control expenses, terrorist activities, risks of cyberattacks, exposure to litigation, SS&C’s ability to integrate acquired businesses, the effect of the acquisitions on customer demand for SS&C’s products and services, the prevailing market price of SS&C’s stock from time to time, SS&C’s cash flow from operations, general economic conditions, and those risks discussed in the “Risk Factors” section of SS&C’s and DST’s 2017 Annual Reports on Form 10-K, which are on file with the Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made and, except to the extent required by applicable securities laws, SS&C undertakes no obligation to update or revise any forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information

The following unaudited pro forma combined condensed financial information of the Company is included as Exhibit 99.2 hereto:

- Unaudited pro forma combined condensed balance sheet as of December 31, 2017,
- Unaudited pro forma combined condensed statement of operations for the year ended December 31, 2017, and
- Notes to the unaudited pro forma combined condensed financial information.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 23.1 | Consent of PricewaterhouseCoopers LLP |
| 99.1 | Press Release of SS&C Technologies Holdings, Inc. |
| 99.2 | Unaudited Pro Forma Combined Condensed Financial Information |
| 99.3 | Audited financial statements of DST Systems, Inc. as of December 31, 2017 and December 31, 2016 and for each of the three years in the period ended December 31, 2017, the notes related thereto, the Report of the Independent Registered Public Accounting Firm, and the Report of Management of Internal Control over Financial Reporting (incorporated herein by reference to Part II—Item 8. (Financial Statements and Supplementary Data) and Part II—Item 9A. (Controls and Procedures) of DST System, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on February 28, 2017). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SS&C TECHNOLOGIES HOLDINGS, INC.

Date: April 3, 2018

By: /s/ Patrick J. Pedonti

Patrick J. Pedonti

Senior Vice President and Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-205705, No. 333-197943, No. 333-187599, No. 333-167796 and No. 333-165810) and Form S-3 (No. 333-205026) of SS&C Technologies Holdings, Inc. of our report dated February 28, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in DST Systems, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.

/s/ PricewaterhouseCoopers LLP

Kansas City, Missouri

April 2, 2018

PRESS RELEASE

SS&C Announces Public Offering of Common Stock

WINDSOR, CT, April 3, 2018 (PR NEWswire) – SS&C Technologies Holdings, Inc. (the “Company” or “SS&C”) (NASDAQ: SSNC) today announced the commencement of an underwritten public offering of up to \$1.25 billion of its common stock, subject to market conditions. SS&C intends to grant the underwriters a 30-day option to purchase up to an additional \$187.5 million of its common stock for sale in the offering.

The Company intends to use approximately \$728 million of the net proceeds of this offering, together with the proceeds from debt financing transactions, to finance its pending acquisition of DST Systems, Inc. (“DST”). The Company intends to use the remaining net proceeds for general corporate purposes, which may include the repayment of indebtedness or to fund future acquisitions. Completion of the offering is not contingent upon consummation of the acquisition of DST or the terms of the acquisition. If the acquisition of DST is not consummated for any reason, the Company will use all of the net proceeds from this offering for general corporate purposes.

The offering is being made through an underwriting group led by Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. LLC, who are acting as lead book-running managers. Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and RBC Capital Markets, LLC are also acting as joint book-running managers. Barclays Capital Inc. and J.P. Morgan Securities LLC are acting as co-managers.

The Company has filed a registration statement (including a prospectus) with the SEC for the offering to which this press release relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and any other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov or by contacting Credit Suisse Securities (USA) LLC, Attention: Prospectus Department, One Madison Avenue, New York, NY 10010, or telephone: 1-800- 221-1037, or email: newyork.prospectus@credit-suisse.com or Morgan Stanley & Co. LLC, Attn: Prospectus Department, 180 Varick Street, 2nd Floor, New York, NY 10014.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.



Forward-Looking Statements

Certain information contained in this press release constitutes forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance, underlying assumptions, and other statements that are other than statements of historical facts. The forward-looking statements contained herein include, but are not limited to, statements about the expected effects on SS&C of the proposed acquisition of DST, the expected timing and conditions precedent relating to the proposed acquisition of DST, anticipated earnings enhancements, synergies, and other strategic options. Without limiting the foregoing, the words “believes”, “anticipates”, “plans”, “expects”, “estimates”, “projects”, “forecasts”, “may”, “assume”, “anticipates”, “intend”, “will”, “continue”, “opportunity”, “predict”, “potential”, “future”, “guarantee”, “likely”, “target”, “indicate”, “would”, “could” and “should” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Such statements reflect management’s best judgment based on factors currently known but are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, unanticipated issues associated with the satisfaction of the conditions precedent to the proposed acquisition; issues associated with obtaining necessary regulatory approvals and the terms and conditions of such approvals; the inability to obtain financing and the terms of any financing; the inability to integrate successfully DST within SS&C and to obtain anticipated synergies; exposure to potential litigation; and changes in anticipated costs related to the acquisition of DST. Additional factors that could cause actual results and developments to differ materially include, among others, the state of the economy and the financial services industry, SS&C’s ability to finalize large client contracts, fluctuations in customer demand for SS&C’s products and services, intensity of competition from application vendors, delays in product development, SS&C’s ability to control expenses, terrorist activities, risks of cyberattacks, exposure to litigation, SS&C’s ability to integrate acquired businesses, the effect of the acquisitions on customer demand for SS&C’s products and services, the prevailing market price of SS&C’s stock from time to time, SS&C’s cash flow from operations, general economic conditions, and those risks discussed in the “Risk Factors” section of SS&C’s Annual Report on Form 10-K for the year ended December 31, 2017 and DST’s Annual Report on Form 10-K for the year ended December 31, 2017, each of which is on file with the SEC. Forward-looking statements speak only as of the date on which they are made and, except to the extent required by applicable securities laws, SS&C undertakes no obligation to update or revise any forward-looking statements.

About SS&C Technologies

SS&C is a global provider of investment and financial software-enabled services and software for the global financial services industry. Founded in 1986, SS&C is headquartered in Windsor, Connecticut and has offices around the world. Some 11,000 financial services organizations, from the world’s largest institutions to local firms, manage and account for their investments using SS&C’s products and services.

SOURCE: SS&C

For more information

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**UNAUDITED PRO FORMA COMBINED CONDENSED
FINANCIAL INFORMATION**

Unless the context otherwise requires, in this exhibit, the terms “SS&C,” the “Company,” “we” and “our” refers to SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, excluding DST. As used in this exhibit, the term “DST” refers to DST Software, Inc. and its subsidiaries, and the “DST acquisition” refers to the proposed acquisition by SS&C of DST and its subsidiaries.

The following unaudited pro forma combined condensed financial information sets forth selected pro forma consolidated financial information for SS&C and is derived from, and should be read in conjunction with, the consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2017 and in DST’s Annual Report on Form 10-K for the year ended December 31, 2017.

On January 11, 2018, SS&C entered into an acquisition agreement with DST, a global provider of technology-based information processing and servicing solutions. Under the terms of the acquisition agreement, each outstanding share of DST’s common stock will convert into the right to receive \$84.00 in cash, for total acquisition consideration of approximately \$5.0 billion along with the repayment of certain existing indebtedness and non-cash consideration related to the exchange of share-based awards, for total purchase consideration of approximately \$5.7 billion. Following consummation of the transactions contemplated by the DST acquisition agreement, DST will be SS&C’s wholly-owned subsidiary. The unaudited pro forma combined condensed statement of operations reflects the pro forma impact of the following transactions (the “Transactions”) as if they had been completed on January 1, 2017, and the unaudited pro forma combined condensed balance sheet reflects the pro forma impact of the Transactions as if they had been completed on December 31, 2017:

- the consummation of the DST acquisition;
- a portion of the assumed issuance of 25,000,000 shares of our common stock in the offering at a price to the public of \$50.00 per share;
- the incurrence of \$6.85 billion in debt under our new senior secured credit facilities (the “New Senior Secured Credit Facilities”), which we expect to be comprised of: a senior secured term loan B facility to be made available to SS&C Technologies, Inc., a wholly owned subsidiary of SS&C (“SS&C Technologies”), in an aggregate principal amount equal to \$5,046 million; a senior secured term loan B facility to be made available to SS&C European Holdings S.à r.L., a wholly owned subsidiary of SS&C, in an aggregate principal amount equal to \$1,800 million as determined by SS&C Technologies; and a senior secured revolving credit facility to be made available to SS&C Technologies in an aggregate principal amount of \$250 million, which is expected to be undrawn at the time of closing the DST acquisition;
- the repayment of \$2.22 billion of existing SS&C and DST debt; and
- the payment and accrual of the expenses and fees related to each of the above.

The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2017 is based upon SS&C’s audited consolidated statement of comprehensive income (loss) for the year ended December 31, 2017, as filed with the SEC in our Annual Report on Form 10-K for the year ended December 31, 2017, combined with the audited consolidated statement of income of DST for the year ended December 31, 2017, as filed with the SEC in DST’s Annual Report on Form 10-K for the year ended December 31, 2017. Pro forma adjustments included therein are based upon available information and assumptions that management believes are reasonable. Such adjustments are estimated and are subject to change. The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2017 depicts the effect of the Transactions as if they had occurred on January 1, 2017. Certain historical financial statement line items for DST and SS&C, have been condensed in the unaudited pro forma combined statement of operations. DST’s costs and expenses and depreciation and amortization have been reclassified into cost of revenues and operating expenses to conform with SS&C’s presentation.

The unaudited pro forma combined condensed balance sheet as of December 31, 2017 is based upon SS&C’s audited consolidated balance sheet as of December 31, 2017, combined with the audited consolidated balance sheet of DST as of December 31, 2017. The unaudited pro forma combined condensed balance sheet is presented as if the Transactions had occurred on December 31, 2017. Pro forma adjustments included therein are based upon available information and assumptions that management believes are reasonable. Such adjustments are estimated

and are subject to change. Certain financial statement line items included in DST's historical presentation have been condensed to conform to corresponding financial statement line items included in SS&C's historical presentation. DST's deferred tax assets, interest payable and long-term income taxes payable have been reclassified into deferred income taxes, interest payable and other long-term liabilities, respectively, to conform with SS&C's presentation.

The DST acquisition is reflected in the unaudited pro forma combined condensed financial statements as a business combination using the acquisition method of accounting, in accordance with ASC 805, Business Combinations, under accounting principles generally accepted in the United States ("GAAP"). Under these accounting standards, the total purchase consideration was calculated as described in Note 2 to the unaudited pro forma combined condensed financial information, and the assets acquired and the liabilities assumed have been presented at their preliminary estimated fair value. For the purpose of measuring the preliminary estimated fair value of the assets acquired and liabilities assumed, management has applied the accounting guidance under GAAP for fair value measurements, using established valuation techniques. This guidance establishes the framework for measuring fair value for any asset acquired or liability assumed under GAAP. Fair value measurements can be highly subjective and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

The pro forma adjustments and allocation of purchase price of the DST acquisition are preliminary and are based on management's estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. This final valuation will be based on the actual net tangible and intangible assets that exist as of the date of the completion of the DST acquisition and related financing transactions. Any final adjustments may change the allocations of purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma combined condensed financial information. In addition, the timing of the completion of the DST acquisition and related financing transactions and other changes in our net tangible and intangible assets prior to the completion of the transactions described above could cause material differences in the information presented.

The unaudited pro forma combined condensed financial information has been compiled in a manner consistent with the accounting policies adopted by SS&C. SS&C is in the process of performing a detailed review of DST's accounting policies. As a result of that review, SS&C may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the consolidated financial statements of the combined company. Additionally, certain financial information of DST as presented in its historical consolidated financial statements has been reclassified to conform to the historical presentation in SS&C's consolidated financial statements for purposes of preparation of the unaudited pro forma combined condensed financial information.

The unaudited pro forma combined condensed financial information includes estimated income tax effects. On December 22, 2017, the United States enacted legislation which resulted in significant changes to U.S. tax and related law, including a reduction in the federal corporate income tax rate from 35% to 21% (the rate to be in effect at the date of the acquisition of DST). The effect of this tax rate change was incorporated in estimating the deferred tax liabilities recorded in connection with the acquisition in the unaudited pro forma combined condensed balance sheet as of December 31, 2017. The unaudited pro forma combined condensed statement of operations gives effect to the Transactions as if they had occurred on January 1, 2017 using the applicable U.S. federal corporate income tax rate of 35% for 2017.

The unaudited pro forma combined condensed financial information is provided for informational and illustrative purposes only and does not purport to represent what our actual consolidated results of operations or financial condition would have been had these transactions occurred on the dates assumed, nor is it necessarily indicative of our future consolidated results of operations or financial condition. The pro forma adjustments, as described in the notes to the unaudited pro forma combined condensed financial information, are based on currently available information. Management believes such adjustments are factually supportable, directly attributable to the Transactions, and with respect to the unaudited pro forma combined condensed statement of operations, are expected to have a continuing impact to the combined results.

Unaudited Pro Forma Combined Condensed Statement of Operations
Year Ended December 31, 2017

| | Historical SS&C | Historical DST | Reclassifications | DST Acquisition Pro Forma Adjustments | Debt Financing Pro Forma Adjustments | Pro Forma Combined Condensed |
|---|--------------------|-------------------|-------------------|---|---|------------------------------------|
| (dollars in thousands, except per share data) | | | | | | |
| Revenues | \$1,675,295 | \$2,218,176 | | | | \$3,893,471 |
| Cost of revenues | 886,425 | — | 1,540,214 | 116,161(A),(B) | | 2,542,800 |
| Operating expenses: | | | | | | |
| Selling & marketing | 118,449 | — | 47,396 | 10,668(C) | | 176,513 |
| Research and development | 153,334 | — | 188,717 | | | 342,051 |
| General & administrative | 120,174 | — | 156,659 | (11,237)(G),(H) | | 265,596 |
| Costs and expenses | — | 1,805,037 | (1,805,037) | | | — |
| Depreciation and amortization | — | 127,949 | (127,949) | | | — |
| Total operating expenses | 391,957 | 1,932,986 | (1,540,214) | (569) | — | 784,160 |
| Income (loss) from operations | 396,913 | 285,190 | — | (115,592) | — | 566,511 |
| Interest expense, net | (107,473) | (26,841) | | | (160,997)(D),(E),(F) | (295,311) |
| Other (expense) income, net | (4,484) | 219,048 | | | | 214,564 |
| Equity in earnings of unconsolidated affiliates | — | 54,502 | | | | 54,502 |
| Loss on extinguishment of debt | (2,326) | — | | | | (2,326) |
| Income (loss) before income taxes | 282,630 | 531,899 | — | (115,592) | (160,997) | 537,940 |
| (Benefit) provision for income taxes | (46,234) | 84,311 | | (46,526)(I) | (64,801)(I) | (73,250) |
| Income (loss) from continuing operations | <u>\$ 328,864</u> | <u>\$ 447,588</u> | <u>\$ —</u> | <u>\$ (69,066)</u> | <u>\$ (96,196)</u> | <u>\$ 611,190</u> |
| Basic earnings per share | \$ 1.60 | | | | | \$ 2.78 |
| Basic weighted average number of common shares outstanding | | | | | | |
| | 204,923 | | | | | 219,923(J) |
| Diluted earnings per share | \$ 1.55 | | | | | \$ 2.70 |
| Diluted weighted average number of common and common equivalent shares outstanding | | | | | | |
| | 211,632 | | | | | 226,632(J) |

See accompanying notes, including Note 3.

Unaudited Pro Forma Combined Condensed Balance Sheet

As of December 31, 2017

| | Historical SS&C | Historical DST | Reclassifications | DST Acquisition Pro Forma Adjustments | Equity Offering Pro Forma Adjustments | Debt Financing Pro Forma Adjustments | Pro Forma Combined Condensed |
|---|--------------------------------|---------------------------|--------------------------|--|--|---|---|
| (dollars in thousands) | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | \$ 64,057 | \$ 80,520 | | \$ (5,654,078)(E),(O) | 728,438(A) | \$ 5,137,997(B) | \$ 356,934 |
| Funds held for client | — | 454,519 | | | | | 454,519 |
| Client fund receivable | — | 46,984 | | | | | 46,984 |
| Accounts receivable, net | 243,900 | 363,800 | | | | | 607,700 |
| Prepaid expenses and other current assets | 38,742 | 91,927 | | | | | 130,669 |
| Prepaid income taxes | 12,166 | — | | 20,487(O) | | 7,290(C) | 39,943 |
| Restricted cash | 592 | — | | | | | 592 |
| Total current assets | 359,457 | 1,037,750 | — | (5,633,591) | 728,438 | 5,145,287 | 1,637,341 |
| Investments | — | 199,684 | | 34,745(M) | | | 234,429 |
| Unconsolidated affiliates | — | 93,963 | | | | | 93,963 |
| Fixed assets, net | 100,956 | 349,804 | | (80,157)(Q) | | | 370,603 |
| Deferred income taxes | 2,324 | — | 16,539 | 17,641(K),(M),(R) | | | 36,504 |
| Goodwill | 3,707,823 | 799,053 | | 2,274,281(J) | | | 6,781,157 |
| Intangible and other assets, net | 1,368,956 | 457,912 | (16,539) | 2,265,830(H),(I),(K) | | | 4,076,159 |
| Total assets | 5,539,516 | 2,938,166 | — | (1,121,251) | 728,438 | 5,145,287 | 13,230,156 |
| Current Liabilities: | | | | | | | |
| Current portion of long-term debt | 37,863 | 83,661 | | (65,000)(E) | | 36,296(D) | 92,820 |
| Client funds obligations | — | 504,237 | | | | | 504,237 |
| Accounts payable | 27,087 | 101,219 | | | | | 128,306 |
| Income taxes payable | 6,031 | 4,960 | | | | (10,991)(C) | — |
| Accrued employee compensation and benefits | 96,016 | 137,854 | | 10,000(P) | | | 243,870 |
| Interest payable | 16,425 | — | 6,873 | (6,497)(O) | | (16,156)(N) | 645 |
| Other accrued expenses | 55,637 | 111,041 | (6,873) | 59,500(G) | | | 219,305 |
| Deferred revenue | 204,601 | 28,319 | | | | | 232,920 |
| Total current liabilities | 443,660 | 971,291 | — | (1,997) | — | 9,149 | 1,422,103 |
| Long-term debt | 2,007,332 | 537,118 | | (507,853)(E),(I) | | 5,196,838(D) | 7,233,435 |
| Other long-term liabilities | 118,679 | 51,614 | 74,978 | | | | 245,271 |
| Long-term income taxes payable | — | 74,978 | (74,978) | | | | — |
| Deferred income taxes | 283,457 | 61,997 | | 601,174(L),(Q) | | (13,480)(C) | 933,148 |
| Total liabilities | 2,853,128 | 1,696,998 | — | 91,324 | — | 5,192,507 | 9,833,957 |
| Stockholders' equity: | | | | | | | |
| Preferred stock | — | — | | | | | — |
| Class A common stock | — | — | | | | | — |
| Common stock | 2,081 | 645 | | (645)(F) | 150(A) | | 2,231 |
| Additional paid in capital | 2,018,106 | 112,650 | | (69,557)(E),(F) | 728,288(A) | | 2,789,487 |
| Accumulated other comprehensive (loss) income | (82,655) | 1,353 | | (1,353)(F) | | | (82,655) |
| Retained earnings | 766,856 | 1,489,303 | | (1,503,803)(F),(G) | | (47,220)(C) | 705,136 |
| | 2,704,388 | 1,603,951 | — | (1,575,358) | 728,438 | (47,220) | 3,414,199 |
| Less: cost of common stock in treasury | (18,000) | (362,783) | | 362,783(F) | | | (18,000) |
| Total stockholders' equity | 2,686,388 | 1,241,168 | — | (1,212,575) | 728,438 | (47,220) | 3,396,199 |
| Total liabilities and stockholders' equity | \$5,539,516 | \$2,938,166 | \$ — | \$ (1,121,251) | \$ 728,438 | \$ 5,145,287 | \$13,230,156 |

See accompanying notes, including Note 4

Note 1 – The Acquisition

On January 11, 2018, SS&C entered into an acquisition agreement with DST Systems, Inc. Under the acquisition agreement, each outstanding share of DST's common stock will convert into the right to receive \$84.00 in cash, for total acquisition consideration of approximately \$5.0 billion along with the repayment of certain existing indebtedness and non-cash consideration related to the exchange of share-based awards for total purchase consideration of approximately \$5.7 billion. Following consummation of the transaction contemplated by the acquisition agreement, DST will be SS&C's wholly-owned subsidiary.

We intend to finance our pending acquisition of DST, to repay certain existing indebtedness, to repay certain of DST's existing indebtedness and to pay related fees and expenses with the following:

- a portion of the proceeds from the offering of 25,000,000 shares of common stock (at a price to the public of \$50.00 per share).
- the incurrence of \$6.85 billion under the New Senior Secured Credit Facilities

Note 2 – Calculation of Estimated Consideration Transferred and Pro Forma Allocation of Consideration to Net Assets Acquired (in thousands)

Within the unaudited pro forma combined condensed financial statements as of December 31, 2017, the acquisition has been accounted for as a business combination under the acquisition method of accounting. Accordingly, the tangible assets and identifiable intangible assets acquired and liabilities assumed have been recorded at fair value, with the remaining purchase price recorded as goodwill. In addition, we have evaluated the treatment of share-based awards that will be exchanged at the acquisition date and determined that a portion of the fair value of the award is attributable to pre-combination services. The fair value attributable to pre-combination services has been included as non-cash consideration.

The following table summarizes the preliminary allocation of consideration to the net assets acquired as if the acquisition of DST had occurred on December 31, 2017:

| | |
|---|--------------------|
| Purchase of DST's equity | \$5,020,714 |
| Repayment of DST existing indebtedness | 575,000 |
| Payment of breakage premium for DST existing indebtedness | 51,867 |
| Total cash consideration | <u>\$5,647,581</u> |
| Fair value of replacement awards attributable to pre-combination services | 43,093 |
| Total purchase consideration | <u>\$5,690,674</u> |
| Purchase price allocated to: | |
| Cash and cash equivalents | \$ 80,520 |
| Funds held for clients | 454,519 |
| Client fund receivable | 46,984 |
| Accounts receivable | 363,800 |
| Prepaid income taxes | 20,487 |
| Prepaid expenses and other current assets | 91,927 |
| Investments | 234,429 |
| Unconsolidated affiliates | 93,963 |
| Fixed assets | 269,647 |
| Deferred income taxes | 34,180 |
| Intangible and other assets | 2,707,203 |
| Goodwill | 3,073,334 |
| Assets acquired | <u>\$7,470,993</u> |
| Current portion of long-term debt | \$ 18,661 |

| | |
|--|--------------------|
| Client funds obligations | 504,237 |
| Accounts payable | 101,219 |
| Income taxes payable | 4,960 |
| Accrued employee compensation and benefits | 147,854 |
| Other accrued expenses | 156,041 |
| Deferred revenue | 28,319 |
| Long-term debt | 29,265 |
| Other long-term liabilities | 51,614 |
| Long-term income taxes payable | 74,978 |
| Deferred income taxes | 663,171 |
| Liabilities assumed | <u>1,780,319</u> |
| Total purchase price | <u>\$5,690,674</u> |

The estimated fair values are based on a pro forma acquisition date of December 31, 2017, and are for pro forma and illustrative purposes only. These amounts may not be representative or indicative of the estimated fair values that will be reported to give effect to the acquisition as of the actual acquisition date. Accordingly, the accounting and related amounts may change when they are included in SS&C's financial statements. We have not yet determined the fair value of certain assets and liabilities, including PP&E; therefore, the carrying value has been used in the preliminary purchase price allocation and in the pro forma financial information.

Note 3 - Pro Forma Adjustments to the Unaudited Pro Forma Combined Condensed Statement of Operations for the Year ended December 31, 2017 (in thousands, except share and per share data)

- (A) Adjustment of \$23,160 to record an increase in amortization of acquired purchased technology. The amortization of acquired purchased technology of \$52,500 has been calculated based on a new fair value basis of \$630,000, amortized over estimated lives of approximately 12 years less historical amortization of \$29,340.
- (B) Adjustment of \$93,001 to record an increase in amortization of acquired customer relationships. The amortization of acquired customer relationships of \$119,375 has been calculated based on a new fair value basis of \$1,910,000, amortized over an estimated life of approximately 16 years less historical amortization of \$26,374.
- (C) Adjustment of \$10,668 to record an increase in amortization of acquired tradenames. The amortization of acquired tradenames of \$12,222 has been calculated based on a new fair value basis of \$110,000, amortized over an estimated useful life of approximately nine years less historical amortization of \$1,554.
- (D) Adjustment of \$156,961 to record increased interest expense related to the New Senior Secured Credit Facilities using a weighted average interest rate of 3.8%, which represents the current expected interest rate for the New Senior Secured Credit Facilities which have a variable rate. Total estimated interest expense has been calculated at \$279,995 less historical combined interest expense of \$123,034. A change of one eighth of one percent (12.5 basis points) in the interest rate, would result in additional annual interest expense (if the interest rate increases) or a reduction to annual interest expense (if the interest rate decreases) of approximately \$9,321.
- (E) Adjustment of \$3,854 to record increased interest expense related to the amortization of deferred financing fees. The amortization of deferred financing fees has been calculated based on \$91,142, amortized over a life of seven years for the New Senior Secured Credit Facilities totaling \$13,020, less historical combined amortization of deferred financing fees of \$9,166.
- (F) Adjustment of \$182 to record an increase in amortization expense related to the amortization of original issue discount ("OID") on the New Senior Secured Credit Facilities. The amortization of OID has been calculated based on \$17,115 amortized over a life of seven years for the New Senior Secured Credit Facilities totaling \$2,445 less historical combined OID amortization of \$2,263.
- (G) Adjustment of \$6,737 to record a decrease in stock compensation expense related to DST's equity compensation awards. The preliminary fair value of the restricted stock units was determined and will be recognized on a straight line basis over the remaining service period. A portion of the preliminary fair value has been attributed to pre-combination services and included as part of total consideration for the DST acquisition (see Note 2).

- (H) Adjustment of \$4,500 to eliminate the impact of non-recurring transaction costs related to the DST acquisition.
- (I) Adjustment of \$111,327 to record a benefit for income taxes calculated using a combined statutory tax rate of 40.25%.
- (J) Reflects a portion of the issuance of 25,000,000 shares of common stock at a price to the public of \$50.00 per share, as if the offering occurred on January 1, 2017.

Note 4 – Pro Forma Adjustments to the Unaudited Pro Forma Combined Condensed Balance Sheet as of December 31, 2017 (in thousands, except share and per share data)

- (A) An adjustment of \$728,438 to record the anticipated net proceeds from a portion of the issuance of 25,000,000 shares of our common stock at a price to the public of \$50.00 per share, less underwriting discounts and commissions.
- (B) Adjustment to reflect the net proceeds from the issuance of debt to effect the acquisition of DST as summarized below.

| | |
|---|--------------------|
| Sources: | |
| New Senior Secured Credit Facility | <u>\$6,846,000</u> |
| Uses: | |
| Repayment of SS&C notes including breakage and accrued interest | \$ 648,946 |
| Repayment of SS&C Term Loan As under existing credit agreement | 218,750 |
| Repayment of SS&C Term Loan Bs under existing credit agreement | 716,425 |
| New financing costs and OID | 123,882 |
| | <u>\$1,708,003</u> |
| Adjustment to record net proceeds from the New Senior Secured Credit Facilities | <u>\$5,137,997</u> |

- (C) Adjustments related to financing fees:

- (1) Adjustment to record deferred financing fees related to the New Senior Secured Credit Facilities and write off existing deferred financing fees.

| | |
|---|-----------------------|
| | Long-term debt |
| Total financing fees | \$ 106,767 |
| Less: bridge fees expensed through retained earnings | (15,625) |
| Total financing fees capitalized | 91,142 |
| Less: elimination of existing deferred financing fees | (24,391) |
| Total adjustments to long-term debt related to financing fees | <u>\$ 66,751</u> |

- (2) Adjustments to prepaid income taxes of \$7,290 to record the tax impact related to the expensing of existing deferred financing fees and OID.

| | |
|---|-----------------------------|
| | Prepaid income taxes |
| Elimination of existing deferred financing fees, deductible portion | \$ 2,517 |
| Elimination of existing OID | 2,310 |
| Break up premium of SS&C notes | 13,454 |
| Reclassification | (10,991) |
| Total adjustments to prepaid income taxes | <u>\$ 7,290</u> |

- (3) Adjustments to deferred income taxes to record the tax impact related to the write-off of existing deferred financing fees and bridge fees expensed through retained earnings.

| | Deferred income taxes |
|---|----------------------------------|
| Elimination of existing deferred financing fees | \$ 7,027 |
| Expense fees related to bridge facility | 6,453 |
| Total adjustments to deferred income taxes | \$ 13,480 |

- (4) Adjustments to retained earnings to record the write-off of existing deferred financing fees and OID fees related to the bridge facility, and the break up premium of SS&C's notes, net of taxes.

| | Retained earnings |
|---|------------------------------|
| Write-off existing deferred financing fees | \$ 24,391 |
| Related tax impact | (9,544) |
| Write-off existing OID | 6,175 |
| Related tax impact | (2,310) |
| Expense fees related to bridge facility | 15,625 |
| Related tax impact | (6,453) |
| Break up premium of SS&C notes | 32,790 |
| Related tax impact | (13,454) |
| Total adjustments to retained earnings | \$ 47,220 |

- (D) Adjustments to reflect the New Senior Secured Credit Facilities to effect the DST acquisition, as summarized below.

| | |
|---|--------------------|
| New Senior Secured Credit Facilities | \$6,846,000 |
| OID | (17,115) |
| Total proposed borrowings, net of OID | \$6,828,885 |
| Repayment of SS&C's long-term debt, net of OID of \$6.2 million | 1,529,000 |
| Total financing fees less the write-off of existing financing fees | 66,751 |
| Total proposed borrowings, net of OID and financing fees | 5,233,134 |
| Repayment of SS&C's current portion of long-term debt | 32,164 |
| Eliminate current portion of proposed borrowings | (68,460) |
| Pro forma adjustment to non-current portion of long-term debt | \$5,196,838 |
| Current portion of proposed borrowings | 68,460 |
| Repayment of SS&C's current portion of long-term debt | (32,164) |
| Pro forma adjustment to current portion of long-term debt | \$ 36,296 |

- (E) Represents total consideration to be transferred for the acquisition of DST:

| | |
|---|--------------------|
| Purchase of DST's equity | \$5,020,714 |
| Repayment of DST's existing indebtedness, of which \$65,000 is current | 575,000 |
| Payment of breakage premium for DST existing indebtedness | 51,867 |
| Cash consideration | \$5,647,581 |
| Fair value of replacement awards attributable to pre-combination services (non-cash increase to additional paid-capital) | 43,093 |
| Total purchase consideration | \$5,690,674 |

- (F) To reflect the elimination of DST's common stock of \$645, additional paid-in capital of \$112,650, accumulated other comprehensive income of \$1,353, treasury stock of \$362,783 and retained earnings of \$1,489,303.

- (G) Adjustment of \$59,500 to recognize estimated transaction fees related to the DST acquisition. An adjustment of \$45,000 represents the assumption of estimated seller transaction fees that will be incurred prior to the acquisition. An adjustment of \$14,500 represents estimated transaction fees that will be

incurred by us for the DST acquisition, which are not expected to be tax deductible. However, the evaluation of the deductibility of the transaction costs, and the ability to utilize such benefits, is preliminary and subject to change.

- (H) Represents the adjustments to record DST's identified intangible assets at fair value. The fair value estimate for identifiable intangible assets is preliminary and is determined based on the assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The final fair value determination for identified intangibles may differ from this preliminary determination.

| | |
|---|--------------------|
| Purchased technology | \$ 630,000 |
| Customer relationships | 1,910,000 |
| Trademarks | <u>110,000</u> |
| Total intangible assets | <u>\$2,650,000</u> |
| Elimination of DST's historical net intangible asset balances | <u>(283,128)</u> |
| Pro forma adjustment to intangible assets | <u>\$2,366,872</u> |

- (I) An adjustment of \$3,579 to eliminate DST's historical deferred financing fees associated with their existing indebtedness that will be repaid in connection with the acquisition, of which \$1,432 was included in intangible and other assets, net and \$2,147 was included in long-term debt.
- (J) An adjustment of \$2,274,281 to increase goodwill to reflect the excess of the purchase price over the preliminary fair value of net assets acquired of \$3,073,334 less historical goodwill of \$799,053.
- (K) An adjustment of \$99,610 to record a fair value adjustment for DST's historical unamortized customer payments, and to create a deferred tax asset for the related tax effect of \$25,401.
- (L) An adjustment of \$612,339 to reflect a net increase to deferred tax liabilities resulting from the fair value adjustments to acquired intangible assets based on an estimated combined U.S. federal and state statutory tax rate of 25.5% totaling \$675,750 less DST's historical deferred tax liability of \$63,411. Estimates of deferred income tax balances are preliminary and subject to change based on management's final determination of the fair value of assets acquired and liabilities assumed.
- (M) An adjustment of \$34,745 to investments and the tax effects of \$8,860 to reflect the cumulative effect adjustment of DST's private equity funds and other investments currently accounted for under the cost method, as well as DST's available-for-sale securities, to be measured at fair value.
- (N) An adjustment of \$16,156 to pay off the accrued interest on the SS&C senior notes.
- (O) An adjustment to pay off the accrued interest of \$6,497 and the break up premium of \$51,867 on the DST notes as well as the tax effects of \$20,487.
- (P) An adjustment of \$10,000 to record the pre-acquisition severance expenses related to change of control provisions for DST executives.
- (Q) An adjustment of \$80,157 to eliminate DST's historical developed software recorded within Fixed Assets, net which was included in the Company's preliminary valuation of purchased technology and an adjustment of \$11,165 to eliminate DST's historical deferred tax liability.
- (R) An adjustment of \$1,100 to record the net tax effects to establish a deferred tax asset of \$10,989 related to the fair value of replacement awards attributable to pre-combination services offset by the elimination of \$9,889 related to the historical DST deferred tax asset on share-based compensation.

Note 5 – Items not Included or Excluded

The unaudited pro forma combined condensed statement of operations does not include any expected cost savings which may be achievable or which may occur subsequent to the DST acquisition, or the impact of any non-recurring activity and one-time transaction related costs, including acquisition costs that were incurred subsequent to December 31, 2017. The unaudited pro forma combined condensed statement of operations includes approximately \$190 million of gain recorded as a component of Other Income, net in the 2017 historical DST consolidated statement of income related to the acquisitions of the remaining 50% joint venture ownership interests in Boston Financial Data Services and International Financial Data Services U.K. Limited in March 2017 from State Street Corporation. In addition, the unaudited pro forma combined condensed financial information also excludes the remaining proceeds from this offering of 25,000,000 shares of common stock which will be used for general corporate purposes.