PINNACLE FINANCIAL PARTNERS INC
Form 4
August 19, 2014

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
TURNER M TERRY

(Last) (First) (Middle)

150 THIRD AVE SOUTH, SUITE 900

(Street)

NASHVILLE, TN 37201

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PINNACLE FINANCIAL PARTNERS INC [PNFP]

3. Date of Earliest Transaction (Month/Day/Year)
08/16/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
PNFP Common Stock	08/16/2014		F		2,615 (1)	D	$ 35.21	531,574	D	
PNFP Common Stock	08/19/2014		S		6,939	D	$ 35.69 (2)	524,635	D	
PNFP Common Stock								22,000	I	IRA
PNFP								24,906	I	401K

Common STock

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TURNER M TERRY 150 THIRD AVE SOUTH SUITE 900 NASHVILLE, TN 37201	X		CEO	

Signatures

/s/ M. Terry Turner	08/19/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents shares withheld for taxes upon the vesting of certain restricted share awards.

(2) The price reported is a weighted average price. These shares were sold in multiple transactions at prices ranging from $35.61 to $35.81. The reporting person undertakes to provide to Pinnacle Financial Partners, Inc., any security holder of Pinnacle Financial Partners, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in the footnote to this Form 4.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Deferred income taxes

(176.4

)

(77.1

)

(1.3

)

(760.4

)

(1.8

)

Long-term debt

—

—

—

(29.4

)

—

Client funds obligations

—

—

—

(376.2

)

—

Other liabilities assumed

(18.8

)

(5.0

)

Explanation of Responses:

(0.3

)

(298.5

)

(0.3

)

Consideration paid, net of cash acquired

$

1,452.0

$

1,449.2

$

19.7

$

4,661.8

$

16.6

Additionally, we acquired Modestspark in October 2017 for approximately $2.8 million.

The consideration paid, net of cash acquired for DST above includes $48.1 million of non-cash consideration related to the fair value of unvested acquired equity awards with a pre-acquisition service period. This amount is excluded from "Cash paid for business acquisitions, net of cash acquired" for 2018 on the Company's Consolidated Statement of Cash Flows. Cash acquired for DST includes $347.0 million of restricted cash and cash equivalents classified as funds held on behalf of clients.

The Company recorded severance expense related to reductions in headcount in connection with the integration efforts associated with the acquisitions of DST, Eze and Intralinks. The majority of the positions eliminated in the reduction in force were effective in June 2018 for DST. The reduction was completed in December 2018. The amount of severance expense recognized in the Company's Consolidated Statement of Comprehensive (Loss) Income for 2018 was as follows (in millions):

Consolidated Statements of Comprehensive (Loss) Income Classification	For the Year Ended December 31, 2018
Cost of software-enabled services	$ 38.3
Cost of license, maintenance and other related	0.5
Total cost of revenues	38.8
Selling and marketing	3.5
Research and development	12.7
General and administrative	7.6
Total operating expenses	23.8
Total severance expense	$ 62.6

The fair value of acquired accounts receivable balances approximates the contractual amounts due from acquired customers, except for approximately $7.9 million, $7.5 million and $6.1 million of contractual amounts that are not expected to be collected as of the acquisition date and that were also reserved by the companies we acquired – Intralinks, Eze and DST, respectively.

The goodwill associated with each of the transactions above is a result of expected synergies from combining the operations of businesses acquired with us and intangible assets that do not qualify for separate recognition, such as an assembled workforce.

The following unaudited pro forma condensed consolidated results of operations are provided for illustrative purposes only and assume that the acquisitions of Intralinks, Eze, CACEIS and DST occurred on January 1, 2017 and CommonWealth and Modestspark occurred on January 1, 2016, after giving effect to certain adjustments, including amortization of intangibles, interest, transaction costs and tax effects. This unaudited pro forma information (in millions, except per share data) should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had actually occurred on that date, nor of the results that may be obtained in the future.

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	Year Ended December 31,	
	2018	2017
Revenues	$4,624.7	$4,501.6
Net income	$103.1	$120.8
Basic EPS	$0.44	$0.59
Diluted EPS	$0.42	$0.57
Basic weighted average number of common shares outstanding	232.5	204.9
Diluted weighted average number of common and common equivalent shares outstanding	243.7	211.6

Note 8—Goodwill and intangible assets

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

Balance at December 31, 2016	$3,652.7
2017 acquisitions	13.3
Adjustments to prior acquisitions	(0.6)
Effect of foreign currency translation	42.4
Balance at December 31, 2017	$3,707.8
2018 acquisitions	4,315.4
Adjustments to prior acquisitions	0.2
Effect of foreign currency translation	(165.4)
Balance at December 31, 2018	$7,858.0

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

	December 31,	
	2018	2017
Customer relationships	$4,618.4	$1,665.8
Completed technology	1,379.6	550.9
Trade names	255.6	61.1
Other	45.7	2.8
Total intangible assets	6,299.3	2,280.6
Less: accumulated amortization	(1,338.0)	(938.8)
Total intangible assets, net	$4,961.3	$1,341.8

Total estimated amortization expense, related to intangible assets, for each of the next five years and thereafter, as of December 31, 2018, is expected to approximate (in millions):

Year Ending December 31,

2019	$632.8
2020	571.3
2021	510.2
2022	476.9
2023	442.9
Thereafter	2,327.2
Total	$4,961.3

Amortization expense associated with customer relationships, completed technology and other amortizable intangible assets was $410.7 million, $205.9 million and $201.5 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Net capitalized software costs of $42.6 million and $12.1 million are included in the December 31, 2018 and 2017 Consolidated Balance Sheets, respectively, under “Intangible and other assets”.

Amortization expense related to capitalized software development costs was $7.7 million, $5.4 million, and $3.5 million for each of the years ended December 31, 2018, 2017, and 2016, respectively.

Note 9—Debt

At December 31, 2018 and 2017, debt consisted of the following (in millions):

	December 31,	
	2018	2017
Senior secured credit facilities, weighted-average interest rate of 4.77% and 3.75%, respectively	$8,319.1	$1,492.2
5.875% senior notes due 2023	—	600.0
Other indebtedness	28.2	—
Unamortized original issue discount and debt issuance costs	(91.3)	(47.0)
	8,256.0	2,045.2
Less current portion of long-term debt	87.5	37.9
Long-term debt	$8,168.5	$2,007.3

Senior Secured Credit Facilities

On April 16, 2018, in connection with our acquisition of DST Systems, Inc. (“DST”), we entered into an amended and restated credit agreement with SS&C Technologies, Inc. (“SS&C”), SS&C European Holdings SARL, an indirect wholly-owned subsidiary of SS&C (“SS&C SARL”) and SS&C Technologies Holdings Europe SARL, an indirect wholly-owned subsidiary of SS&C (“SS&C Tech SARL”) as the borrowers (“Credit Agreement”).

The Credit Agreement includes four tranches of term loans (together the “Initial Term Loans”): (i) a $518.6 million term B-1 facility which matures on July 8, 2022 for SS&C (“Term B-1 Loan”); (ii) a $5.9 million term B-2 facility which matures on July 8, 2022 for SS&C SARL (“Term B-2 Loan”) (iii) a new $5.046 billion term B-3 facility, which matures on April 16, 2025 for SS&C (“Term B-3 Loan”); and (iv) a new $1.8 billion term B-4 facility, which matures on April 16, 2025 for SS&C SARL (“Term B-4 Loan”). In addition, the Credit Agreement has a revolving credit facility with a five-year term available for borrowings by SS&C with $250.0 million in available commitments (“Revolving Credit Facility”), of which $242.4 million was available as of December 31, 2018. The Revolving Credit Facility also contains a $25 million letter of credit sub-facility, of which $7.6 million was utilized as of December 31, 2018.

The majority of the initial proceeds from the Initial Term Loans was used to satisfy the consideration required to fund the acquisition of DST, repay certain amounts outstanding under our then-existing credit agreement (“Prior Credit Agreement”), repay all of the outstanding principal amount of our 5.875% Senior Notes due 2023 (“Senior Notes”) and to repay acquired debt associated with DST.

The refinancing of the Prior Credit Agreement was evaluated in accordance with FASB ASC 470-50, Debt-Modifications and Extinguishments, for modification and extinguishment accounting. We accounted for the refinancing as a debt modification with respect to amounts that remained obligations of the same lender in the syndicate with minor changes in cash flows and as a debt extinguishment with respect to amounts that were obligations of lenders that exited the syndicate or remained in the syndicate but experienced a change in cash flows of greater than 10%. See Loss on extinguishment of debt section below.

On October 1, 2018, in connection with our acquisition of Eze, Holdings, we entered into an amendment (the "Commitment Increase Amendment") to the Credit Agreement. Pursuant to the Commitment Increase Amendment, a new $875.0 million senior secured term B-5 facility ("Term B-5 Loan", and together with the Initial Term Loans, the "Term Loans") was made available to us, the proceeds of which was used to finance, in part, the Eze acquisition.

On November 16, 2018, in connection with our acquisition of Intralinks, Holdings, we entered into an amendment (the "Incremental Term Loan Amendment") to the Credit Agreement. Pursuant to the Incremental Term Loan Amendment, an additional $1.0 billion senior secured term B-5 facility ("Term B-5 Loan", and together with the Initial Term Loans, the "Term Loans") was made available to us, the proceeds of which was used to finance, in part, the Intralinks acquisition.

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The Term Loans and Revolving Credit Facility bear interest, at the election of the borrowers, at the base rate (as defined in the Credit Agreement) or LIBOR, plus the applicable interest rate margin for the credit facility. Amounts drawn on the Revolving Credit Facility initially bear interest at either LIBOR plus 2.25% or at the base rate plus 1.25%, and is subject to a step-down at any time our consolidated net secured leverage ratio is less than 4.75 times, to 2.00% in the case of the LIBOR margin and 1.00% in the case of the base rate margin. The Term B-1 Loan and Term B-2 Loan bear interest at either LIBOR plus 2.25% or at the base rate plus 1.25%. The Term B-3 Loan, Term B-4 Loan and Term B-5 Loan initially bear interest at either LIBOR plus 2.50% or at the base rate plus 1.50%, and are subject to a step-down at any time our consolidated net secured leverage ratio is less than 4.75 times, to 2.25% in the case of the LIBOR margin and 1.25% in the case of the base rate margin.

As of December 31, 2018, there was $514.5 million in principal amount outstanding under the Term B-1 Loan, $4,309.6 million in principal amount outstanding under the Term B-3 Loan, $1,634.7 million in principal amount outstanding under the Term B-4 Loan and $1,860.3 million in principal amount outstanding under the Term B-5 Loan. There was no principal amount outstanding under the Term B-2 Loan.

SS&C and SS&C SARL are required to make scheduled quarterly payments of approximately 0.25% of the remaining principal amount of the Term B-1 Loan with the balance due and payable on July 8, 2022. SS&C and SS&C SARL are required to make scheduled quarterly payments of 0.25% of the original principal amount of the Term B-3 Loan, Term B-4 Loan and Term B-5 Loan, with the balance due and payable on April 16, 2025. No amortization is required under the Revolving Credit Facility.

SS&C's and SS&C SARL's obligations under the Term Loans are guaranteed by (i) our existing and future U.S. wholly-owned restricted subsidiaries, in the case of the Term B-1 Loan, Term B-3 Loan, Term B-5 Loan and the Revolving Credit Facility and (ii) our existing and future wholly-owned restricted subsidiaries, in the case of the Term B-4 Loan.

The obligations of the U.S. loan parties under the Credit Agreement are secured by substantially all of the assets of such persons (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of the U.S. wholly-owned restricted subsidiaries of such persons (with customary exceptions and limitations) and 65% of the capital stock of certain foreign restricted subsidiaries of such persons (with customary exceptions and limitations). All obligations of the non-U.S. loan parties under the Credit Agreement are secured by substantially all of our and the other guarantors' assets (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of our wholly-owned restricted subsidiaries (with customary exceptions and limitations).

The Credit Agreement includes negative covenants that, among other things and subject to certain thresholds and exceptions, limit our ability and the ability of its restricted subsidiaries to incur debt or liens, make investments (including in the form of loans and acquisitions), merge, liquidate or dissolve, sell property and assets, including capital stock of its subsidiaries, pay dividends on its capital stock or redeem, repurchase or retire its capital stock, alter the business we conduct, amend, prepay, redeem or purchase subordinated debt, or engage in transactions with its affiliates. The Credit Agreement also contains customary representations and warranties, affirmative covenants and events of default, subject to customary thresholds and exceptions. In addition, the Credit Agreement contains a financial covenant for the benefit of the Revolving Credit Facility requiring us to maintain a minimum consolidated net secured leverage ratio. In addition, under the Credit Agreement, certain defaults under agreements governing other material indebtedness could result in an event of default under the Credit Agreement, in which case the lenders could elect to accelerate payments under the Credit Agreement and terminate any commitments they have to provide future borrowings.

Senior Notes

On April 16, 2018, we redeemed all of the outstanding principal amount of our Senior Notes utilizing a portion of the proceeds from the Initial Term Loans described above. The redemption of the Senior Notes required the payment of a "make whole" premium calculated pursuant to the indenture governing the Senior Notes. See Loss on extinguishment of debt section below. In addition, on May 1, 2018, we redeemed senior notes of DST that were acquired as a part of the acquisition of DST utilizing a portion of the proceeds from the Initial Term Loans described above. The redemption of DST's senior notes totaled $600.4 million, which included a "make whole" premium.

Other indebtedness

In connection with the acquisition of DST, we assumed a mortgage with a principal amount of £21.0 million, which matures in October 2020 ("U.K. Mortgage") and a $4.1 million mortgage on property in the U.S. The outstanding amount under the U.K. Mortgage was $24.2 million at December 31, 2018 with a fixed interest rate of 3.1%. Principal payments of £1.0 million are payable semi-annually in April and October of each year and accrued interest payable quarterly, with the outstanding balance due at maturity.

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Debt issuance costs

In connection with the Credit Agreement, we capitalized an aggregate of $55.3 million in financing costs in 2018. Other costs incurred in connection with the Credit Agreement, which did not meet the criteria for capitalization, are included in Transaction expenses in the Consolidated Statement of Comprehensive (Loss) Income.

Loss on extinguishment of debt

We recorded a $44.4 million loss on extinguishment of debt in connection with the entry into the Credit Agreement and redemption of the Senior Notes during 2018. The loss on early extinguishment of debt includes the write-off of a portion of the unamortized capitalized financing fees and the unamortized original issue discount related to the Prior Credit Agreement for amounts accounted for as a debt extinguishment, a make-whole premium paid in connection with the redemption of the Senior Notes and the write-off of all unamortized capitalized financing fees and unamortized original issue discount related to the Senior Notes. During the fourth quarter of 2018, we purchased $45.0 million principal amount of our Term Loans in privately negotiated transactions, which resulted in a gain on extinguishment of debt totaling $1.1 million.

Fair value of debt

The carrying amounts and fair values of financial instruments are as follows (in millions):

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Senior secured credit facilities	$8,319.1	$7,847.4	$1,492.2	$1,500.8
5.875% senior notes due 2023	—	—	600.0	631.3
Other indebtedness	28.2	28.3	—	—

The above fair values, which are Level 2 liabilities, were computed based on comparable quoted market prices. The fair values of cash, accounts receivable, net, short-term borrowings, and accounts payable approximate the carrying amounts due to the short-term maturities of these instruments.

Future maturities of debt

At December 31, 2018, annual maturities of long-term debt during the next five years and thereafter are as follows (in millions):

Year ending December 31,	
2019	$87.4
2020	106.5
2021	84.8
2022	578.4
2023 and thereafter	7,490.2

Total	$8,347.3

Note 10—Stockholders' Equity

Two-for-one Stock Split. On May 25, 2016, our Board of Directors approved a two-for-one stock split to be effected in the form of a stock dividend. The record date for the stock split was June 7, 2016 and the payment date was June 24, 2016. All share and per share amounts (other than for our Class A non-voting common stock) have been retroactively restated for all periods presented to reflect the stock split.

Conversion of Class A Common Stock. On March 30, 2016, William C. Stone converted 2.7 million shares of Class A non-voting stock into 2.7 million shares of our common stock, or 5.4 million shares of common stock on a post-split basis. Each share of Class A non-voting common stock converted automatically into one share of our common stock upon the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Public offering. In April 2018, we completed a public offering of our common stock. The offering included 30.3 million newly issued shares of common stock sold by us (including 3.9 million shares of common stock sold pursuant to the underwriters' option to purchase additional shares) at an offering price to the public of $47.50 per share for which we received total net proceeds of approximately $1.4 billion.

Other Common Stock Issuance. In November 2018, we issued 9.9 million shares in connection with our acquisition of Intralinks.

Dividends. In 2018, we paid a quarterly cash dividend of $0.07 per share of common stock on March 15, 2018 and June 15, 2018 and $0.08 per share of common stock on September 18, 2018 and December 17, 2018 to stockholders of record as of the close of business on March 1, 2018, June 1, 2018, September 4, 2018 and December 1, 2018, respectively, totaling $70.9 million. In 2017, we paid a quarterly cash dividend of $0.0625 per share of common stock on March 15, 2017, June 15, 2017 and $0.07 per share of common stock on September 15, 2017 and December 15, 2017 to stockholders of record as of the close of business on March 1, 2017, June 1, 2017, September 1, 2017 and December 1, 2017, respectively, totaling $54.4 million.

Other comprehensive loss. Accumulated other comprehensive loss balances, net of tax consist of the following (in millions):

	Foreign Currency Translation	Accumulated Other Comprehensive Loss
Balance, December 31, 2016	$ (139.1)	$ (139.1)
Net current period other comprehensive income	56.4	56.4
Balance, December 31, 2017	$ (82.7)	$ (82.7)
Net current period other comprehensive loss	(260.3)	(260.3)
Balance, December 31, 2018	$ (343.0)	$ (343.0)

Adjustments to accumulated other comprehensive (loss) income attributable to us are as follows (in millions):

	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
	Pretax	Tax Effect	Pretax	Tax Effect	Pretax	Tax Effect
Cumulative translation adjustments						
Current period translation adjustments	$(260.9)	$ 0.6	$ 56.9	$ (0.5)	$(55.7)	$ (0.2)
Net cumulative translation adjustments	(260.9)	0.6	56.9	(0.5)	(55.7)	(0.2)
Total other comprehensive (loss) income	$(260.9)	$ 0.6	$ 56.9	$ (0.5)	$(55.7)	$ (0.2)

Note 11—Revenue

Adoption of ASC Topic 606, “Revenue from Contracts with Customers”

On January 1, 2018, we adopted ASC 606 using the modified retrospective method for those contracts that were not completed as of the date of adoption. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts continue to be reported in accordance with ASC 605 and 985. The most significant impact of the standard to us relates to the timing of revenue recognition for arrangements involving term licenses. Under ASC 606, we are required to recognize term license revenues upon the transfer of the license and recognize the associated maintenance revenues over the contract period, as opposed to our prior practice of recognizing both the term license and maintenance revenues ratably over the contract period. In addition, we are required to capitalize and amortize incremental costs of obtaining a contract, such as certain sales commission costs, over the expected customer relationship period if we expect to recover those costs. We previously expensed these costs over the length of the initial contract excluding any renewals.

We recorded an increase to retained earnings of $65.8 million, or $47.9 million net of tax, as of January 1, 2018 due to the cumulative impact of adopting ASC 606, with the impact primarily related to our term license revenues. The impact to revenues for the year ended December 31, 2018 related to these adjustments was a decrease of $39.9 million.

The impact of adoption of ASC 606 on our Consolidated Statement of Comprehensive (Loss) Income was as follows (in millions):

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	Year Ended December 31, 2018		
	As Reported	Without adoption of ASC 606	Effect of Change
Revenues:			
License, maintenance and related	$622.2	$ 590.0	$ 32.2
Operating expenses:			
Selling and marketing	$211.0	$ 214.4	$ (3.4)

The impact of adoption of ASC 606 on our Consolidated Balance Sheet was as follows (in millions):

	As of December 31, 2018		
	As Reported	Balance without adoption of ASC 606	Effect of Change
Assets:			
Accounts receivable, net	$681.7	$ 686.8	$ (5.1)
Contract asset (current)	18.5	—	18.5
Prepaid expenses and other current assets	154.5	147.9	6.6
Contract asset (non-current)	31.5	—	31.5
Liabilities:			
Deferred revenue	$245.7	$ 295.8	$ (50.1)
Other long-term liabilities	235.5	233.3	2.2

The adoption of ASC 606 had no impact on our total cash flows from operations.

Deferred revenues primarily represents unrecognized fees billed or collected for maintenance and professional services. Deferred revenues are recognized as (or when) we perform under the contract. Deferred revenues are recorded on a net basis with contract assets at the contract level. Accordingly, as of December 31, 2018, approximately $32.4 million of deferred revenue is presented net within contract assets arising from the same contracts. The amount of revenues recognized in the period that was included in the opening deferred revenues balance was $208.7 million for the year ended December 31, 2018.

As of December 31, 2018, revenue of approximately $357.0 million is expected to be recognized from remaining performance obligations for license, maintenance and related revenues, of which $233.5 million is expected to be recognized over the next twelve months.

Revenue Disaggregation

The following table disaggregates our revenues by geography (in millions):

	Year Ended December 31,		
	2018	2017 (1)	2016 (1)
United States	$2,479.8	$1,222.4	$1,081.3
United Kingdom	503.9	115.8	105.3
Asia-Pacific and Japan	145.8	112.7	90.1
Europe (excluding United Kingdom), Middle East and Africa	145.4	102.1	101.3
Canada	96.3	76.4	65.7
Americas, excluding United States and Canada	49.9	45.9	37.7
Total	$3,421.1	$1,675.3	$1,481.4

(1) As noted above, prior period amounts have not been adjusted under the modified retrospective method.

The following table disaggregates our revenues by source (in millions):

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	Year Ended December 31,		
	2018	2017 (1)	2016 (1)
Software-enabled services	$2,798.9	$1,114.0	$956.8
Maintenance and term licenses	508.8	463.6	414.7
Perpetual licenses	29.5	19.8	23.9
Professional services	83.9	77.9	86.0
Total	$3,421.1	$1,675.3	$1,481.4

(1) As noted above, prior period amounts have not been adjusted under the modified retrospective method.

Note 12—Stock-based Compensation

In February 2016, our Board of Directors adopted the Amended and Restated 2014 Stock Incentive Plan (the "Amended 2014 Plan"), which became effective in May 2016 upon stockholder approval and which amended and restated our 2014 Stock Option Plan (the "2014 Plan") (together with the Amended 2014 Plan, the "2014 Plans"). The Amended 2014 Plan was adopted with an initial share capacity of 24.0 million shares available for the grant of awards and was adopted with the intent of being our only equity plan by authorizing the issuance of full-value awards (that is, restricted stock awards ("RSAs") and restricted stock units ("RSUs")) and by expanding the class of participants to include non-employee directors. Since the adoption of the Amended 2014 Plan, we have not made any grants of equity or equity-based awards under the 2008 Stock Incentive Plan or the 2006 Equity Incentive Plan.

The 2014 Plan authorizes stock options to be granted for up to 6.0 million shares of our common stock. Under the 2014 Plan, the exercise price of stock options is set on the grant date and may not be less than the fair market value per share on such date. Generally, stock options expire ten years from the date of grant. We have granted time-based stock options under the 2014 Plan.

In April 2008, our Board of Directors adopted, and our stockholders approved, an equity-based incentive plan ("the 2008 Plan"), which authorizes equity awards to be granted for up to 21.8 million shares of our common stock, which was calculated based on an initial authorization of 2.8 million shares of our common stock and an annual increase to be added on the first day of each of our fiscal years during the term of the 2008 Plan beginning in fiscal 2009 equal to the lesser of (i) 2.8 million shares of common stock, (ii) 2% of the outstanding shares on such date or (iii) an amount determined by our Board of Directors. 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. We have granted time-based options and RSUs under the 2008 Plan.

In August 2006, our Board of Directors adopted an equity-based incentive plan ("the 2006 Plan"), which authorizes equity awards to be granted for up to 22.3 million shares of our common stock. Under the 2006 Plan, 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. We have granted RSAs of our common stock and both time-based and performance-based options under the 2006 Plan.

We generally settle RSUs, RSAs, stock appreciation rights ("SARs") and stock option exercises with newly issued common shares.

Restricted stock units. During the year ended December 31, 2018, we granted 24,970 RSUs under the 2014 Plan, which vest 50% at the time of granting and continue to vest 1/36th of the remaining balance each month thereafter for 36 months. We did not grant any RSUs during the year ended December 31, 2017. At December 31, 2018 and 2017, there was approximately $0.6 million and $1.5 million, respectively, of unearned non-cash stock-based compensation related to the RSUs that we expect to recognize as expense over a remaining period of approximately 1.8 and 0.8

years, respectively.

Restricted stock awards. We did not grant any RSAs during the years ended December 31, 2018 and 2017. The RSAs vest in full upon a change in control, subject to certain conditions. At both December 31, 2018 and 2017, there was less than $0.1 million of unearned non-cash stock-based compensation related to the RSAs that we expect to recognize as expense over a weighted average remaining period of approximately 3 months and 15 months, respectively.

Time-based options and SARs. Time-based options and SARs granted under the 2006 Plan, the 2008 Plan, the 2014 Plans 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 outstanding time-based options and SARs vest upon a change in control, subject to certain conditions. Time-based options and SARs granted during 2018, 2017 and 2016 have a weighted-average grant date fair value of $10.38, $7.86 and $6.62 per share,

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respectively, based on the Black-Scholes option pricing model. Compensation expense is recorded on a straight-line basis over the requisite service period. The fair value of time-based options and SARs vested during the years ended December 31, 2018, 2017 and 2016 was approximately $50.4 million, $32.1 million and $41.4 million, respectively. At December 31, 2018 and 2017, there was approximately $165.2 million and $117.9 million, respectively, of unearned non-cash stock-based compensation related to time-based options and SARs that we expect to recognize as expense over a weighted average remaining period of approximately 3.3 and 3.1 years, respectively.

For the time-based options and SARs valued using the Black-Scholes option-pricing model, we used the following weighted-average assumptions:

	Time-Based awards		
	2018	2017	2016
Expected term to exercise (years)	4.0	4.0	4.0
Expected volatility	25.26%	25.61%	27.64%
Risk-free interest rate	2.67 %	1.92 %	1.30 %
Expected dividend yield	0.70 %	0.73 %	0.82 %

Total stock options, SARs, RSUs and RSAs. The amount of stock-based compensation expense recognized in our Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2018, 2017 and 2016 was as follows (in millions):

Consolidated Statements of Comprehensive (Loss) Income Classification	Year Ended December 31, 2018				Year Ended December 31, 2017				Year Ended December 31, 2016			
	Options, SARs	RSUs	RSAs	Total	Options, SARs	RSUs	RSAs	Total	Options, SARs	RSUs	RSAs	Total
Cost of software-enabled services	$25.7	$13.7	$ —	$39.4	$11.1	$0.1	$—	$11.2	$10.1	$0.1	$—	$10.2
Cost of license, maintenance and other related	3.9	0.8	—	4.7	3.6	0.6	—	4.2	3.5	1.5	—	5.0
Total cost of revenues	29.6	14.5	—	44.1	14.7	0.7	—	15.4	13.6	1.6	—	15.2
Selling and marketing	7.3	4.5	—	11.8	8.5	1.0	0.1	9.6	8.9	2.4	0.2	11.5
Research and development	8.0	1.0	—	9.0	6.2	1.3	—	7.5	6.0	2.3	—	8.3
General and administrative	16.1	15.9	—	32.0	8.6	0.4	—	9.0	11.3	4.2	—	15.5
Total operating expenses	31.4	21.4	—	52.8	23.3	2.7	0.1	26.1	26.2	8.9	0.2	35.3
Total stock-based compensation expense	$61.0	$35.9	$ —	$96.9	$38.0	$3.4	$0.1	$41.5	$39.8	$10.5	$0.2	$50.5

The associated future income tax benefit recognized was $33.7 million, $10.3 million and $18.4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

For the year ended December 31, 2018, the amount of cash received from the exercise of stock options was $84.9 million, with an associated tax benefit from stock awards realized of $34.6 million. The intrinsic value of options and SARs exercised during the year ended December 31, 2018 was approximately $107.6 million. For the year ended December 31, 2017, the amount of cash received from the exercise of stock options was $60.2 million, with an associated tax benefit from stock awards realized of $25.0 million. The intrinsic value of options and SARs exercised during the year ended December 31, 2017 was approximately $71.1 million. For the year ended December 31, 2016, the amount of cash received from the exercise of stock options was $39.2 million, with an associated tax benefit from stock awards realized of $62.1 million. The intrinsic value of options and SARs exercised during the year ended December 31, 2016 was approximately $141.2 million.

In connection with our acquisition of DST in April 2018, we converted DST's unvested stock options, unvested RSUs and unvested PSUs into equity awards and rights to receive our common stock. During the year ended December 31, 2018, we recognized stock-based compensation expense of $49.3 million related to these assumed awards, of which $31.1 million related to one-time charges for the accelerated vesting of certain awards.

The following table summarizes stock option and SAR activity as of and for the years ended December 31, 2018, 2017 and 2016 (share data in millions):
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	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2015	30.2	$ 20.64
Granted (1)	2.4	$ 30.39
Cancelled/forfeited	(1.6)	$ 31.15
Exercised	(6.0)	$ 7.53
Outstanding at December 31, 2016	25.0	$ 24.04
Granted (2)	11.5	$ 36.63
Cancelled/forfeited	(1.4)	$ 31.59
Exercised	(3.8)	$ 19.08
Outstanding at December 31, 2017	31.3	$ 28.92
Granted (2)	13.2	$ 47.50
Equity awards assumed from DST	0.7	$ 48.85
Cancelled/forfeited	(1.4)	$ 38.56
Exercised	(4.0)	$ 24.71
Outstanding at December 31, 2018	39.8	$ 35.48

(1) Of the grants during 2016, 1.0 million were granted under the Amended 2014 Plan and 1.4 million were granted under the 2008 Plan.
(2) Granted under the Amended 2014 Plan.

The following table summarizes RSU activity as of and for the years ended December 31, 2018, 2017 and 2016 (share data in millions):

	Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2015	1.0	$ 31.01
Granted	—	$ —
Cancelled/forfeited	(0.1)	$ 31.22
Vested	(0.5)	$ 30.95
Outstanding at December 31, 2016	0.4	$ 31.06
Granted	—	$ —
Cancelled/forfeited	—	$ 31.36
Vested	(0.2)	$ 31.03
Outstanding at December 31, 2017	0.2	$ 31.04
Granted	—	$ 50.62
Equity awards assumed from DST	2.0	$ 50.71
Cancelled/forfeited	—	$ 48.71
Vested	(0.8)	$ 46.45
Outstanding at December 31, 2018	1.4	$ 50.44

The following table summarizes information about vested stock options and SARs outstanding that are currently exercisable and stock options and SARs outstanding that are expected to vest at December 31, 2018:

Outstanding, Vested Stock Options and SARs Currently Exercisable				Outstanding Stock Options and SARs Expected to Vest			
Shares (In millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)	Weighted Average Remaining Contractual Term (Years)	Shares (In millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)	Weighted Average Remaining Contractual Term (Years)
17.5	$ 25.85	$ 338.0	5.90	39.8	$ 35.47	$ 419.4	7.75

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Note 13—Defined Contribution Plans

We sponsor defined contribution plans that cover our domestic and non-domestic employees following the completion of an eligibility period. During the years ended December 31, 2018, 2017 and 2016, we incurred $60.8 million, $18.1 million and $14.8 million, respectively, of employer contribution expenses under these plans. Additionally, we sponsor a defined benefit pension plan in the United Kingdom, which has a net benefit asset as of December 31, 2018 of $0.8 million.

Note 14—Basic and diluted earnings per share

Earnings per share ("EPS") is calculated in accordance with the relevant standards. Basic EPS includes no dilution and is computed by dividing income available to our common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options, SARs and RSUs and RSAs using the treasury stock method. Common equivalent shares are excluded from the computation of diluted earnings per share if the effect of including such common equivalent shares is anti-dilutive because their total assumed proceeds exceed the average fair value of common stock for the period. We have two classes of common stock, each with identical participation rights to earnings and liquidation preferences, and therefore the calculation of EPS as described above is identical to the calculation under the two-class method.

The following table sets forth the computation of basic and diluted EPS (in millions, except per share amounts):

	Year Ended December 31,		
	2018	2017	2016
Net income	$103.2	$328.9	$131.0
Shares:			
Weighted average common shares outstanding — used in calculation of basic EPS	232.5	204.9	200.3
Weighted average common stock equivalents — options and restricted shares	11.2	6.7	5.5
Weighted average common and common equivalent shares outstanding — used in calculation of diluted EPS	243.7	211.6	205.8
Earnings per share - Basic	$0.44	$1.60	$0.65
Earnings per share - Diluted	$0.42	$1.55	$0.64

Weighted average stock options, SARs, RSUs and RSAs representing 5.5 million, 10.6 million and 14.1 million shares were outstanding for the years ended December 31, 2018, 2017 and 2016, respectively, but were not included in the computation of diluted EPS because the effect of including them would be anti-dilutive.

Note 15—Income Taxes

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

	Year Ended December 31,		
	2018	2017	2016
U.S.	$(10.9)	$153.8	$68.2
Foreign	136.0	128.9	95.4
Income before income taxes	$125.1	$282.7	$163.6

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

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	Year Ended December 31,		
	2018	2017	2016
Current:			
Federal	$66.4	$81.1	$47.6
Foreign	37.8	21.4	18.9
State	23.5	3.3	13.9
Total	127.7	105.8	80.4
Deferred:			
Federal	(75.4)	(144.7)	(38.6)
Foreign	0.2	(2.8)	(4.1)
State	(30.6)	(4.5)	(5.1)
Total	(105.8)	(152.0)	(47.8)
Total	$21.9	$(46.2)	$32.6

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 21% (35% for years ended December 31, 2017 and 2016) to income before income taxes as follows (in millions):

	Year Ended December 31,		
	2018	2017	2016
Computed “expected” tax expense	$26.3	$98.9	$57.3
(Decrease) increase in income tax expense resulting from:			
State income taxes (net of federal income tax benefit)	(6.0)	7.5	5.6
Foreign operations	10.7	(36.2)	(33.6)
Enactment of Tax Act	—	(88.0)	—
Effects of stock based compensation	(14.6)	(13.6)	—
Effect of valuation allowance	4.6	(3.3)	2.1
Uncertain tax positions	(0.9)	(8.2)	6.5
Tax credits	(4.0)	(0.6)	(3.7)
Other	5.8	(2.7)	(1.6)
Provision (benefit) provision for income taxes	$21.9	$(46.2)	$32.6

On December 22, 2017, the Tax Act was enacted into law, reducing the U.S. corporate income tax rate from 35% to 21%. In accordance with SAB 118, we made a provisional beneficial estimate of $88.0 million in the fourth quarter of 2017 to account for specific income tax effects of the Tax Act. Pursuant to SAB 118, we were allowed a measurement period of up to one year after the enactment date of the Tax Act to finalize the accounting of the related tax impacts. We completed our accounting of the Tax Act in the fourth quarter of 2018 and made no significant adjustments to the provisional estimates made in the prior year.

The components of deferred income taxes at December 31, 2018 and 2017 are as follows (in millions):

	2018 Deferred Tax Assets	Deferred Tax Liabilities	2017 Deferred Tax Assets	Deferred Tax Liabilities
Net operating loss carryforwards	54.8	—	24.2	—
Deferred compensation	47.6	—	22.4	—
Tax credit carryforwards	34.6	—	26.3	—
Accrued expenses	25.3	—	13.3	—
Other	24.8	—	0.9	—
Customer relationships	—	834.4	—	220.8
Other intangible assets	—	204.5	—	53.7
Unconsolidated investments	—	134.4	0.6	—
Acquired technology	—	66.5	—	53.3
Trade names	—	49.9	—	6.3
Property and equipment	—	43.4	—	6.3
Unremitted foreign earnings	—	9.0	—	7.2
Deferred revenue	—	5.7	—	0.2
Total	187.1	1,347.8	87.7	347.8
Valuation allowance	(36.2)	—	(21.1)	—
Total	$ 150.9	$ 1,347.8	$ 66.6	$ 347.8

At December 31, 2018 and 2017, we had accrued a deferred income tax liability for foreign withholding taxes of $9.0 million and $7.2 million, respectively, on the unremitted earnings of our major Canadian subsidiary and certain unconsolidated foreign affiliates we do not control and whose earnings cannot be considered permanently reinvested. We have not accrued any deferred income taxes for withholding, foreign local or U.S. state income taxes on the unremitted earnings of other foreign subsidiaries as those earnings are permanently reinvested.

At December 31, 2018, we have domestic federal net operating loss carryforwards of $93.3 million, which will begin to expire in 2021 and state net operating loss carryforwards of $90.6 million, which will begin to expire in 2021. At December 31, 2018, we have foreign net operating loss carryforwards of $123.7 million, of which $66.6 million can be carried forward indefinitely. The remaining $57.1 million will begin to expire in 2019.

At December 31, 2018, we have tax credit carryforwards of $34.6 million relating to domestic and foreign jurisdictions, of which $27.6 million relate to domestic tax credits that are expected to be utilized before they begin to expire in 2019, $4.5 million relate to domestic tax credits that are not expected to be utilized before they begin to expire in 2022, $1.4 million relate to foreign jurisdictions that are expected to be utilized before they begin to expire in 2025 and $1.1 million relate to foreign jurisdictions not expected to be utilized before they begin to expire in 2026. The domestic credits consist primarily of federal and state R&D credits, while the foreign credits consist primarily of minimum alternative tax credit carryforwards at our India operations.

A valuation allowance is recorded against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have recorded valuation allowances of $36.2 million at December 31, 2018 related primarily to certain foreign and state net operating loss carryforwards and tax credit carryforwards and $21.1 million at December 31, 2017 related to certain foreign net operating loss carryforwards and tax credit carryforwards. Of the $36.2 million valuation allowance recorded at December 31, 2018, $12.4 million relates to foreign net operating losses that do not expire. The change in the valuation allowance from 2017 to 2018 is primarily due to foreign and state net operating losses generated but not expected to be utilized as well as the acquisition of foreign net operating loss and tax credit carryforwards not expected to be utilized, due in part to the utilization of the tax attributes being limited to offset only income with certain characteristics.

The following table summarizes the activity related to our unrecognized tax benefits for the years ended December 31, 2018 and 2017 (in millions):

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Balance at December 31, 2016	$63.0
Increases related to current year tax positions	7.6
Decreases related to prior tax positions	(4.8)
Settlements	(6.0)
Lapse in statute of limitation	(2.8)
Foreign exchange translation adjustment	0.6
Balance at December 31, 2017	$57.6
Increases related to current year tax positions	6.5
Increases related to prior tax positions	2.6
Increases related to acquired tax positions	83.3
Lapse in statute of limitation	(9.0)
Foreign exchange translation adjustment	(0.5)
Balance at December 31, 2018	$140.5

We accrued potential penalties and interest on the unrecognized tax benefits of $2.3 million and $0.5 million during 2018 and 2017, respectively, and have recorded a total liability for potential penalties and interest, including penalties and interest related to acquired unrecognized tax benefits, of $25.2 million and $3.6 million at December 31, 2018 and 2017, respectively. Our unrecognized tax benefits decreased from 2016 to 2017 due to settlements with federal and state tax authorities, a lapse in the statute of limitations for certain domestic tax filings and decreases in prior tax positions, offset partially by an increase related to current tax positions. Our unrecognized tax benefits increased from 2017 to 2018 due to acquired uncertain tax positions, primarily consisting of domestic tax positions, and an increase in current and prior year tax positions, offset partially by a lapse in the statute of limitations for certain domestic tax filings. Our unrecognized tax benefits as of December 31, 2018 relate to domestic and foreign taxing jurisdictions and are recorded in other long-term liabilities on our Consolidated Balance Sheet at December 31, 2018.

We are subject to examination by tax authorities throughout the world, including such major jurisdictions as the U.S., United Kingdom, India, California, Massachusetts, Missouri and New York. In these major jurisdictions, we are no longer subject to examination by tax authorities prior to tax years ending 2010, 2016, 2016, 2007, 2015, 2015 and 2011, respectively. Our U.S. federal income tax returns are currently under audit or in appeals for the tax periods ended December 31, 2010 through December 31, 2015. Our India income tax returns are currently under audit for tax periods ending March 31, 2016 through March, 2017. Our California state income tax returns are currently under audit or in appeals for the tax periods ended December 31, 2007 through 2016. Our New York state income tax returns are currently under audit for the tax periods ended December 31, 2011 through 2014.

Note 16—Commitments and Contingencies

Our contractual cash obligations for our operations including future minimum lease payments for the non-cancelable term of all operating leases and committed purchase obligations, excluding future sublease income, as of December 31, 2018, are as follows (in millions):

December 31,	Operating Leases	Purchase Obligations	Total
2019	$ 83.8	$ 101.8	$185.6
2020	76.5	46.7	123.2
2021	71.2	36.8	108.0
2022	61.6	12.7	74.3

2023 and thereafter	257.8	—	257.8
Total	$ 550.9	$ 198.0	$748.9

Total rental expense was $72.0 million, $47.4 million and $33.3 million for the years ended December 31, 2018, 2017 and 2016, respectively. We sublease office space to other parties under noncancelable leases and we received rental income under these leases of $5.4 million, $5.4 million and $1.3 million for the years ended December 31, 2018, 2017 and 2016, respectively. Future minimum lease receipts under these leases as of December 31, 2018 are as follows (in millions):

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2019	$5.2
2020	6.0
2021	4.4
2022	2.7
2023 and thereafter	2.6
Total	$20.9

Legal Proceedings

From time to time, we are subject to legal proceedings and claims. In our opinion, we are not involved in any litigation or proceedings that would have a material adverse effect on us or our business.

A putative class action suit was filed against DST, the Compensation Committee of DST's Board of Directors, the Advisory Committee of DST Systems, Inc. 401(k) Profit Sharing Plan (the "Plan") and certain of DST's present and/or former officers and directors, alleging breach of fiduciary duties and other violations of the Employee Retirement Income Security Act. On September 1, 2017, a complaint was filed purportedly on behalf of the Plan in the Southern District of New York, captioned Ferguson, et al v. Ruane Cunniff & Goldfarb Inc., et al., naming as defendants the DST, the Compensation Committee of DST's Board of Directors, the Advisory Committee of the Plan and certain of DST's present and/or former officers and directors. We intend to defend this case vigorously, and, because it is still in its preliminary stages, has not yet determined what effect this lawsuit will have, if any, on its financial position or results of operations.

In connection with an investigation of the Plan and the activities of its fiduciaries, the U.S. Department of Labor through its Employee Benefits Security Administration issued a letter dated February 23, 2018 stating that, based on facts gathered, it appeared that certain fiduciaries of the Plan may have breached their fiduciary obligations and violated certain provisions of the Employee Retirement Income Security Act in connection with the administration of the Plan. The letter stated that if the fiduciaries fail to take corrective action, the matter may be referred to the Office of the Solicitor of Labor for possible legal action. The letter further stated that if the fiduciaries take proper corrective action based on a settlement agreement with the Department of Labor, it will not bring a lawsuit with regard to these issues, and close its investigation without further action. We have not yet determined what effect this letter will have, if any, on its financial position or results of operations.

On September 28, 2018, a complaint was filed in the United States District Court for the Southern District of New York captioned Robert Canfield, et al. v. SS&C Technologies Holdings, Inc., et al., Case No. l 8-cv-8913, on behalf of five individual plaintiffs. The Complaint names as defendants SS&C Technologies Holdings, Inc., DST Systems, Inc., The Advisory Committee of the DST Systems, Inc. 401(k) Profit Sharing Plan, The Compensation Committee of the Board of Directors of DST Systems, Inc., and Ruane, Cuniff & Goldfarb, Inc. The underlying claim is the same as in the above-described Ferguson matter, with the exception that it is an individual action and not a putative class action.

On November 5, 2018, a complaint was filed in the United States District Court for the Southern District of New York captioned Mark Mendon and Jill Pehlman v. SS&C Technologies Holdings, Inc., et al. individually and on behalf of the DST Systems, Inc. 401(k) Profit Sharing Plan. The Complaint names as defendants SS&C Technologies Holdings, Inc., DST Systems, Inc., The Advisory Committee of the DST Systems, Inc. 401 (k) Profit Sharing Plan, The Compensation Committee of the Board of Directors of DST Systems, Inc., and Ruane, Cuniff & Goldfarb, Inc. The underlying claim is the same as in the above-described Ferguson matter, with the exception that it is an individual action and not a putative class action.

DST Systems, Inc., the Advisory Committee of the Plan, and the Compensation Committee of DST's Board of Directors have been named in approximately 278 substantially similar individual demands for arbitration through February 22, 2019, by former and current DST employees demanding arbitration under the DST Employee Arbitration

Program and Agreement. The underlying claim in each is the same as in the above-described Ferguson matter, with the exception that each is an individual claim and not a putative class action. As of February 22, 2019, the parties have jointly submitted 21 of the demands for arbitration to the American Arbitration Association. The remaining demands for arbitration have not yet been submitted.

Note 17—Segment and Geographic Information

We operate in one operating segment. Our geographic regions consist of the United States, Canada, Americas excluding the United States and Canada, Europe and Asia Pacific and Japan.

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Long-lived assets as of December 31, were (in millions):

	2018	2017	2016
United States	$425.2	$97.2	$76.9
Europe, Middle East and Africa	108.5	4.6	4.2
Asia-Pacific and Japan	24.7	6.0	6.4
Canada	6.0	7.9	6.9
Americas, excluding United States and Canada	0.4	0.4	0.8
Total	$564.8	$116.1	$95.2

Note 18—Selected Quarterly Financial Data (Unaudited)

The following tables set forth selected unaudited quarterly Consolidated Statements of Comprehensive (Loss) Income data for each of the quarters indicated. The unaudited information should be read in conjunction with our Consolidated Financial Statements and related notes included elsewhere in this report. We believe that the following unaudited information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	($ in millions, except per share data)			
2018				
Revenues	$421.9	$895.8	$992.4	$1,111.0
Gross profit	192.4	292.3	412.3	473.0
Operating income (loss)	86.8	(50.7)	180.6	212.4
Net income (loss)	51.2	(63.7)	57.0	58.7
Basic earnings (loss) per share	$0.25	$(0.27)	$0.24	$0.24
Diluted earnings (loss) per share	$0.24	$(0.27)	$0.23	$0.23
Cash dividends declared and paid per common share	$0.07	$0.07	$0.08	$0.08

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	($ in millions, except per share data)			
2017				
Revenues	$407.7	$411.0	$418.2	$438.4
Gross profit	190.2	187.3	198.4	213.0
Operating income	89.7	89.9	103.9	113.3
Net income	48.1	51.1	64.2	165.4
Basic earnings per share	$0.24	$0.25	$0.31	$0.80
Diluted earnings per share	$0.23	$0.24	$0.30	$0.77

Cash dividends declared and paid per common share	$0.0625	$0.0625	$0.07	$0.07

Note 19—Subsequent Event

Dividend declared. On February 12, 2019, our Board of Directors declared a quarterly cash dividend of $0.10 per share of common stock payable on March 15, 2019 to stockholders of record as of the close of business on March 1, 2019.

Explanation of Responses:

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, 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, 2018, 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.

Report of Management 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 a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that: 1) pertain to maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are made in accordance with management and board of director authorization; and 3) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018. In April 2018, we acquired the assets of DST, in June 2018, we acquired the assets of Eze and in November 2018, we acquired the assets of Intralinks. Management has excluded DST, Eze and Intralinks from its assessment of internal control over financial reporting as of December 31, 2018 because they were acquired by us in a purchase business combination during 2018. DST, Eze and Intralinks, and their related entities are our wholly-owned subsidiaries whose total assets and total revenues represent 17% and 50%, respectively, of the Consolidated Financial Statement amounts as of and for the year ended December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

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 fiscal quarter ended December 31, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION
None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
Incorporated by reference from the information in the Company's proxy statement for the 2019 annual meeting of stockholders, which the Company intends to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

Item 11. EXECUTIVE COMPENSATION
Incorporated by reference from the information in the Company's proxy statement for the 2019 annual meeting of stockholders, which the Company intends to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS
Incorporated by reference from the information in the Company's proxy statement for the 2019 annual meeting of stockholders, which the Company intends to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE
Incorporated by reference from the information in the Company's proxy statement for the 2019 annual meeting of stockholders, which the Company intends to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES
Incorporated by reference from the information in the Company's proxy statement for the 2019 annual meeting of stockholders, which the Company intends to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES
(a) The following documents are filed as part of this Report.
(1) Financial Statements — See Index to Financial Statements in Item 8 of this Report.
(2) Financial Statement Schedules — All 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 — See the Exhibit listing below.

Exhibit Number	Description of Exhibit
2.1†	Agreement and Plan of Merger, dated as of January 11, 2018, by and among DST Systems, Inc., SS&C Technologies Holdings, Inc. and Diamond Merger Sub, Inc. is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on January 11, 2018 (File No. 001-34675)
2.2†	

Membership Interest Purchase Agreement dated as of September 6, 2018, by and between Impala Private Holdings I, LLC and SS&C Technologies Holdings, Inc. is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on September 6, 2018 (File No. 001-34675)

3.1 Restated Certificate of Incorporation of the Registrant is incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016 (File No. 001-34675)

3.2 Amended and Restated Bylaws of the Registrant are incorporated herein by reference to Exhibit 3.4 to the Form S-1, as amended (File No. 333-164043) (the "2010 Form S-1")

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Exhibit Number	Description of Exhibit
10.1	Credit Agreement, dated as of July 8, 2015, by and among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., certain of SS&C's subsidiaries, Deutsche Bank AG New York Branch and certain Lenders and L/C Issuers party thereto is incorporated herein by reference to Exhibit 10.2 of the Registrants Current Report on Form 8-K, filed on July 8, 2015 (File No. 001-34675)
10.2	Amendment No. 1 to the Credit Agreement, dated as of March 2, 2017, by and among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., certain of SS&C's subsidiaries, Deutsche Bank AG New York Branch and certain Lenders and L/C Issuers party thereto is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on March 6, 2017 (File No. 001-34675)
10.3	Second Amendment to Credit Agreement, dated as of March 9, 2018, among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., the Company's other subsidiaries party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and the lenders and L/C issuers party thereto (Exhibit A thereto is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 16, 2018 (File No. 001-34675))
10.4	Commitment Increase Amendment, dated as of October 1, 2018, among SS&C Technologies Holdings, Inc., certain of its subsidiaries and Credit Suisse AG, Cayman Islands Branch, as administrative agent and lender is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on October 5, 2018 (File No. 001-34675)
10.5	Commitment Increase Amendment dated as of November 16, 2018, among SS&C Technologies Holdings, Inc., certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and Deutsche Bank AG New York Branch, as lender
10.6	Stockholders Agreement, dated as of November 23, 2005, by and among the Registrant, 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 SS&C Technologies, Inc's Registration Statement on Form S-4, as amended (File No. 333-135139) (the "2006 Form S-4")
10.7	Amendment No. 1, dated April 22, 2008, to the Stockholders Agreement dated as of November 23, 2005, by and among the Registrant, 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 Registrant's Registration Statement on Form S-1, as amended (File No. 333-143719) (the "2008 Form S-1")
10.8	Amendment No. 2, dated March 2, 2010, to the Stockholders Agreement dated as of November 23, 2005, as amended by Amendment No. 1 to the Stockholders Agreement dated April 22, 2008, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.1 to SS&C Technologies, Inc.'s Current Report on Form 8-K, filed on March 2, 2010 (File No. 000-28430) (the "March 2, 2010 8-K")
10.9	Amendment No. 3, dated March 10, 2011, to the Stockholders Agreement dated as of November 23, 2005, as amended by Amendment No. 1 to the Stockholders Agreement dated April 22, 2008, and Amendment No. 2

to the Stockholders Agreement dated March 2, 2010, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.35 to SS&C Technologies, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 000-28430)

10.10	Registration Rights Agreement, dated as of November 23, 2005, by and among the Registrant, 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 2006 Form S-4
10.11	Registration Rights Agreement, dated November 16, 2018, by and between the Impala Private Holdings I, LLC and SS&C Technologies Holdings, Inc. is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 16, 2018 (File No. 001-34675)
10.12*	Employment Agreement, dated as of March 11, 2010, by and among William C. Stone, the Registrant and SS&C Technologies, Inc. is incorporated herein by reference to Exhibit 10.27 to the 2010 Form S-1

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Exhibit Number	Description of Exhibit
10.13*	First Amended and Restated Employment Agreement, dated as of March 31, 2015, between SS&C Technologies Holdings, Inc. and William C. Stone is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K, filed on April 1, 2015 (File No. 001-34675)
10.14*	Employment Agreement, dated as of February 8, 2018, among SS&C Technologies Holdings, Inc, SS&C Technologies, Inc. and Joseph J. Frank is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
10.15*	Employment Agreement, dated as of February 8, 2018, among SS&C Technologies Holdings, Inc, SS&C Technologies, Inc. and Joseph J. Frank is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
10.16*	Form of Director Indemnification Agreement is incorporated herein by reference to Exhibit 10.35 to the 2010 Form S-1
10.17*	2006 Equity Incentive Plan is incorporated herein by reference to Exhibit 10.1 to SS&C Technologies, Inc.'s Current Report on Form 8-K, filed on August 15, 2006 (File No. 000-28430) (the "August 15, 2006 8-K")
10.18*	Forms of 2006 Equity Incentive Plan Amended and Restated Stock Option Grant Notice and Amended and Restated Stock Option Agreement are incorporated herein by reference to Exhibit 10.2 to the March 2, 2010 8-K
10.19*	Form of Stock Award Agreement is incorporated herein by reference to Exhibit 10.4 to the August 15, 2006 8-K
10.20*	2008 Stock Incentive Plan is incorporated herein by reference to Exhibit 10.26 to the 2008 Form S-1
10.21*	Form of 2008 Stock Incentive Plan Stock Option Grant Notice and Stock Option Agreement is incorporated herein by reference to Exhibit 10.26 to the 2010 Form S-1
10.22*	Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2013 (File No. 001-34675)
10.23*	Amended and Restated 2014 Stock Incentive Plan of SS&C Technologies Holdings, Inc. is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 26, 2016 (File No. 001-34675)
10.24*	SS&C Technologies Holdings, Inc. Executive Bonus Plan is incorporated herein by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A, filed on April 16, 2014 (File No. 001-34675)
10.25*	2014 Stock Option Plan Form of Stock Option Agreement is incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (File No. 001-34675)

10.26*	Form of Restricted Stock Unit Award Agreement under Amended and Restated 2014 Stock Incentive Plan of SS&C Technologies Holdings, Inc. is incorporated herein by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
10.27*	Restricted Stock Unit Award Agreement, dated as of March 9, 2018, among SS&C Technologies Holdings, Inc and Joseph J. Frank is incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
21**	Subsidiaries of the Registrant
23.1**	Consent of PricewaterhouseCoopers LLP
31.1**	Certifications of the Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certifications 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 (furnished and not filed for purposes of sections 11 or 12 of the Securities Act and section 18 of the Exchange Act)
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.

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Exhibit Number	Description of Exhibit
101.CAL**	XBRL Taxonomy Calculation Linkbase Document.
101.LAB**	XBRL Taxonomy Label Linkbase Document.
101.PRE**	XBRL Taxonomy Presentation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.REF**	XBRL Taxonomy Reference Linkbase Document.

† Schedules have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon its request; provided, however, that the Registrant may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.

* 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.

** Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2018 and 2017, (ii) Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2018, 2017 and 2016, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016, (iv) Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2018, 2017 and 2016 and (v) Notes to Consolidated Financial Statements.

Item 16. FORM 10-K SUMMARY

None.

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 HOLDINGS, INC.

By: /s/ William C. Stone
William C. Stone
Chairman of the Board and Chief Executive Officer

Date: March 1, 2019

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.

Signatures	Title	Date
/s/ William C. Stone William C. Stone	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 1, 2019
/s/ Patrick J. Pedonti Patrick J. Pedonti	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 1, 2019
/s/ Normand A. Boulanger Normand A. Boulanger	Director	March 1, 2019
/s/ Smita Conjeevaram Smita Conjeevaram	Director	March 1, 2019
/s/ Michael E. Daniels Michael E. Daniels	Director	March 1, 2019
/s/ Jonathan E. Michael Jonathan E. Michael	Director	March 1, 2019
/s/ David A. Varsano David A. Varsano	Director	March 1, 2019
/s/ Michael J. Zamkow Michael J. Zamkow	Director	March 1, 2019

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