

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 8-K/A

CURRENT REPORT

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

Date of report (Date of earliest event reported): October 16, 2015

FactSet Research Systems Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-11869
(Commission
File Number)

13-3362547
(I.R.S. Employer
Identification Number)

601 Merritt 7
Norwalk, Connecticut 06851
(Address of principal executive offices)

(203) 810-1000
(Registrant's telephone number, including area code)

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:

- ☐ 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))

Explanatory Note: FactSet Research Systems Inc. is filing this Current Report on Form 8-K/A in order to amend its Current Report on Form 8-K, filed on October 16, 2015, and incorporated herein by reference, to provide certain financial disclosures required by Item 9.01 with respect to the acquisition of the issued and outstanding membership interests of Portware, LLC.

Item 2.01 Completion of Acquisition or Disposition of Assets

On September 21, 2015, FactSet Research Systems Inc. (“FactSet” or the “Company”) agreed to acquire (the “Acquisition”) all of the issued and outstanding membership interests of Portware, LLC (“Portware”) pursuant to a Securities Purchase Agreement by and among FactSet, Long Ridge Equity Partners I, LP, Long Ridge Offshore Subsidiary Holdings, LLC, Portware Investors Parallel Holdings LLC, Portware, Long Ridge Portware Holdings, Inc. and the Individual Sellers (as defined therein).

On October 16, 2015, FactSet filed a Current Report on Form 8-K to report that it had completed the Acquisition for \$265 million in cash, less certain adjustments set forth in the Securities Purchase Agreement, including, among others, a customary working capital adjustment. In such Form 8-K, FactSet stated that it would file the financial statements of Portware and pro forma financial information required by Items 9.01(a) and (b) of Form 8-K, respectively, by amendment as permitted by such Items. The Company is filing this Form 8-K/A to provide such financial statements and pro forma financial information.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

1. The unaudited condensed consolidated financial statements of Portware, LLC as of and for the eight months ended August 31, 2015, and the related notes, are included as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.
2. The audited consolidated financial statements of Portware, LLC as of and for the year ended December 31, 2014, and the related notes, as required by Item 9.01(a) of Form 8-K are included as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information, and related notes, as required by Item 9.01(b) of Form 8-K are included as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(c) Not applicable

(d) Exhibits

- | | |
|------|---|
| 23.1 | Consent of EisnerAmper LLP, Independent Auditors of Portware, LLC |
| 99.1 | Unaudited Condensed Consolidated Financial Statements of Portware, LLC as of and for the eight months ended August 31, 2015 |
| 99.2 | Audited Consolidated Financial Statements of Portware, LLC as of and for the year ended December 31, 2014 |
| 99.3 | Unaudited Pro Forma Condensed Combined Financial Information |
-

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.

FACTSET RESEARCH SYSTEMS INC.
(Registrant)

Date: December 30, 2015

By: /s/ Maurizio Nicolelli
Maurizio Nicolelli
Senior Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit No.	Description
23.1	Consent of EisnerAmper LLP, Independent Auditors of Portware, LLC
99.1	Unaudited Condensed Consolidated Financial Statements of Portware, LLC as of and for the eight months ended August 31, 2015
99.2	Audited Consolidated Financial Statements of Portware, LLC as of and for the year ended December 31, 2014
99.3	Unaudited Pro Forma Condensed Consolidated Financial Information

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of FactSet Research Systems Inc. on Form S-8 (Nos. 333-201498, 333-171667, 333-156649, 333-59839, 333-56870, and 333-22319) of our report dated March 31, 2015, on our audit of the consolidated financial statements of Portware, LLC and Subsidiaries as of December 31, 2014, which report is included in this Form 8-K/A.

/s/ EISNERAMPER LLP

New York, New York
December 30, 2015

PORTWARE, LLC AND SUBSIDIARIES

Contents

Condensed Consolidated Interim Financial Statements of Portware, LLC and Subsidiaries (Unaudited)	
Consolidated Balance Sheet	1
Consolidated Statement of Operations and Comprehensive Income	2
Consolidated Statement of Changes in Members’ Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Condensed Consolidated Interim Financial Statements	5

PORTWARE, LLC AND SUBSIDIARIES

Consolidated Balance Sheet As of August 31, 2015 (unaudited)

ASSETS	
Current assets	
Cash	\$ 4,838,122
Accounts receivable	4,837,956
Prepaid expenses and other current assets	1,232,737
Total current assets	10,908,815
Property and equipment, net	1,688,640
Goodwill and intangible assets	500,337
Other assets	555,519
	<u>\$ 13,653,311</u>
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities	
Accounts payable	\$ 493,908
Accrued expenses	2,407,715
Unearned revenue	-
Income taxes payable	269,147
Deferred revenue	3,745,356
Deferred rent	119,735
Lease payable	512,823
Total current liabilities	<u>7,548,684</u>
Long-term liabilities	
Accrued interest on preferred units	1,319,450
Deferred rent, less current portion	97,731
Lease payable, less current portion	396,767
Total long-term liabilities	<u>1,813,948</u>
Members' Equity	
Members' equity	4,717,554
Accumulated other comprehensive loss	(426,875)
Total members' equity	<u>4,290,679</u>
	<u>\$ 13,653,311</u>

See accompanying notes to the condensed consolidated interim financial statements

PORTWARE, LLC AND SUBSIDIARIES

Consolidated Statement of Operations and Comprehensive Income For the Eight Months ended August 31, 2015 (unaudited)

Revenues	
Software licensing and other service revenue	\$ 26,003,957
Expenses	
Employee compensation and benefits	14,758,399
Bandwidth and other technology costs	2,997,206
Occupancy and office expenses	1,482,952
Professional fees	793,756
Third party connectivity charges	248,628
Travel and entertainment	549,096
General and administrative expenses	342,819
Sales, marketing and promotion	229,378
Consultants	188,368
Software license fees	73,415
	<u>21,664,017</u>
Income from Operations	<u>4,339,940</u>
Other expense	
Interest expense	63,476
Depreciation and amortization	361,267
Other expense	8,551
	<u>433,294</u>
Income before income taxes	3,906,646
Income tax expense	<u>360,825</u>
Net income	<u>\$ 3,545,821</u>
Comprehensive Income	
Net income	3,545,821
Foreign currency translation adjustment	<u>(61,284)</u>
Comprehensive income	<u>\$ 3,484,537</u>

See accompanying notes to the condensed consolidated interim financial statements

PORTWARE, LLC AND SUBSIDIARIES**Consolidated Statement of Changes in Members' Equity
For the Eight Months ended August 31, 2015 (unaudited)**

	Members' Equity	Accumulated Other Comprehensive Loss	Total Members' Equity
Members' equity, beginning of the year	\$ 6,593,118	\$ (365,591)	\$ 6,227,527
Interest accrued for preferred unit holders	(820,492)	—	(820,492)
Net Income	3,545,821	—	3,545,821
Foreign currency translation adjustment	(20,020)	(61,284)	(81,304)
Distributions	<u>(4,580,873)</u>	<u>—</u>	<u>(4,580,873)</u>
Members' equity, end of the year	<u>\$ 4,717,554</u>	<u>\$ (426,875)</u>	<u>\$ 4,290,679</u>

See accompanying notes to the condensed consolidated interim financial statements

PORTWARE, LLC AND SUBSIDIARIES

Consolidated Statement of Cash Flows For the Eight Months ended August 31, 2015 (unaudited)

Cash flows from operating activities	
Net income	\$ 3,545,821
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	361,267
Changes in operating assets and liabilities:	
Deferred revenue	2,464,752
Accounts receivable, net	(2,561,447)
Prepaid and other current assets	(363,751)
Other assets	3,683
Accounts payable	303,390
Accrued expenses	387,544
Sales tax payable	25,864
Income taxes payable	124,378
Deferred rent	2,009
Net cash provided by operating activities	4,293,510
Cash flows from investing activities	
Purchase of property and equipment	(345,284)
Purchase of intangible asset	(27,980)
Net cash used in investing activities	(373,264)
Cash flows from financing activities	
Lease payable	(162,031)
Tax distribution to Members	(4,580,873)
Net cash used in financing activities	(4,742,904)
Effect of foreign currency translation on cash	(81,302)
Net decrease in cash and cash equivalents	(903,960)
Cash and cash equivalents, beginning of period	\$ 5,742,082
Cash and cash equivalents, end of period	\$ 4,838,122

See accompanying notes to the condensed consolidated interim financial statements

PORTWARE, LLC AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements

1. Nature of operations

Portware, LLC and Subsidiaries (collectively, the “Company”), a Delaware Limited Liability Company, develops, markets, licenses, implements, and supports automated portfolio trading software for global equities, FX, futures and options. The Company creates integrated solutions to streamline workflow and increase operational efficiencies on trading desks, and is used for aggregation, execution and analysis of financial instruments.

2. Summary of significant accounting policies

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of Portware, LLC (“Portware”) and its direct wholly-owned subsidiaries, Portware International, LLC (“International”), formerly Portware Holdings LLC, which maintains branch operations in the United Kingdom, India and Hong Kong, PTS Net, LLC, P.A.N. Securities, LP (“PAN”), a Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer, Portware India Private Limited, Portware IC-DISC, Inc. (“IC-DISC”) and Alpha Vision Services, LLC (“Alpha Vision”). All significant intercompany balances and transactions have been eliminated.

IC-DISC, a domestic corporation, was formed in 2010 under the rules of the Internal Revenue Code to be an Interest Charge – Domestic International Sales Corporation to take advantage of favorable tax treatment offered to qualified export revenue from Portware, the parent company. During the eight months ended August 31, 2015, Portware did not utilize the IC-DISC.

Basis of Presentation

The condensed consolidated interim financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Concentration of Credit Risk

The Company maintains cash balances in certain financial institutions which, at times, may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Revenue Recognition

The Company’s revenue is primarily derived from licensing its software and performing services related to the installation and customization of that software. A second revenue stream is derived from providing access maintenance services to the broker-dealer community for ongoing integration of their offerings into the Company’s product. The Company also operates a broker-dealer through its subsidiary, PAN, to allow it to receive transaction-based revenues in return for its services.

Revenue derived from software contracts includes the rights to use the software while hosted on the Company’s or the client’s hardware. These arrangements are usually bundled with initial implementation, hosting, and maintenance services. The Company considers these arrangements as service contracts and recognizes revenue ratably over the hosting service period, which is typically one year.

Other professional services revenue is recognized at the time that services are performed. Vendor-specific objective evidence is established for recognition of implementation services, based on hourly rates the Company charges for its employees when performing these services, provided the Company has the ability to accurately estimate the hours required to complete a project based upon its experience with similar projects. The Company records related services to cost of sales in the consolidated statement of operations and comprehensive income as costs are incurred.

PORTWARE, LLC AND SUBSIDIARIES

The Company uses contracts as evidence of an arrangement for subscription, license, and maintenance services. For other professional services, a signed contract or statement of work is used to evidence an arrangement. Delivery occurs when initial implementation for subscription is completed, and services have been rendered. For software licenses, delivery to customers is sent electronically. Fees are assessed as fixed and determinable based on a number of factors, including the customer's past payment history and its current creditworthiness. If management determines that collection of a fee is not reasonably assured, revenue is deferred and recognized at the time collection becomes reasonably assured.

Access maintenance services revenue is evidenced by a contract and recognized when the broker's offering is successfully integrated in the software version utilized by a specific client of the Company. Service fees are charged on a monthly basis and recognized as earned each month.

Transaction-based revenues are charged to brokers via PAN for enabling customers to trade with brokers using Portware, as well as additional access maintenance. These arrangements are evidenced by an agreement between the parties and are calculated based on a number of transactions completed during a given month. Revenues are recognized in the month that the transactions are completed.

Unearned Revenue and Deferred Revenue

Revenue is deferred until evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is probable. Deferred revenue represents unearned amounts received under license agreements, not yet recognized as revenue. Unearned revenue represents amounts received in advance of future services to be provided.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections, and current credit conditions.

Software Development Costs

Software development costs consist of development work associated with the Company's existing and potential products, and are expensed as incurred. The Company incurs development expenses primarily related to payroll costs, which are included in employee compensation and benefits in the consolidated statement of operations and comprehensive loss. Management determined that all software and development costs should be expensed because the establishment of technological feasibility of products, which the Company defines as the establishment of a working model, and their availability for sale have substantially coincided.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is recorded using the straight-line method over the following estimated useful lives of the related assets:

Assets	Useful Lives
Office equipment	5 years
Furniture and fixtures	5-7 years
Computer equipment	5 years
Computer software	3 years
Leasehold improvements	Life of lease

Long-Lived Assets

The Company assesses the recoverability of the carrying amounts of long-lived assets when indicators of impairments exist. A potential impairment loss is measured when expected undiscounted future cash flows are less than the carrying amount of the asset which indicates the carrying value of the long-lived asset may not be recoverable. An impairment loss is the difference by which the carrying amount of the asset exceeds its fair value. The Company determined that no impairment charge was necessary for the eight months ended August 31, 2015.

PORTWARE, LLC AND SUBSIDIARIES

Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives are subject to at least an annual assessment for impairment. An impairment charge is measured whenever events or changes in circumstances would indicate possible impairment. The Company performed an annual impairment test as of December 31, 2014 for its goodwill and intangible assets, at which time it was determined that there were no indications of impairment. No impairment of goodwill and intangible assets has been identified during the eight months ended August 31, 2015.

Income Taxes

The Company is a Limited Liability Company that is treated as a partnership for income tax purposes. No provision for federal income taxes is required by the Company as its taxable income and expenses are reported by its members. The Company is subject to New York City Unincorporated Business Tax, as well as foreign income taxes specific to the localities of the Company's branch offices.

The Company follows an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. Accrued interest and penalties related to income tax matters are classified as a component of income tax expense.

The Company is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. state and local jurisdictions and foreign localities. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces net assets. The Company recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable. No interest expense or penalties have been recognized as of and for the eight months ended August 31, 2015.

Use of Estimates

The preparation of the condensed consolidated interim financial statements in accordance with GAAP requires the Company's management to make estimates and assumptions that affect the amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

Translation of Foreign Currency

The condensed consolidated interim financial statements are presented in U.S. dollars. Foreign currency translation adjustment is included in the consolidated statement of operations and comprehensive income. The assets and liabilities of International's foreign branches and Portware India Private Limited that have a functional currency (i.e., the currency in which activities are primarily conducted) other than the U.S. dollar are translated to U.S. dollars at period-end exchange rates, while revenues and expenses are translated at average exchange rates during each month. Adjustments that result from translating amounts from a foreign branch's functional currency to U.S. dollars are reported separately and accumulated as a separate component of members' equity.

PORTWARE, LLC AND SUBSIDIARIES

Comprehensive Income

The Company reports comprehensive income in accordance with GAAP, which requires that in addition to net income, a company should report other comprehensive income consisting of gains and losses, which bypass the traditional income statement and are recorded directly into stockholders' equity on the balance sheet. Foreign currency translation adjustment is the only component of other comprehensive income for the eight months ended August 31, 2015.

3. Property and equipment

Property and equipment consists of approximately the following at August 31, 2015:

Office equipment	\$	125,117
Furniture and fixtures		71,851
Computer equipment		2,577,402
Computer software		1,127,789
Leasehold improvements		201,114
		<u>4,103,273</u>
Less accumulated depreciation and amortization		<u>(2,414,633)</u>
	\$	<u>1,688,640</u>

Depreciation and amortization expense was \$361,267 for the eight months ended August 31, 2015.

4. Convertible note payable

On July 31, 2014 (the "Closing Date"), the Company signed a Securities Purchase Agreement (the "SPA") with Long Ridge Portware Holdings, Inc. (the "Buyer"), which amended and restated the existing limited liability company agreement including the issuance of 2,299,128 membership units to the Buyer for approximately \$17,107,000 (the "Proceeds").

Proceeds totaling \$13,000,000 were wired directly to the lender, ML IBK Positions, Inc., to purchase and retire the previous \$18,000,000 note outstanding which was issued on July 27, 2006 (the "Note"), accrued interest and all warrants issued in connection with the Note. Approximately \$5,900,000 of this amount was used to pay down the accrued interest on the Note, and \$7,100,000 was applied towards the principal balance of the Note. The remaining unpaid principal balance of approximately \$11,000,000 was forgiven resulting in a forgiveness of debt income which was reported on the consolidated statement of operations and comprehensive income for the year ended December 31, 2014.

5. Capital lease obligations

Obligations Under Capital Lease

The Company leases certain office equipment and computer software under capital leases expiring in various years through 2018. The assets are depreciated and amortized over the shorter of their estimated useful lives or the term of the lease. Depreciation and amortization under capital leases is included in depreciation and amortization expense for the eight months ended August 31, 2015.

PORTWARE, LLC AND SUBSIDIARIES

Aggregate future minimum lease payments under non-cancelable capital leases by year as of August 31, 2015 are as follows:

Years Ending December 31,	
2015 (remaining four months)	\$ 197,280
2016	573,481
2017	176,822
2018	32,381
Total future minimum lease payments	979,964
Less: Amount representing interest	(70,374)
	909,590
Less Current Portion	(512,823)
	<u>\$ 396,767</u>

6. Income taxes

Deferred tax assets relate to the net operating loss carry forward, timing differences on the deductibility of bonus payments and deferred rent, as well as differences in calculating depreciation.

Deferred tax assets consist of the following at August 31, 2015:

Current (included in prepaid and other current assets on the consolidated balance sheet)	\$ (8,000)
Non-current (included in other assets on the consolidated balance sheet)	15,000
	<u>\$ 7,000</u>

7. Commitments and contingencies

Operating Leases

The Company leases its office facilities under non-cancelable operating leases. Future minimum annual rental payments are as follows:

Years Ending December 31,	
2015 (remaining four months)	\$ 450,945
2016	1,363,365
2017	496,441
2018	328,286
2019	270,145
	<u>\$ 2,909,182</u>

Rent expense was approximately \$1,001,000 for the eight months ended August 31, 2015, which is included in occupancy and office expense on the accompanying consolidated statement of operations and comprehensive income.

Warranties

The Company provides its customers with limited warranties on its software products. License agreements include a limited indemnification provision for third party infringement claims, relating to the Company's intellectual property. As of August 31, 2015, there have been no claims under these agreements.

PORTWARE, LLC AND SUBSIDIARIES

Legal Matters

The Company is involved in claims and litigation incidental to its business and management believes that any liability that may potentially result upon resolution of such matters will not have a material impact on the financial position of the Company.

8. Equity-based compensation

An entity is required to measure the cost of employee services received in exchange for share-based awards on the grant date fair value of the awards. The grant date fair value of employee share options and similar instruments are estimated using an option-pricing model adjusted for unique characteristics of the share-based awards. If a share-based award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original reward immediately before the modification. All share-based awards granted to employees are recognized as compensation over the service period (generally the vesting period) in the consolidated financial statements based on their fair values. GAAP requires an estimate of the impact of future forfeitures which has an impact on stock based compensation expense. As the Company estimated the impact of future forfeitures for its share-based payment plans, there was no material impact on the Company's results of operations or financial position. GAAP also requires realization of tax benefits in excess of amounts recognized for financial reporting purposes to be recognized as a financing activity rather than an operating activity in the statement of cash flows.

Threshold Incentive Units (the "Incentive Units") mature upon a deemed liquidation event, as defined in the SPA. The holders of Incentive Units are not members of the Company and do not have any voting rights. The units vested on July 31, 2014 and the total incremental value of these units was \$869,000, which was fully expensed at the Closing Date.

As of August 31, 2015, 1,856,298 Incentive Units remain outstanding at a weighted-average exercise price of \$12.38. There were no Incentive Units granted, cancelled or forfeited during the eight months ended August 31, 2015. The weighted-average remaining life of the Incentive Units is approximately 3.8 years at August 31, 2015 with a weighted-average fair value of approximately \$0.53 per unit.

Threshold common units (the "Threshold Common Units") are deemed matured as of the Closing Date. Upon a deemed liquidation event, as defined in the SPA, the unit holder shall participate in pro-rata distributions of proceeds available in excess of the threshold amount. Threshold Common Unit holders share in the same voting rights and allocation of profit and loss as other common unit holders. The units vested on July 31, 2014 and the total incremental value of these units was \$1,022,000, which was fully expensed at the Closing Date.

As of August 31, 2015, 762,500 Threshold Common Units remain outstanding at a weighted-average exercise price of \$6.63. There were no Threshold Common Units granted, cancelled or forfeited during the eight months ended August 31, 2015. The weighted-average remaining life of the Threshold Common Units is approximately 3.8 years at August 31, 2015 with a weighted-average fair value of approximately \$1.88 per unit.

9. 401(k) retirement plan

The Company maintains an employee retirement benefit plan under the provision of Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain eligibility requirements and allows employees to contribute specified percentages of their salary up to the maximum amount defined in the Internal Revenue Code. The Company did not make any contributions to the plan for the eight months ended August 31, 2015.

PORTWARE, LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014

PORTWARE, LLC AND SUBSIDIARIES

CONTENTS

Independent Auditors’ Report	1
Consolidated Financial Statements	
Consolidated Balance Sheet	2
Consolidated Statement of Operations and Comprehensive Income	3
Consolidated Statement of Changes in Members’ Equity	4
Consolidated Statement of Cash Flows	5
Notes to Condensed Financial Statements	6 - 16

INDEPENDENT AUDITORS' REPORT

To the Members of Portware, LLC

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Portware, LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2014 and the related consolidated statements of operations and comprehensive income, changes in members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Portware, LLC and Subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



New York, New York
March 31, 2015

PORTWARE, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

December 31, 2014

ASSETS

Current assets

Cash	\$	5,742,084
Accounts receivable		2,641,604
Prepaid and other current assets		868,987
Total current assets		9,252,675

Property and equipment, net		1,704,618
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Goodwill and intangible assets		472,357
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Other assets		559,204
	\$	11,988,854

LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Accounts payable	\$	190,512
Accrued expenses		2,028,656
Unearned revenue		365,095
Income taxes payable		110,422
Deferred revenue		1,280,605
Deferred rent		41,729
Lease payable		465,816
Total current liabilities		4,482,835

Long-term liabilities

Accrued interest on preferred units		498,958
Deferred rent, less current portion		173,728
Lease payable, less current portion		605,806
Total long-term liabilities		1,278,492

Members' equity

Members' equity		6,593,118
Accumulated other comprehensive loss		(365,591)
Total members' equity		6,227,527
	\$	11,988,854

See accompanying notes to consolidated financial statements.

PORTWARE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

Year Ended December 31, 2014

Revenue

Software licensing and other service revenue	\$ 30,796,907
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Expenses

Employee compensation and benefits	22,916,070
Bandwidth and other technology costs	4,330,364
Occupancy and office expenses	2,284,160
Professional fees	1,416,388
Third party connectivity charges	728,045
Travel and entertainment	718,623
General and administrative expenses	529,326
Sales, marketing and promotion	452,739
Consultants	413,646
Software license fees	92,281
	<u>3,881,642</u>

Loss from operations	<u>(3,084,735)</u>
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Other (income) expense

Interest expense	853,710
Depreciation and amortization	525,226
Other expense	45,746
Gain on forgiveness of debt	<u>(10,999,122)</u>
	<u>(9,574,440)</u>

Income before income tax	6,489,705
Income tax expense	<u>269,782</u>

Net income	<u><u>\$ 6,219,923</u></u>
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Comprehensive Income

Net income	\$ 6,219,923
Foreign currency translation adjustment	<u>(111,831)</u>

Comprehensive income	<u><u>\$ 6,108,092</u></u>
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See accompanying notes to consolidated financial statements.

PORTWARE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year Ended December 31, 2014

	Members' Equity (Deficit)	Accumulated Other Comprehensive Loss	Total Members' Equity (Deficit)
Members' deficit , beginning of year	\$ (18,213,379)	\$ (253,760)	\$ (18,467,139)
Amendment and restatement of warrants	87,631		87,631
Issuance of Series A-1 and A-2 Preferred Units	17,107,135		17,107,135
Interest Accrued for Preferred Unit Holders	(498,958)		(498,958)
Issuance of Threshold Common Units	1,021,738		1,021,738
Issuance of Threshold Incentive Units	869,028		869,028
Net income	6,219,923		6,219,923
Foreign currency translation adjustment		(111,831)	(111,831)
Members' equity , end of year	<u>\$ 6,593,118</u>	<u>\$ (365,591)</u>	<u>\$ 6,227,527</u>

See accompanying notes to consolidated financial statements.

PORTWARE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

Cash flows from operating activities	
Net income	\$ 6,219,923
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	525,226
Amortization of debt discount	210,320
Equity-based compensation	1,978,397
Gain on forgiveness of debt	(10,999,122)
Accrued interest on convertible note	551,804
Deferred rent	(30,578)
Deferred tax	99,000
Changes in operating assets and liabilities:	
Accounts receivable	(1,571,446)
Prepaid and other current assets	(132,738)
Other assets	9,314
Accounts payable	(120,129)
Accrued expenses	1,540,314
Unearned revenue	159,687
Income taxes payable	72,531
Deferred revenue	677,990
Net cash used in operating activities	(809,507)
Cash flows from investing activities	
Purchase of property and equipment	(226,780)
Purchase of intangible asset	(49,538)
Net cash used in investing activities	(276,318)
Cash flows from financing activities	
Repayment of capital lease obligations	(358,867)
Proceeds from issuance of preferred units	4,107,135
Net cash provided by financing activities	3,748,268
Effect of exchange rate changes on cash	(111,831)
Net increase in cash	2,550,612
Cash, beginning of year	3,191,472
Cash, end of year	\$ 5,742,084
Supplemental disclosures of cash flow information:	
Cash paid for interest	\$ 90,763
Cash paid for income taxes	\$ 113,389
Supplemental disclosure of non-cash financing activities:	
Property and equipment acquired under capital lease obligations	\$ 1,430,489
Repayment of convertible note and accrued interest in exchange for issuance of preferred units	\$ 13,000,000
Interest accrued for preferred unit holders	\$ 498,958

See accompanying notes to consolidated financial statements.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations

Portware, LLC and Subsidiaries (collectively, the “Company”), a Delaware Limited Liability Company, develops, markets, licenses, implements, and supports automated portfolio trading software for global equities, FX, futures, and options. The Company creates integrated solutions to streamline workflow and increase operational efficiencies on trading desks, and is used for aggregation, execution, and analysis of financial instruments.

2. Summary of significant accounting policies

Principles of Consolidation

These consolidated financial statements include the accounts of Portware, LLC (“Portware”) and its direct wholly-owned subsidiaries, Portware International, LLC (“International”), formerly Portware Holdings LLC, which maintains branch operations in the United Kingdom, India and Hong Kong, PTS Net, LLC, P.A.N. Securities, LP (“PAN”), a Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer, Portware India Private Limited, Portware IC-DISC, Inc. (“IC-DISC”) and Alpha Vision Services, LLC (“Alpha Vision”). All significant inter-company balances and transactions have been eliminated.

IC-DISC, a domestic corporation, was formed in 2010 under the rules of the Internal Revenue Code to be an Interest Charge – Domestic International Sales Corporation to take advantage of favorable tax treatment offered to qualified export revenue from Portware, the parent company. In 2014, Portware did not utilize the IC-DISC.

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

These consolidated financial statements have been approved by management and are available for issuance on March 31, 2015. Subsequent events have been evaluated through this date.

Concentration of Credit Risk

The Company maintains cash balances in certain financial institutions which, at times, may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

Revenue Recognition

The Company’s revenue is primarily derived from licensing its software and performing services related to the installation and customization of that software. A second revenue stream is derived from providing access maintenance services to the broker-dealer community for ongoing integration of their offerings into the Company’s product. The Company also operates a broker-dealer through its subsidiary, PAN, to allow it to receive transaction-based revenues in return for its services.

Revenue derived from software contracts includes the rights to use the software while hosted on the Company’s or the client’s hardware. These arrangements are usually bundled with initial implementation, hosting, and maintenance services. The Company considers these arrangements as service contracts and recognizes revenue ratably over the hosting service period, which is typically one year.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Revenue Recognition (continued)

Other professional services revenue is recognized at the time that services are performed. Vendor-specific objective evidence is established for recognition of implementation services, based on hourly rates the Company charges for its employees when performing these services, provided the Company has the ability to accurately estimate the hours required to complete a project based upon its experience with similar projects. The Company records related services to cost of sales in the consolidated statement of operations and comprehensive income as costs are incurred.

The Company uses contracts as evidence of an arrangement for subscription, license, and maintenance services. For other professional services, a signed contract or statement of work is used to evidence an arrangement. Delivery occurs when initial implementation for subscription is completed, and services have been rendered. For software licenses, delivery to customers is sent electronically. Fees are assessed as fixed and determinable based on a number of factors, including the customer's past payment history and its current creditworthiness. If management determines that collection of a fee is not reasonably assured, revenue is deferred and recognized at the time collection becomes reasonably assured.

Access maintenance services revenue is evidenced by a contract and recognized when the broker's offering is successfully integrated in the software version utilized by a specific client of the Company. Service fees are charged on a monthly basis and recognized as earned each month.

Transaction-based revenues are charged to brokers via PAN for enabling customers to trade with brokers using Portware, as well as additional access maintenance. These arrangements are evidenced by an agreement between the parties and are calculated based on a number of transactions completed during a given month. Revenues are recognized in the month that the transactions are completed.

Unearned Revenue and Deferred Revenue

Revenue is deferred until evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is probable. Deferred revenue represents unearned amounts received under license agreements, not yet recognized as revenue. Unearned revenue represents amounts received in advance of future services to be provided.

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections, and current credit conditions.

Software Development Costs

Software development costs consist of development work associated with the Company's existing and potential products, and are expensed as incurred. The Company incurs development expenses primarily related to payroll costs, which are included in employee compensation and benefits in the consolidated statement of operations and comprehensive loss. Management determined that all software and development costs should be expensed because the establishment of technological feasibility of products, which the Company defines as the establishment of a working model, and their availability for sale have substantially coincided.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization is provided for by the straight-line method over the following estimated useful lives of the related assets:

Assets	Useful Lives
Office equipment	5 years
Furniture and fixtures	5-7 years
Computer equipment	5 years
Computer software	3 years
Leasehold improvements	Life of lease

Long-Lived Assets

The Company assesses the recoverability of the carrying amounts of long-lived assets when indicators of impairments exist. A potential impairment loss is measured when expected undiscounted future cash flows are less than the carrying amount of the asset which indicates the carrying value of the long-lived asset may not be recoverable. An impairment loss is the difference by which the carrying amount of the asset exceeds its fair value. The Company determined that no impairment charge was necessary for the year ended December 31, 2014.

Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives are subject to at least an annual assessment for impairment. An impairment charge is measured whenever events or changes in circumstances would indicate possible impairment. The Company performed an impairment test at year end for its goodwill and intangible assets and no impairment charge was recorded for the year ended December 31, 2014.

Income Taxes

The Company is a Limited Liability Company that is treated as a partnership for income tax purposes. No provision for federal income taxes is required by the Company as its taxable income and expenses are reported by its members. The Company is subject to New York City Unincorporated Business Tax, as well as foreign income taxes specific to the localities of the Company's branch offices.

The Company follows an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. Accrued interest and penalties related to income tax matters are classified as a component of income tax expense.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Income Taxes (continued)

The Company is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. state and local jurisdictions and foreign localities. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces net assets. This policy has been applied to all existing tax positions upon the Company's initial adoption for the period ended December 31, 2009. Based on its analysis, the Company has determined that the adoption of this policy did not have a material impact on the Company's consolidated financial statements upon adoption. However, the Company's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable. No interest expense or penalties have been recognized as of and for the period ended December 31, 2014.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires the Company's management to make estimates and assumptions that affect the amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities.

Translation of Foreign Currency

The consolidated financial statements are presented in U.S. dollars. Foreign currency translation adjustment is included in the consolidated statement of operations and comprehensive income. The assets and liabilities of International's foreign branches and Portware India Private Limited that have a functional currency (i.e., the currency in which activities are primarily conducted) other than the U.S. dollar are translated to U.S. dollars at year-end exchange rates, while revenues and expenses are translated at average exchange rates during the year. Adjustments that result from translating amounts from a foreign branch's functional currency to U.S. dollars are reported separately and accumulated as a separate component of members' deficit.

Comprehensive Income

The Company reports comprehensive income in accordance with GAAP, which requires that in addition to net income, a company should report other comprehensive income consisting of gains and losses, which bypass the traditional income statement and are recorded directly into stockholders' equity on the balance sheet. Foreign currency translation adjustment is the only component of other comprehensive income for the year ended December 31, 2014.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Property and equipment

Property and equipment consists of approximately the following at December 31, 2014:

Office equipment	\$	2,430,000
Furniture and fixtures		70,000
Computer equipment		126,000
Computer software		1,074,000
Leasehold improvements		208,000
		<u>3,908,000</u>
Less accumulated depreciation and amortization		<u>2,203,000</u>
	\$	<u>1,705,000</u>

Depreciation and amortization expense was approximately \$525,000 for the year ended December 31, 2014.

4. Convertible note payable

On July 27, 2006, the Company issued a note to ML IBK Positions, Inc. (the "Lender") in the amount of \$18,000,000 (the "Note") pursuant to a Convertible Note Purchase Agreement (the "Original Agreement"). In September 2009, the Company entered into an Amendment to the Original Agreement (the "Amendment") with the lender. In November 2013, the Company entered into a Second Amendment to the Original Agreement (the "Second Amendment") with the Lender. The Note was to mature on December 31, 2016 and bore interest at 5.5% per annum for the first four years, and 5% thereafter until maturity, payable annually on July 31, commencing July 31, 2007. The Company chose to pay the first interest payment on July 31, 2007 "in kind," resulting in a cumulative principal balance of approximately \$19,001,000. In September 2008, the Company paid approximately \$1,048,000 for its interest obligation for the period from July 2007 to July 2008. Per the Second Amendment, unpaid interest is no longer added to the principal balance and subject to additional interest. Cumulative unpaid interest must be paid in cash at the earlier of: a) December 31, 2016 or b) a sale of the Company or c) upon conversion of the Note by the Company on July 31, 2014. This amount was reported as accrued interest.

Per the Second Amendment, the Lender agreed to an equity raise which extended the conversion date of the Note to July 31, 2014 ("Conversion Date"). The equity raise net cash proceeds were to equal or exceed the sum of all accrued interest on the Note as of the Conversion Date plus \$2,000,000. The Company was to consummate all transactions necessary for the equity raise by July 31, 2014 and pay the Lender all accrued and unpaid interest on the Note in cash by the Conversion Date in order for the Company to extinguish the Note. The accrued interest as of July 31, 2014 was \$5,893,000. Interest expense in connection with the Note amounted to approximately \$552,000 for the year ended December 31, 2014 and is included in interest expense on the accompanying consolidated statement of operations and comprehensive income.

Concurrent with the execution of the Original Agreement, the Company issued 810,000 warrants to the Lender to purchase 810,000 shares of the Company's Class A Common Units at \$11.1283 per unit, subject to adjustment in certain circumstances, which were to expire on July 27, 2013, of which 270,000 warrants (the "Signing Warrants") were to vest upon the lender's conversion of the Note. Under the terms of the Amendment, the remaining 540,000 warrants (the "Performance Warrants") were cancelled, the purchase price of the Signing Warrants was revised from \$11.1283 per unit to \$24.00 per unit subject to adjustment in certain circumstances, and the expiration date was extended from July 27, 2013 to July 27, 2029.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Convertible note payable (continued)

The value initially allocated to the 270,000 warrants which vest upon the Lender's conversion of the Note resulted in a debt discount of \$1,785,000 which was to be recognized as interest expense over the term of the Note.

The value of the debt discount was determined using the Black-Scholes-Merton option-pricing model. Interest expense was computed utilizing the effective interest method, which results in an effective yield over the term of the Note. No beneficial conversion feature resulted from allocating value to the warrants. The entire balance of debt issuance costs of \$238,000 and debt discount of \$1,785,000 was charged to interest expense in 2006, as a result of a potential covenant violation, which has been clarified. The value of the Signing Warrants as of the date of the Amendment has been recalculated with the amendment terms to be \$2,861,000. The increase of debt discount in the amount of \$1,076,000 was being amortized over the remaining life of the Note, as amended.

An additional warrant (the "2009 Warrant") was issued to the Lender as part of the Amendment. This warrant gave the Lender the right to purchase up to 200,000 additional Class A Units at a price of \$35.00 per unit. The 2009 Warrant was to expire on September 23, 2029. It vested immediately, but was subject to certain transfer restrictions. The value of the 2009 Warrant was determined to be \$1,498,000 using the Black-Scholes-Merton option-pricing model and was being amortized over the remaining life of the Note, as amended.

The current year amortization expense for the increased value of the Signing Warrants and the 2009 warrant totaled approximately \$210,000, which is included in interest expense on the accompanying consolidated statement of operations and comprehensive income.

On July 31, 2014 (the "Closing Date"), the Company signed a Securities Purchase Agreement (the "SPA") with Long Ridge Portware Holdings, Inc. (the "Buyer"), which amended and restated the existing limited liability company agreement including the issuance of 2,299,128 membership units (see Note 5) to the Buyer for approximately \$17,107,000 (the "Proceeds").

Proceeds totaling \$13,000,000 were wired directly to the Lender to purchase and retire the Note, accrued interest and all warrants issued in connection with the Note. Approximately \$5,900,000 of this amount was used to pay down the accrued interest on the Note, and \$7,100,000 was applied towards the principal balance of the Note. The remaining unpaid principal balance of approximately \$11,000,000 was forgiven resulting in a forgiveness of debt income which is reported on the consolidated statement of operations and comprehensive income. Under the terms of the SPA, up to \$2,600,000 of the Proceeds may be used to pay tax distributions to certain Members by April 15, 2015.

5. Members' units, the allocation of income (loss) and distributions

The Company has established the following classes of membership interests: preferred units, common units, including threshold common units, and incentive units.

Post-Restructure Equity Transactions

In connection with the SPA and the amended and restated limited liability company agreement, the Company authorized and issued 1,130,621 Series A-1 Preferred Units, 947,799 Series A-2 Preferred units, 67,524 Incentive Units having a threshold amount of \$60,000,000 ("60M"), 46,379 Incentive Units having a threshold amount of \$100,000,000 ("100M") and 106,805 Incentive Units having a threshold amount of \$150,000,000 ("150M") to the Buyer.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Members' units, the allocation of income (loss) and distributions (continued)

Post-Restructure Equity Transactions (continued)

At December 31, 2014, five members (the "Members") have a total of 2,078,420 Preferred Units and 6,968,882 Common Units. Net income or loss is allocated to the Members in proportion to their respective membership interests.

Series A-1 and A-2 Preferred Units (collectively, the "Preferred Units") include preferred returns of 7% per annum, compounded annually. The 7% return (the "Preferred Return") is accrued and will be paid out upon a distribution of preferred liquidation preference amounts, as defined in the SPA. Preferred Unit holders are entitled to certain voting rights, as defined in the SPA. Accrued interest on the Preferred Units amounted to approximately \$499,000 for the year ended December 31, 2014.

Threshold common units (the "Threshold Common Units") are deemed matured as of the Closing Date. Upon a deemed liquidation event, as defined in the SPA, the unit holder shall participate in pro-rata distributions of proceeds available in excess of the threshold amount. Threshold Common Unit holders share in the same voting rights and allocation of profit and loss as other common unit holders.

Threshold Incentive Units (the "Incentive Units") mature upon a deemed liquidation event, as defined in the SPA. The holders of incentive units are not members of the Company and do not have any voting rights.

The Company has authorized 453,975 Incentive Units for future issuance as follows: 28,373 having a threshold amount of \$60M, 141,867 having a threshold amount of \$100M, and 283,735 having a threshold amount of \$150M. The Incentive Units for future issuance replaced a former employee incentive plan which was cancelled.

Except for distributions of preferred liquidation preference amounts, as defined below, all distributions shall be paid to the Company's members holding Preferred Units and Common Units pro rata, in proportion to their respective units (on an assumed converted basis) on the date of distribution.

Distributions of preferred liquidation preference amounts shall be paid to holders of Preferred Units as follows: Series A-1 preferred unit holders; the greater of the sum of \$8.8447 per unit plus the accrued and unpaid Series A-1 Preferred Return or the percentage interest times all sums available as of such date of determination. Series A-2 preferred unit holders; the greater of the sum of \$7.4986 per unit plus the accrued and unpaid Series A-2 Preferred Return or the percentage interest times all sums available as of such date of determination, or an amount equal to the sum of the amount allocated to all Series A-1 preferred units plus the amount allocated to all of the Incentive Units issued to the Buyer divided by the number of Series A-1 preferred units outstanding.

Pre-Restructure Equity Transactions

During 2007, the Company granted a key employee 150,000 Class C restricted units with an exercise price of \$11.73 per unit which were fully vested. Those units were cancelled at the Closing Date and replaced by the Company as follows: 381,250 Common Units having a threshold amount of \$60M, 250,200 Incentive Units having a threshold amount of \$60M, 154,655 Incentive Units having a threshold amount of \$100M and 316,600 Incentive Units having a threshold amount of \$150M. The value of the vested and cancelled units was approximately \$162,000 at the Closing Date and the value of the newly issued units was approximately \$1,100,000, resulting in an equity-based compensation charge of approximately \$956,000 at the Closing Date.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Members' units, the allocation of income (loss) and distributions (continued)

Pre-Restructure Equity Transactions (continued)

During 2012, the Company granted a key employee 196,589 Class C Restricted Units with an exercise price of \$10.68 per unit. The units vested in 12 equal portions quarterly in arrears over three years contingent upon the employee's continued employment as of each vesting date. Those units were cancelled at the Closing Date and replaced by the Company as follows: 381,250 Common Units having a threshold amount of \$60M, 250,200 Incentive Units having a threshold amount of \$60M, 189,035 Incentive Units having a threshold amount of \$100M and 474,900 Incentive Units having a threshold amount of \$150M. The value of the vested and cancelled units was approximately \$247,000 at the Closing Date and the value of the newly issued units was approximately \$1,200,000, resulting in an equity-based compensation charge of approximately \$935,000 at the Closing Date.

On May 8, 2012, Portware signed a Purchase Agreement (the "Purchase Agreement") to acquire certain assets (including cash of approximately \$1,700,000) of Aritas Group, Inc. ("Aritas"). In consideration of this acquisition, Portware offered 100 Special Distribution Units, as defined in the Purchase Agreement, in Alpha Vision, and warrants to purchase 65,528 Class C Common Units of Portware. The Purchase Agreement, which was subsequently amended on November 28, 2012, allowed Portware to re-purchase the 100 Special Distribution Units from Aritas for consideration of warrants to purchase 229,354 Class C Common Units of Portware. The fair value of the consideration was approximately \$1,518,000. These warrants were amended and restated as part of the SPA on the Closing Date to avoid dilution of ownership. The Company granted 337,531 warrants to Aritas to purchase Common Units of Portware. The modification of the equity award resulted in an incremental compensation cost of approximately \$88,000 at the Closing Date, which was calculated using the Black-Scholes option-pricing model.

6. Capital lease obligations

Obligations Under Capital Lease

The Company leases certain office equipment and computer software under capital leases expiring in various years through 2017. The assets are depreciated and amortized over the shorter of their estimated useful lives or the term of the lease. Depreciation and amortization under capital leases is included in depreciation and amortization expense for the year ended December 31, 2014.

Aggregate future minimum lease payments by year as of December 31, 2014 are approximately as follows:

Year Ending December 31,	
2015	\$ 536,000
2016	518,000
2017	122,000
Total future minimum lease payments	1,176,000
Less: Amount representing interest	(104,000)
	1,072,000
Less: Current Portion	(466,000)
	<u>\$ 606,000</u>

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Income taxes

Deferred tax assets, included in prepaid and other current assets and other assets on the consolidated balance sheet, relate to the net operating loss carry forwards, timing differences on the deductibility of bonus payments and deferred rent, as well as differences in calculating depreciation.

Deferred tax assets consist of the following at December 31, 2014:

Current	\$	(8,000)
Non-current		15,000
		<u>7,000</u>

8. Commitments and contingencies

Operating Leases

The Company leases its office facilities under non-cancelable operating leases, which expire through 2019. Future minimum annual rental payments are approximately as follows:

Year Ending December 31,	
2015	\$ 1,299,000
2016	1,384,000
2017	519,000
2018	339,000
2019	<u>244,000</u>
	<u>\$ 3,785,000</u>

Rent expense was approximately \$1,369,000 for the year ended December 31, 2014, which is included in occupancy and office expense on the accompanying consolidated statement of operations and comprehensive income.

Warranties

The Company provides its customers with limited warranties on its software products. License agreements include a limited indemnification provision for third party infringement claims, relating to the Company's intellectual property. As of December 31, 2014, there have been no claims under these agreements.

Legal Matters

The Company is involved in claims and litigation incidental to its business and management believes that any liability that may potentially result upon resolution of such matters will not have a material impact on the financial position of the Company.

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Equity-based compensation

An entity is required to measure the cost of employee services received in exchange for share-based awards on the grant date fair value of the awards. The grant date fair value of employee share options and similar instruments are estimated using an option-pricing model adjusted for unique characteristics of the share-based awards. If a share-based award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original reward immediately before the modification. All share-based awards granted to employees are recognized as compensation over the service period (generally the vesting period) in the consolidated financial statements based on their fair values. GAAP requires an estimate of the impact of future forfeitures which has an impact on stock based compensation expense. As the Company estimated the impact of future forfeitures for its share-based payment plans, there was no material impact on the Company's results of operations or financial position. GAAP also requires realization of tax benefits in excess of amounts recognized for financial reporting purposes to be recognized as a financing activity rather than an operating activity in the statement of cash flows.

Information regarding Incentive Units granted, outstanding, and exercisable at December 31, 2014 is summarized as follows:

	Incentive Units	Weighted-Average Exercise Price
Outstanding at December 31, 2013	346,589	\$ 11.21
Granted	1,856,298	12.38
Cancelled or forfeited	<u>(346,589)</u>	<u>11.21</u>
Outstanding at December 31, 2014	<u>1,856,298</u>	<u>\$ 12.38</u>

The weighted-average remaining life of the Incentive Units is approximately 4.5 years at December 31, 2014. The weighted average fair value of Incentive Units granted during 2014 is approximately \$0.53 per unit. The units vest immediately and the total incremental value of these units is approximately \$869,000, which was fully expensed at the Closing Date.

Information regarding Threshold Common Units granted, outstanding, and exercisable at December 31, 2014 is summarized as follows:

	Threshold Common Units	Weighted-Average Exercise Price
Outstanding at December 31, 2013	-	\$ -
Granted	762,500	6.63
Cancelled or forfeited	<u></u>	<u></u>
Outstanding at December 31, 2014	<u>762,500</u>	<u>\$ 6.63</u>

PORTWARE, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Equity-based compensation (continued)

The weighted-average remaining life of the Threshold Common Units is approximately 4.5 years at December 31, 2014. The weighted average fair value of the Threshold Common Units granted during 2014 is approximately \$1.88 per unit. The units vest immediately and the total incremental value of these units is approximately \$1,022,000, which was fully expensed at the Closing Date.

The fair value of the Incentive units and Threshold Common Units granted during 2014 was estimated using the Black-Scholes option-pricing model utilizing the following assumptions:

Unit price	\$	8.23
Risk free interest rate		1.76%
Expected life of units		5 years
Expected volatility		41%
Expected dividend yield		0%

10. 401(k) retirement plan

The Company maintains an employee retirement benefit plan under the provision of Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain eligibility requirements and allows employees to contribute specified percentages of their salary up to the maximum amount defined in the Internal Revenue Code. The Company did not make any contributions to the plan for the year ended December 31, 2014.

11. Major customers

The Company had sales to two customers of approximately 23% of revenue for the year ended December 31, 2014, which represents approximately 6% of accounts receivable at December 31, 2014.

12. Intangible assets

In November 2012, Portware acquired patents for \$350,000 and 8% of the gross revenue arising from the license, sale or provision of services to customers through the use of the acquired patents, until such amounts total \$150,000.

The revenue payment under the terms of the purchase agreement for the year ended December 31, 2014 was approximately \$50,000 and is included as an addition to the purchase price of the intangible assets. The total of revenue payments since acquisition is approximately \$69,000.

FactSet Research Systems Inc.
Unaudited Pro Forma Condensed Combined Financial Information

On September 21, 2015, FactSet Research Systems Inc. (“FactSet” or the “Company”) agreed to acquire (the “Acquisition”) all of the issued and outstanding membership interests of Portware, LLC (“Portware”) pursuant to a Securities Purchase Agreement by and among FactSet, Long Ridge Equity Partners I, LP, Long Ridge Offshore Subsidiary Holdings, LLC, Portware Investors Parallel Holdings LLC, Portware, Long Ridge Portware Holdings, Inc. and the Individual Sellers (as defined therein). On October 16, 2015, the Company completed the Acquisition for \$265.0 million in cash, less certain adjustments set forth in the Securities Purchase Agreement, including, among others, a customary working capital adjustment.

FactSet funded the Acquisition by borrowing \$265.0 million on October 16, 2015, under its existing revolving credit facility, which it had amended on September 21, 2015. The maturity date on all outstanding loan amounts (which total \$300.0 million as of the date of this report) is September 21, 2018.

The following unaudited pro forma condensed combined financial information (the “pro forma financial statements”) and accompanying notes as of and for the year ended August 31, 2015, give effect to the acquisition of Portware by FactSet. The pro forma financial statements were prepared as if the Acquisition had been completed as of September 1, 2014 for purposes of the unaudited pro forma condensed combined statement of operations (the “pro forma statement of operations”) and as of August 31, 2015, for purposes of the unaudited pro forma condensed combined balance sheet (the “pro forma balance sheet”).

The pro forma financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the Acquisition occurred on September 1, 2014, for purposes of the pro forma statement of operations and as of August 31, 2015 for purposes of the pro forma balance sheet, nor is it necessarily indicative of the future financial position or results of operations. The pro forma financial statements include adjustments to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Portware. The purchase price allocation for Portware is subject to revision as more detailed analysis is completed and additional information on the fair values of Portware’s assets and liabilities becomes available. Any change in the fair value of the net assets of Portware will change the amount of the purchase price allocable to goodwill.

The following pro forma financial statements should be read in conjunction with:

- The accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information;
 - The audited consolidated financial statements of FactSet as of and for the year ended August 31, 2015 included in FactSet’s Annual Report on Form 10-K for the year ended August 31, 2015;
 - The unaudited condensed consolidated financial statements of Portware as of and for the eight months ended August 31, 2015 filed herewith; and
 - The audited consolidated financial statements of Portware as of and for the year ended December 31, 2014, filed herewith.
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FactSet Research Systems Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of August 31, 2015
(In thousands)

	Historical		Pro Forma	
	FactSet	Portware	Adjustments	Combined
ASSETS				
Cash and cash equivalents	\$ 158,914	\$ 4,838	\$ 227 (A)	\$ 163,979
Investments	23,497	—	—	23,497
Accounts receivable, net	95,064	4,838	—	99,902
Prepaid taxes	4,808	—	—	4,808
Deferred taxes	2,105	—	(8) (B)	2,097
Prepaid expenses and other current assets	19,786	1,240	4 (G)	21,030
Total current assets	304,174	10,916	223	315,313
Property, equipment and leasehold improvements, at cost	213,279	4,103	—	217,382
Less accumulated depreciation and amortization	(154,015)	(2,415)	—	(156,430)
Property, equipment and leasehold improvements, net	59,264	1,688	—	60,952
Goodwill	308,287	54	190,867 (C)	499,208
Intangible assets, net	40,052	447	75,053 (D)	115,552
Deferred taxes	20,599	15	—	20,614
Other assets	4,295	542	8 (G)	4,845
TOTAL ASSETS	<u>\$ 736,671</u>	<u>\$ 13,662</u>	<u>\$ 266,151</u>	<u>\$ 1,016,484</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 33,880	\$ 1,350	\$ —	\$ 35,230
Accrued compensation	44,916	2,220	—	47,136
Deferred fees	38,488	3,745	(693) (E)	41,540
Deferred taxes	562	8	6,134 (B)(F)	6,704
Taxes payable	3,755	235	—	3,990
Dividends payable	18,179	—	—	18,179
Total current liabilities	139,780	7,558	5,441	152,779
Long-term debt	35,000	—	265,000 (G)	300,000
Deferred taxes	1,697	—	—	1,697
Taxes payable	6,776	—	—	6,776
Deferred rent and other non-current liabilities	21,834	1,814	—	23,648
TOTAL LIABILITIES	<u>\$ 205,087</u>	<u>\$ 9,372</u>	<u>\$ 270,441</u>	<u>\$ 484,900</u>
STOCKHOLDERS' EQUITY				
Common stock	\$ 503	\$ —	\$ —	\$ 503
Additional paid-in capital	542,355	—	—	542,355
Treasury stock, at cost	(988,873)	—	—	(988,873)
Retained earnings	1,021,651	4,717	(4,717) (H)	1,021,651
Accumulated other comprehensive loss	(44,052)	(427)	427 (H)	(44,052)
TOTAL STOCKHOLDERS' EQUITY	<u>\$ 531,584</u>	<u>\$ 4,290</u>	<u>\$ (4,290)</u>	<u>\$ 531,584</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 736,671</u>	<u>\$ 13,662</u>	<u>266,151</u>	<u>\$ 1,016,484</u>

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

FactSet Research Systems Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the year ended August 31, 2015
(In thousands, except per share data)

	Historical		Pro Forma	
	FactSet	Portware	Adjustments	Combined
Revenues	\$ 1,006,768	\$ 37,673	\$ (679) (I)	\$ 1,043,762
Operating expenses				
Cost of services	405,339	3,344	29,447 (D)(J)(K)	438,130
Selling, general and administrative ("SG&A")	269,511	29,547	(17,126) (J)(K)	281,932
Total operating expenses	674,850	32,891	12,321	720,062
Operating income (expense)	331,918	4,782	(13,000)	323,700
Other income (expense)	1,836	(110)	(2,446) (L)	(720)
Income before income taxes	333,754	4,672	(15,446)	322,980
Provision for (benefit from) income taxes	92,703	583	(6,179) (M)	87,107
Net income	\$ 241,051	\$ 4,089	\$ (9,267)	\$ 235,873
Basic earnings per common share	\$ 5.80			\$ 5.67
Diluted earnings per common share	\$ 5.71			\$ 5.58
Basic weighted average common shares	41,572			41,572
Diluted weighted average common shares	42,235			42,235

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

1. BASIS OF PRO FORMA PRESENTATION

The pro forma financial statements are based on FactSet's and Portware's historical consolidated financial statements as adjusted to give effect to the acquisition of Portware and the debt issued to finance the Acquisition. The pro forma balance sheet as of August 31, 2015 combines FactSet's historical balance sheet derived from the audited consolidated financial statements from FactSet's Annual Report on Form 10-K for the year ended August 31, 2015 with the historical unaudited interim balance sheet of Portware for the same period and has been prepared as if the Acquisition had been consummated on August 31, 2015.

The pro forma statement of operations for the year ended August 31, 2015 was derived from the audited consolidated financial statements from FactSet's Annual Report on Form 10-K for the year ended August 31, 2015, and the unaudited historical statement of operations of Portware for the 12-month period ended August 31, 2015, and has been prepared as if the Acquisition had been consummated on September 1, 2014. FactSet has a fiscal year end of August 31, whereas prior to the Acquisition, Portware had a December 31 fiscal year end. Due to the different fiscal periods, Portware's historical operating results were adjusted to align with FactSet's fiscal reporting period. The unaudited historical statement of operations of Portware for the 12-month period ended August 31, 2015 was derived from its historical audited financial statements as of and for the year ended December 31, 2014, and adding the eight-month interim period ended August 31, 2015 and excluding the corresponding, comparable, preceding eight-month interim period ended August 31, 2014.

Portware's audited historical consolidated financial statements for the year ended December 31, 2014 are included as an exhibit to this Current Report on Form 8-K/A. The historical consolidated financial information is adjusted in the pro forma financial statements to give effect to pro forma adjustments that are (1) directly attributable to the Acquisition, (2) factually supportable, and (3) with respect to the pro forma statement of operations, expected to have a continuing impact on the combined results.

These pro forma financial statements were prepared using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, and the assumptions and adjustments described in the Notes to the Unaudited Pro Forma Condensed Combined Financial Information.

2. FINANCING

In connection with the Acquisition, FactSet amended its existing credit agreement (the "Credit Agreement") on September 21, 2015 (the "Second Amendment"). Borrowings under the Second Amendment bear interest on the outstanding principal amount at a rate equal to the Eurodollar rate plus 0.75%. On October, 16, 2015 FactSet borrowed \$265.0 million under the amended Credit Agreement in order to fund the Acquisition. In addition to the \$35.0 million outstanding under the Credit Agreement as of August 31, 2015, FactSet currently has a total commitment of \$300.0 million under the Credit Agreement. The maturity date on all outstanding loan amounts is September 21, 2018.

3. PRELIMINARY PURCHASE PRICE ALLOCATION

The unaudited pro forma condensed combined financial statements reflect an estimated purchase price of \$264.8 million. Under the purchase method of accounting, the total estimated purchase price is allocated to Portware's net tangible and intangible assets based upon their estimated fair value as of the date of the Acquisition. Based upon the purchase price and the valuation, the preliminary purchase price allocation, which is subject to change based on FactSet's final analysis, is as follows (in thousands):

Tangible assets acquired	\$	13,153
Amortizable intangible assets		
Software technology		43,000
Customer relationships		27,000
Tradename		2,000
Non-compete agreements		3,500
Goodwill		190,921
Total assets acquired		279,574
Liabilities assumed		14,813
Net assets acquired	\$	264,761

Goodwill totaling \$190.9 million represents the excess of the estimated purchase price over the fair value of the net tangible and intangible assets acquired and is included in the U.S. segment. Approximately 78% of the total goodwill generated from the Acquisition is deductible for income tax purposes.

4. PRO FORMA ADJUSTMENTS

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

- A. Represents the remaining cash from the Credit Agreement borrowings of \$265.0 million less the total estimated purchase price of \$264.8 million.
- B. For presentation purposes, the Portware U.S. deferred tax liability was reclassified to net against FactSet's U.S. deferred tax asset position due to the ability to net deferred taxes by jurisdiction.
- C. Represents the adjustment to remove Portware's historical goodwill of \$0.1 million and record goodwill resulting from the Acquisition of \$190.9 million as shown in Note 3, *Preliminary Purchase Price Allocation*. Goodwill will not be amortized, but will be evaluated for impairment on an annual basis or more frequently if a triggering event occurs. Any change in the fair value of the net assets of Portware will change the amount of the purchase price allocable to goodwill. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.
- D. Represents the adjustment to reflect intangible assets acquired by FactSet at their estimated fair values. As part of the preliminary valuation analysis, the Company identified intangible assets of software technology, customer relationships and a tradename. In addition, the Company valued non-compete agreements entered into with certain key Portware employees. The fair values of the software technology and the tradename were determined using the relief from royalty method. The fair value of the customer relationships was determined using a multi-period excess earnings method. The non-compete agreements were valued using a with-and-without method.

The following table summarizes the estimated fair value of identifiable intangible assets, their estimated useful lives and the fiscal 2015 amortization expense (in thousands):

	Estimated Fair Value	Estimated Useful Life in Years	Fiscal 2015 Amortization Expense
Software technology	\$ 43,000	8	\$ 5,375
Customer relationships	27,000	16	3,176
Tradename	2,000	5	400
Non-compete agreements	3,500	7	500
Total	\$ 75,500		\$ 9,451

Each intangible asset will be amortized using the method that approximates the pattern in which the economic benefits are expected to be realized. Software technology, the tradename and non-compete agreements will be amortized on a straight-line basis. Customer relationships will be amortized on an accelerated basis.

- E. This adjustment represents the estimated amount to decrease the assumed deferred revenue obligations to a fair value of approximately \$3.1 million, a reduction of \$0.7 million, or 18.5%, of its carrying value. The fair value was determined based on the estimated costs to fulfill the remaining service obligations plus a normal profit margin.
- F. Represents the adjustment to record the estimated deferred tax liability in connection with the acquired intangible assets noted in Adjustment D.

- G.** The increase to debt reflects \$265.0 million of amended on September 21, 2015. See Note 2, *Financing*, for further discussion. Additionally, FactSet capitalized less than \$0.1 million in costs associated with the issuance of debt.
- H.** Represents the elimination of the historical equity of Portware.
- I.** As noted in Adjustment E, the Company determined the carrying value of Portware's deferred revenue was in excess of its fair value as of the acquisition date. After the acquisition, this adjustment will have a continuing impact and will reduce revenue related to the performance obligations as services are provided over the next three years. As such, for purposes of these pro forma financial statements, the Company has adjusted Portware revenues based on the estimated costs to fulfill the remaining service obligations plus a normal profit margin. The adjustment was based on the fair value assumptions used in determining the balance sheet adjustment (a reduction of 18.5%) applied to the deferred revenue balance as of August 31, 2014 of \$3.8 million. The \$0.7 million adjustment represents the impact to revenues for fiscal 2015 assuming the transaction was consummated on September 1, 2014.
- J.** Represents incremental share-based compensation expense related to restricted stock awards granted to certain key Portware employees in connection with the Acquisition. On October 16, 2015, FactSet granted 90,180 restricted stock awards with a fair value of \$159.13 per share. These restricted stock awards vest 20% upon each anniversary date of the grant. Total compensation expense expected to be recognized over the life of the awards is \$14.4 million. The option holders must also remain employed by FactSet for the options to be eligible to vest. Approximately 70%, or \$2.0 million, of the compensation expense related to the restricted stock awards granted was allocated to cost of services based on the roles and responsibilities of the employees receiving the grants. The remaining 30%, or \$0.9 million, was allocated to SG&A.

Additionally, FactSet granted 530,418 performance-based stock options with a fair value at grant date of \$46.19 per share. These performance-based stock options are eligible to vest 40% on the second anniversary date of the grant, and 20% upon each subsequent anniversary date, depending upon future Portware revenue and operating income targets being achieved through October 16, 2017. As of the date of these pro forma financial statements, FactSet does not believe these targets are probable of being achieved, and as such, no stock-based compensation expense is currently expected to be realized in connection with these options.
- K.** For presentation purposes, certain Portware historical expenses were reclassified from SG&A to Cost of Services to conform with FactSet's accounting policies primarily related to the classification of compensation expense based on the roles and responsibilities of certain employees.
- L.** Represents the net increase to interest expense resulting from interest on the \$265.0 million of borrowings under the Company's existing revolving credit facility, which it had amended on September 21, 2015. The interest was calculated on a daily basis at a rate equal to the Eurodollar rate plus 0.75%.
- M.** Represents the income tax effect of pro forma adjustments based upon an estimated blended U.S. Federal, state and foreign statutory rate of 40%.