CONSTELLATION SOFTWARE INC.

TO OUR SHAREHOLDERS

On April 4th, Constellation's board announced that it was undertaking a review of the strategic alternatives for the company, with the objective of enhancing shareholder value. In your shoes, I'd interpret that as meaning that the company is likely to be sold. In the ~40% appreciation of CSI's stock since January 2011, we have presumably seen the market reflecting some of that takeover premium.

The marketing of the company to prospective buyers has, and will be, a considerable distraction to the managers and employees of the company. We can't be sure that it will result in an acceptable offer. We hope to get through this process as quickly as possible, generate some liquidity for our major shareholders, and then get back to building our business.

This may be my last chance to publicly commend our managers and employees for many years of spectacular performance. In Table 1 below, I've updated the performance metrics that we presented last year. This analysis is no substitute for reading our audited annual financial results and statutory filings, however it does provide a nice synopsis of some metrics that we believe are important. It also highlights the remarkable returns that our employees have generated with our shareholders' funds.

Table 1

	Adjusted Net Income (a.)	Average Invested Capital	ROIC	Organic Net Revenue Growth (YoY)	ROIC + Organic Net Revenue Growth
2000	(2)	68	-4%	b.	b.
2001	7	69	10%	b.	b.
2002	2	71	2%	6%	8%
2003	22	83	26%	11%	37%
2004	13	84	15%	9%	24%
2005	17	101	17%	18%	35%
2006	26	123	21%	8%	29%
2007	33	154	22%	1%	23%
2008	54	195	28%	5%	33%
2009	62	256	24%	-3%	21%
2010	87	325	27%	-2%	25%

a. Historical figures restated to comply with revised definition.
b. Not Available

The definitions of Adjusted Net Income, Average Invested Capital, ROIC and Net Revenue appear in the Glossary below.

As I explained in last year's Letter to Shareholders, we believe that the sum of ROIC and Organic Net Revenue Growth is the best single metric for measuring the performance of a low asset intensity software business, closely reflecting the increase in Shareholders' value. For 2010 this number was 25%, a nice improvement from 2009. The increase was due in large part to near record levels of ROIC and a slightly smaller contraction in the Net Revenue of our existing businesses. By late 2010, our Organic Net Revenue Growth was once again positive, and 2011 is showing encouraging signs of a continued resurgence in Organic Net Revenue growth, accompanied by even better returns on Invested Capital.

We traditionally report on our Maintenance Revenue as part of this letter. Maintenance is the most profitable part of our business and can provide an insight into whether the long-term intrinsic value of our business is increasing or decreasing. During 2010 we experienced 7% organic growth and 28% acquired growth in Maintenance Revenue. New Maintenance, i.e. maintenance derived from new clients or associated with add-on module sales to existing clients, contributed 8% to the growth in Maintenance Revenue during the year. This performance reflects well on the competitiveness of our products and the value that our solutions can deliver to clients, even during a recessionary period. We lost only 4% of our customers in 2010, a number that has been remarkably consistent over the last 5 years. Some of these customers we lost to bankruptcies or acquisitions… others to competitors. No matter how you look at it, our customers stay with us for a very long time, suggesting both the high switching costs and the real customer loyalty benefits that are inherent in our businesses.

	2006	**2007**	**2008**	**2009**	**2010**
Maintenance Revenue (US$MM)	**116**	**142**	**193**	**252**	**337**
Growth from:					
Acquisitions	17%	11%	24%	27%	28%
Organic Sources					
a) New maintenance	15%	10%	10%	8%	8%
b) Price increases	5%	8%	9%	3%	6%
c) Attrition - Lost Modules	-2%	-2%	-3%	-3%	-3%
c) Attrition - Lost Customers	-4%	-4%	-4%	-4%	-4%
Total Organic Growth	14%	12%	11%	4%	7%
Total Maintenance Growth	31%	23%	35%	31%	35%

In aggregate our Maintenance Revenue increased at a 35% rate in 2010. We believe that Adjusted EBITA correlates well with Maintenance Revenue, hence we'd argue that our enterprise value is appreciating at a similar pace. Another vantage point from which to judge the long term appreciation in shareholder value per share is presented in Table 3 below.

Table 3

	Total Revenue per Share		Cash Flow from Operating Activities per Share		Total Share Count
		YoY △		YoY △	
2000	3.00		0.06		19,439
2001	2.95	-2%	0.48	729%	19,284
2002	3.22	9%	0.43	-11%	19,342
2003	4.16	29%	0.74	72%	19,428
2004	5.49	32%	0.59	-20%	19,891
2005	8.11	48%	1.21	106%	20,392
2006	10.01	23%	1.36	12%	21,065
2007	11.47	15%	1.62	19%	21,192
2008	15.60	36%	2.96	83%	21,192
2009	20.67	32%	3.85	30%	21,192
2010	29.77	44%	4.96	29%	21,192
CAGR		26%		30% *	

* 9 year CAGR 2001 - 2010 is 30%. The 10 year CAGR is 56%.

In 2010 our Revenue per Share and Cash Flow from Operating Activities ("CFOA") per share increased 44% and 29% respectively. For the last decade, Revenue per Share has increased approximately ten fold i.e. a 26% compound average annual growth rate. CFOA per share increased at a compound annual average growth rate of 56% over that same period. This is a bit misleading because cash flows in 2000 were unusually poor, but measuring from the following year (when CFOA/Revenue was a respectable 16%), the compound average annual growth rate has been 30%.

I'm proud of the company that our employees and shareholders have built, and will be more than a little sad if it is sold.

We will be hosting the annual general meeting on Thursday May 5th. Many of our Directors and Officers and a number of our General Managers will be in attendance. We look forward to talking about our business and answering your questions. I hope to see you there.

Mark Leonard
President
Constellation Software Inc.

May 2, 2011

Glossary

"Adjusted Net Income" means net income plus non-cash expenses (income) such as amortization of intangible assets, deferred income taxes, and certain other expenses (income).

We use Adjusted Net Income because it is generally a better measure of cash flow than GAAP net income and it is closely aligned with the calculation of net income that we use for bonus purposes.

"Average Invested Capital" is based on the Company's estimate of the amount of money that our shareholders had invested in Constellation. Subsequent to that estimate, each period we have kept a running tally, adding Adjusted Net Income, subtracting any dividends, adding any amounts related to share issuances and making some small adjustments, including adjustments relating to our use of certain incentive programs and the amortization of impaired intangibles.

"ROIC" represents a ratio of Adjusted Net Income to Average Invested Capital.

"Net Revenue" is gross revenue for GAAP purposes less any third party and flow-through expenses. We use Net Revenue since it captures 100% of the license, maintenance and services revenues associated with Constellation's own products, but only the margin on the lower value-added revenues such as commodity hardware or third party software.

Forward Looking Statements

Certain statements herein may be "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Constellation or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date hereof. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements are made as of the date hereof and Constellation assumes no obligation to update any forward looking statements to reflect new events or circumstances except as required by law.

Non-GAAP Measures

Adjusted Net Income, Adjusted EBITDA and Organic Revenue Growth are not recognized measures under GAAP and, accordingly, shareholders are cautioned that Adjusted Net Income, Adjusted EBITDA and Organic Revenue Growth should not be construed as alternatives to net income determined in accordance with GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The Company's method of calculating Adjusted Net Income, Adjusted EBITDA and

Organic Net Revenue Growth may differ from other issuers and, accordingly, may not be comparable to similar measures presented by other issuers. Please refer to Constellation's 2010 Management Discussion and Analysis for a reconciliation, where applicable, between the GAAP and non-GAAP measures referred to above.