CONSTELLATION SOFTWARE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following discussion and analysis should be read in conjunction with the Unaudited Consolidated Interim Financial Statements for the three month period ended March 31, 2011, which we prepared in accordance with International Financial Reporting Standards ("IFRS") and with our Annual Consolidated Financial Statements for the year ended December 31, 2010, which we prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars. All references to "$" are to U.S. dollars and all references to "C$" are to Canadian dollars.

Additional information about the Company, including our most recently filed Annual Information Form ('AIF'), is available on SEDAR at www.sedar.com.

Forward Looking Statements

Certain statements in this report, including those under 'outlook', may contain "forward looking" statements that involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this MD&A, May 4, 2011. 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, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

Non-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income margin.

The term ''Adjusted EBITDA'' refers to net income before deducting finance income, finance costs, income taxes, depreciation, amortization, and foreign exchange loss (gain). The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and the other items listed above. ''Adjusted EBITDA margin'' refers to the percentage that Adjusted EBITDA for any period represents as a portion of total revenue for that period.

''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). The Company believes that Adjusted net income is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration amortization of intangible assets, deferred income taxes, and certain other non-cash expenses (income) incurred by the Company from time to time. ''Adjusted net income margin'' refers to the percentage that Adjusted net income for any period represents as a portion of total revenue for that period.

Adjusted EBITDA and Adjusted net income are not recognized measures under IFRS and, accordingly, shareholders are cautioned that Adjusted EBITDA and Adjusted net income should not be construed as alternatives to net income determined in accordance with IFRS. The Company's method of calculating Adjusted EBITDA and Adjusted net income may differ from other issuers and, accordingly, Adjusted EBITDA and Adjusted net income may not be comparable to similar measures presented by other issuers. See ''Results of Operations —Adjusted EBITDA'' and ''— Adjusted net income'' for a reconciliation of Adjusted EBITDA and Adjusted net income to net income.

Overview

We acquire, manage and build vertical market software ("VMS") businesses. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flow and revenue growth during the past several years.

Our revenue consists primarily of software license fees, maintenance fees, professional service fees and hardware sales. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under single-year, multiple-year or perpetual arrangements in which the fair value of maintenance and/or professional service fees are determinable. Maintenance revenue primarily consists of fees charged for customer support on our software products post-delivery and also includes, to a lesser extent, recurring fees derived from combined software/support contracts, transaction revenues, and hosted products. Maintenance fee arrangements generally include ongoing customer support and rights to certain product updates "if and when available" and products sold on a subscription basis. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. Hardware sales include the resale of third party hardware as well as sales of hardware assembled internally. Our customers typically purchase a combination of software, maintenance, professional services and hardware, although the types, mix and quantity of each varies by customer and by product.

Expenses consist primarily of personnel expenses, occupancy expenses, the cost of hardware to be resold, third party license, maintenance and professional services expenses, and other general operating expenses.

Results of Operations

(In thousands of dollars, except percentages and per share amounts)

	Three months ended March 31,		Period-Over-Period Change	
	2011	2010	$	%
Revenue	**177,632**	**144,846**	**32,786**	**23%**
Expenses	142,598	121,004	21,594	18%
Adjusted EBITDA	**35,034**	**23,842**	**11,192**	**47%**
Depreciation	2,126	1,246	880	71%
Amortization of intangible assets	18,525	14,958	3,567	24%
Foreign exchange	2,065	(579)	2,644	-457%
Finance income	(368)	(284)	(84)	30%
Finance costs	1,161	952	209	22%
Profit before income taxes	11,525	7,549	3,976	53%
Income taxes (recovery)				
Current income tax expense	3,008	3,595	(587)	-16%
Deferred income tax recovery	(55,712)	(4,077)	(51,635)	NM
Income tax recovery	(52,704)	(482)	(52,222)	NM
Net income	**64,229**	**8,031**	**56,198**	**700%**
Adjusted net income	**27,042**	**18,912**	**8,130**	**43%**
Weighted average number of shares outstanding (000's)				
Basic and diluted	21,192	21,192		
Net income per share				
Basic and diluted	$ 3.03	$ 0.38	$ 2.65	700%
Adjusted EBITDA per share				
Basic and diluted	$ 1.65	$ 1.13	$ 0.53	47%
Adjusted net income per share				
Basic and diluted	$ 1.28	$ 0.89	$ 0.38	43%

NM - Not meaningful

Comparison of the first quarter ended March 31, 2011 and 2010

Revenue:

Total revenue for the quarter ended March 31, 2011 was $178 million, an increase of 23%, or $33 million, compared to $145 million for the comparable period in 2010. The increase was mainly attributable to growth from acquisitions, as organic growth from our existing businesses increased by approximately $7 million or 5% for the quarter. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the revenues they achieved in the corresponding financial period preceding the date of acquisition by Constellation.

Software license revenue for the quarter ended March 31, 2011 was $15 million, an increase of 37%, or $4 million compared to $11 million for the comparable period in 2010. Professional services revenue for the quarter ended March 31, 2011 was $42 million, an increase of 2%, or $1 million in comparison to the same period in 2010. In the quarter ended March 31, 2010, an additional $1 million in professional services revenue was recorded due to revised estimates for progress to completion on a number of acquired long-term contracts. Excluding this adjustment, professional services revenue for the quarter ended March 31, 2011 increased by 5%. Hardware and other revenue for the quarter ended March 31, 2011 increased by 43%, or $7 million to $24 million from $17 million for the same period in 2010. Maintenance revenues for the quarter ended March 31, 2011 increased by 27%, or $21 million to $97 million, from $76 million for the same period in 2010. The following table displays the breakdown of our revenue according to revenue type:

	Three months ended March 31,		Period-Over-Period Change	
	2011	2010	$	%
	($000, except percentages)			
Licenses	15,211	11,082	4,129	37%
Professional services and other:				
Services	41,789	41,150	639	2%
Hardware and other	24,007	16,791	7,216	43%
Maintenance	96,625	75,823	20,802	27%
	177,632	144,846	32,786	23%

We aggregate our business into two distinct segments for financial reporting purposes: (i) the public sector reportable segment, which includes business units focused on government and government-related customers, and (ii) the private sector reportable segment, which includes business units focused on commercial customers.

The following table displays our revenue by reportable segment and the percentage change for the three months ended March 31, 2011 compared to the same period in 2010:

	Three months ended March 31,		Period-Over-Period Change	
	2011	2010	$	%
	($000, except percentages)			
Public Sector				
Licenses	10,546	8,323	2,223	27%
Professional services and other:				
Services	33,458	34,992	(1,534)	-4%
Hardware and other	21,257	15,483	5,774	37%
Maintenance	65,689	52,379	13,310	25%
	130,950	111,177	19,773	18%
Private Sector				
Licenses	4,666	2,759	1,907	69%
Professional services and other:				
Services	8,330	6,158	2,172	35%
Hardware and other	2,750	1,308	1,442	110%
Maintenance	30,936	23,444	7,492	32%
	46,682	33,669	13,013	39%

Public Sector

For the quarter ended March 31, 2011, total revenue in the public sector reportable segment increased 18%, or $20 million, to $131 million, compared to $111 million for the quarter ended March 31, 2010. The increase was significant across all revenue types other than professional services which decreased 4%, or $2 million, to $33 million, compared to $35 million for the quarter ended March 31, 2010. Revenue growth from acquired businesses was significant as we completed eleven acquisitions since the beginning of 2010 in our public sector segment. It is estimated that acquisitions completed since the beginning of 2010 contributed approximately $16 million to our Q1 2011 revenues. Revenues increased organically by 4% or $5 million in Q1 2011 compared to the same period in 2010.

The organic revenue change was primarily driven by the following:

- **Volaris operating group (formerly the Trapeze operating group)** (increase of approximately $4 million for the three months ended March 31, 2011). The organic growth was primarily driven from strong revenue from existing clients and new customers in its transit business unit.

- **Harris operating group** (increase of approximately $1 million for the three months ended March 31, 2011). The organic growth was primarily driven from strong revenue from existing and new clients in its utility business unit.

Private Sector

For the quarter ended March 31, 2011, total revenue in the private sector reportable segment increased 39%, or $13 million, to $47 million, compared to $34 million for the quarter ended March 31, 2010. Revenue growth from acquired businesses was significant for the three month period as we completed thirteen acquisitions since the beginning of 2010 in our private sector segment. It is estimated that acquisitions completed since the

beginning of 2010 contributed approximately $10 million to our Q1 2011 revenues. Revenues increased organically by 9% or $3 million in Q1 2011 compared to the same period in 2010.

The organic revenue change was primarily driven by the following:

- **Jonas operating group** (increase of approximately $2 million for the three months ended March 31, 2011). Jonas' organic growth was driven by strong sales to both existing and new customers primarily in its' fitness, construction, and food service verticals.

- **Homebuilder and Friedman operating groups** (increase of approximately $1 million for the three months ended March 31, 2011). The organic growth was primarily driven by strong sales to both existing and new customers in Homebuilders' non-homebuilding business units.

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2011	2010	$	%
	($000, except percentages)			
Expenses				
Staff	95,919	86,319	9,600	11%
Hardware	12,121	9,337	2,784	30%
Third party license, maintenance and professional services	12,663	7,662	5,001	65%
Occupancy	4,588	3,936	652	17%
Travel	6,268	5,259	1,009	19%
Communications	2,537	2,351	186	8%
Supplies	4,163	2,684	1,479	55%
Professional fees	2,136	1,250	886	71%
Other	2,203	2,206	(3)	0%
	142,598	121,004	21,594	18%

Overall expenses for the quarter ended March 31, 2011 increased 18%, or $22 million, to $143 million, compared to $121 million during the same period in 2010. As a percentage of total revenue, expenses decreased from 84% in the quarter ended March 31, 2010 to 80% in the quarter ended March 31, 2011. The growth in expenses for the three month period is primarily due to the growth in the number of employees. Our average employee headcount grew 15% from 3,124 in the quarter ended March 31, 2010 to 3,603 in the quarter ended March 31, 2011 primarily due to acquisitions.

Staff expense – Staff expense can be broken down into five key operating departments; Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Professional Services staff expenses' include personnel and related costs associated with our delivery of professional services. Research and Development staff expenses' include personnel and related costs associated with our research and development efforts. Sales and Marketing staff expenses' consist primarily of the personnel and related costs associated with our sales and marketing functions. General and Administrative staff expenses' consist primarily of the personnel and related costs associated with the administration of the business. The table below compares the period over period variances.

	Three months ended March 31, 2011	2010	Period-Over-Period $	%
	($000, except percentages)			
Professional Services	25,167	23,317	1,850	8%
Maintenance	18,609	16,398	2,211	13%
Research and Development	24,363	22,224	2,139	10%
Sales and Marketing	13,068	10,670	2,398	22%
General and Administration	14,712	13,710	1,002	7%
	95,919	86,319	9,600	11%

Professional Services – Staff expenses related to our Professional Services operating department increased 8%, or $2 million, to $25 million for the quarter ended March 31, 2011 compared to $23 million for the same period in 2010. The growth in staff expenses related to our Professional Services operating department was primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our Professional Services operating department grew 10% from 923 in the quarter ended March 31, 2010 to 1,017 in the quarter ended March 31, 2011 primarily due to acquisitions.

Maintenance – Staff expenses related to our Maintenance operating department increased 13%, or $3 million, to $19 million for the quarter ended March 31, 2011 compared to $16 million for the same period in 2010. The growth in staff expenses related to our Maintenance operating department is primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our Maintenance operating department grew 16% from 721 in the quarter ended March 31, 2010 to 839 in the quarter ended March 31, 2011 primarily due to acquisitions.

Research and Development – Staff expenses related to our Research and Development operating department increased 10%, or $2 million, to $24 million for the quarter ended March 31, 2011 from $22 million for the same period in 2010. The growth in staff expenses related to our Research and Development operating department is primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our Research and Development operating department grew 20% from 811 in the quarter ended March 31, 2010 to 970 in the quarter ended March 31, 2011 primarily due to acquisitions.

Sales and Marketing – Staff expenses related to our Sales and Marketing operating department increased 22%, or $2 million, to $13 million for the quarter ended March 31, 2011 compared to $11 million for the same period in 2010. The growth in staff expenses related to our Sales and Marketing operating department is primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our Sales and Marketing operating department grew 18% from 336 in the quarter ended March 31, 2010 to 398 in the quarter ended March 31, 2011 primarily due to acquisitions.

General and Administrative – Staff expenses related to our General and Administrative operating department increased 7%, or $1 million, to $15 million for the quarter ended March 31, 2011 from $14 million for the same period in 2010. The growth in staff expenses related to our General and Administrative operating department is primarily due to the growth in the number of employees compared to the same period in 2010 offset by a reduction in management bonuses. Our average employee headcount associated with our General and Administrative operating department grew 14% from 334 in the quarter ended March 31, 2010 to 379 in the quarter ended March 31, 2011 primarily due to acquisitions.

Hardware expenses – Hardware expenses for the quarter ended March 31, 2011 increased 30% or $3 million to $12 million, compared to $9 million during the same period in 2010. The increase in hardware expenses is attributable to the increase in hardware and other revenue.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses for the quarter ended March 31, 2011 increased 65% or $5 million to $13 million, compared to $8 million for the quarter ended March 31, 2010. The increase is primarily due to an increase in license and maintenance revenue in Q1 2011 as compared to Q1 2010 and due to an acquisition in 2010 that had a relatively high component of third party maintenance costs.

Other Expenses:

The following table displays the breakdown of our other expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2011	2010	$	%
	($000, except percentages)			
Depreciation	2,126	1,246	880	71%
Amortization of intangible assets	18,525	14,958	3,567	24%
Foreign exchange	2,065	(579)	2,644	-457%
Finance income	(368)	(284)	(84)	30%
Finance costs	1,161	952	209	22%
Income taxes	(52,704)	(482)	(52,222)	10834%
	(29,195)	15,811	(45,006)	-285%

Depreciation – Depreciation of property and equipment increased 71%, or $1 million, to $2 million in the quarter ended March 31, 2011 from $1 million for the same period in 2010. The increase is primarily due to an increase in purchased property and equipment and property and equipment obtained in acquisitions.

Amortization of intangible assets – Amortization of intangible assets increased to $19 million for the quarter ended March 31, 2011 from $15 million for the quarter ended March 31, 2010, representing a 24% increase. The increase is attributable to the increases in our intangible asset balance (on a cost basis) over the twelve month period ended March 31, 2011 as a result of the acquisitions that we completed during this period.

Foreign exchange – Most of our businesses are organized geographically so many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the quarter ended March 31, 2011, our foreign exchange loss was $2 million compared to a gain of $0.6 million in the quarter ended March 31, 2010. The foreign exchange loss for the three months ended March 31, 2011 is due to realized losses on settling certain non-USD liabilities and due to holding losses on certain non-USD liabilities.

Income taxes – We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our tax rate is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses. For the quarter ended March 31, 2011, income tax recovery was $53 million, compared to $0.5 million for the same period in 2010. The increase in income tax recovery was primarily due to the transfer of certain intangible assets from one subsidiary to another during the period. A deferred tax asset was recorded on the increase in fair market value arising on the sale of intellectual property between entities within the Company at the rate of tax of the entity that acquired the assets notwithstanding that the gains are not otherwise recorded for

financial reporting. The deferred income tax recovery being recorded through profit or loss represents the amount of these deferred income tax deductions that the Company has determined will be utilized for income tax purposes in the future. These deductions will be available to the Company over a fifteen year period and, as such, the Company expects a reduction in current income tax rate in 2011 as a percent of Adjusted Net Income before tax as compared to 2010.

Net Income:

Net income for the quarter ended March 31, 2011 was $64 million compared to net income of $8 million for the same period in 2010. On a per share basis this translated into a net income per diluted share of $3.03 in the quarter ended March 31, 2011 vs. a net income per diluted share of $0.38 in the quarter ended March 31, 2010. Net income in the quarter ended March 31, 2011 was positively impacted by the growth in our Adjusted EBITDA and income tax recovery, offset by an increase in amortization of intangibles assets.

Adjusted EBITDA:

For Q1 2011, Adjusted EBITDA increased by $11 million to $35 million compared to $24 million in Q1 2010 representing an increase of 47%. Adjusted EBITDA margin was 20% in the first quarter of 2011 compared to 16% in the comparable period in 2010. The increase in Adjusted EBITDA margin for the three months ended March 31, 2011 is largely due to a reduction in our bonus accrual, due to lower growth in Q1 2011 compared to Q1 2010, and due to a relatively greater increase in higher margin license and maintenance revenue in Q1 2011. See "Non-IFRS Measures" for a description of Adjusted EBITDA and Adjusted EBITDA margin.

The following table reconciles Adjusted EBITDA to net income:

	Three months ended March 31,	
	2011	2010
	($000, except percentages)	
Total revenue	$ 177,632	$ 144,846
Net income	64,229	8,031
Add back:		
Income taxes	(52,704)	(482)
Foreign exchange	2,065	(579)
Finance income	(368)	(284)
Finance cost	1,161	952
Amortization of intangible assets	18,525	14,958
Depreciation	2,126	1,246
Adjusted EBITDA	35,034	23,842
Adjusted EBITDA margin	20%	16%

Adjusted net income:

For Q1 2011, Adjusted net income increased by $8 million to $27 million compared to $19 million in Q1 2010, representing an increase of 43%. Adjusted net income margin was 15% in the first quarter of 2011 compared to 13% in the comparable period in 2010. The increase in Adjusted net income margin for the three

months ended March 31, 2011 is largely due to an improvement in our Adjusted EBITDA margin percentage. See "Non-IFRS Measures" for a description of Adjusted net income and Adjusted net income margin.

The following table reconciles Adjusted net income to net income:

	Three months ended March 31,	
	2011	2010
	($000, except percentages)	
Total revenue	$ 177,632	$ 144,846
Net income	64,229	8,031
Add back:		
Amortization of intangible assets	18,525	14,958
Deferred income tax recovery	(55,712)	(4,077)
Adjusted net income	27,042	18,912
Adjusted net income margin	15%	13%

Quarterly Results

	Quarter Ended							
	Jun. 30, 2009	Sep. 30 2009	Dec. 31 2009	Mar. 31 2010	Jun. 30 2010	Sep. 30 2010	Dec. 31 2010	Mar. 31 2011
	($000, except per share amounts)							
	Note 1	Note 1	Note 1	Note 2	Note 1	Note 1	Note 1	Note 2
Revenue	101,515	107,279	131,894	144,846	152,682	162,814	171,468	177,632
Net Income (loss)	3,738	2,715	(10)	8,031	3,348	14,211	17,893	64,229
Net Income per share								
Basic	0.18	0.13	(0.00)	0.38	0.16	0.67	0.85	3.03
Diluted	0.18	0.13	(0.00)	0.38	0.16	0.67	0.84	3.03

Note 1 - The quarterly information is presented in accordance with GAAP.
Note 2 - The quarterly information is presented in accordance with IFRS.

We do not generally experience significant seasonality in our operating results from quarter to quarter. However, our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Company in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain one-time expenditures or gains which may include bargain purchase gains and loss (gain) on the sale of short-term investments, marketable securities and other assets.

Acquisition of PTS from Continental

On November 2, 2009, Constellation acquired the Public Transit Solutions business ('PTS') from Continental AG ('Continental') for gross cash consideration of $3 million. The purchase price was a small percentage of PTS' annualized revenues, reflecting its recent history of negative cash flows. PTS is not

considered a reportable operating segment of Constellation, however management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of PTS until such time as it becomes consistently cash flow positive.

Management believes cash flow from operations is useful supplemental information about the performance of the underlying business as certain purchase price adjustments and purchase contract accounting under IFRS may result in reported earnings that differ materially from cash flow from operations. A significant amount of working capital was acquired with the PTS business which may have a material positive impact on cash flow from operations should we be able to reduce the level of working capital required in the business.

Cash flow from operations from PTS will fluctuate significantly from quarter to quarter due to the timing of receipt of milestone payments associated with large customer contracts. In 2010, PTS contributed $13 million in cash flow from operations. In the first nine months of 2011, we expect cash flow from operations to be negative; however, in the last quarter of 2011, we expect cash flow from operations to be positive. For the full year 2011, we expect cash flow from operations for PTS to be close to breakeven, however, this is contingent upon the receipt of significant milestone payments associated with customer contracts in the last quarter of the year.

A number of acquired contracts were recorded at their estimated fair value as of the date of acquisition. Under this treatment, excess profits or costs relative to normalized profitability are recorded as contract assets or liabilities and amortized against revenues over the remaining life of the contract. As a result, the revenue and costs of these contracts reflected through profit or loss will differ from the revenue and costs that would have been recognized under normal course percentage of completion.

As part of the PTS acquisition, Constellation also assumed certain long-term contracts that contain contingent liabilities which may, but in management’s opinion are unlikely to, exceed $3 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by PTS. The contingent liabilities represent the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

Acquisition of certain software assets and liabilities from MAXIMUS Inc.

On September 30, 2008, Constellation acquired certain assets and liabilities of MAXIMUS Inc.’s Asset, Justice, and Education businesses (‘MAJES’) for net cash consideration of $34 million.

As part of the MAJES acquisition, Constellation also assumed certain long-term customer contracts that contain contingent liabilities that may, but in management’s opinion are unlikely to, exceed $13 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by MAJES and for estimated damages available to customers for breaches of such contracts by MAJES where such contracts did not contain specified penalties. The contingent liabilities represent the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

In February 2011, a subsidiary of the Company and MAXIMUS received a letter from a customer initiating a dispute resolution process under the customer’s contract. The customer alleges that the subsidiary of Constellation and MAXIMUS failed to observe the most favoured customer pricing terms of the contract and also raised a number of issues pertaining to services and products delivered under the contract. The customer alleges total damages of approximately $30 million. The subsidiary of the Company and the seller of the MAJES assets plan to contest all of the customer’s claims. The contract with the customer has a $9 million limitation of liability clause that the Company believes will apply to all of the claims in the letter. The subsidiary of the Company also

believes that it is entitled to indemnification from MAXIMUS in respect of certain of the claims made by the customer.

The Company previously provided supplemental financial information on MAJES. MAJES is not considered a reportable operating segment of Constellation; however, management chose to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of the business. The Company has decided not to provide supplemental financial information on MAJES going forward as the business is now fully integrated with the Company.

Supplemental Financial Information for PTS

The table below provides certain supplemental statement of comprehensive income and cash flow information regarding PTS for the three months ended March 31, 2011. PTS is not considered a reportable operating segment of Constellation; however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of each business. Management believes cash flow from operations is useful supplemental information about the performance of the underlying business as certain purchase price adjustments and contract accounting under IFRS may result in reported earnings that differ materially from cash flow from operations.

Statement of Operations
For the three months ended March 31, 2011

(Unaudited)	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Revenue	$ 145,136	$ 32,496	$ 177,632
Expenses	115,508	27,090	142,598
Adjusted EBITDA	29,628	5,406	35,034
EBITDA as % Total Revenue	*20%*	*17%*	*20%*
Depreciation	1,608	518	2,126
Amortization of intangible assets	18,525	-	18,525
Other expenses, net	2,204	654	2,858
	22,337	1,172	23,509
Income before income taxes	7,291	4,234	11,525
Income tax (recovery) expense	(53,311)	607	(52,704)
Net Income	$ 60,602	$ 3,627	$ 64,229

Cash flow from operating activities
For the three months ended March 31, 2011

(Unaudited)	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Cash flows from operating activities:			
Net income	$ 60,602	$ 3,627	$ 64,229
Adjustments to reconcile net income to net cash flows from operations:			
Depreciation	1,608	518	2,126
Amortization of intangible assets	18,525	-	18,525
Income tax (recovery) expense	(53,311)	607	(52,704)
Other non-cash items	2,220	638	2,858
Change in non-cash operating working capital	(339)	(13,037)	(13,376)
Income taxes paid	(1,718)	(661)	(2,379)
Cash flows from operating activities	$ 27,587	$ (8,308)	$ 19,279

Adjusted EBITDA to net income reconciliation
For the three months ended March 31, 2011

(Unaudited)	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Total revenue	$ 145,136	$ 32,496	$ 177,632
Net income	60,602	3,627	64,229
Add back:			
Income tax (recovery) expense	(53,311)	607	(52,704)
Other expenses, net	2,204	654	2,858
Amortization of intangible assets	18,525	-	18,525
Depreciation	1,608	518	2,126
Adjusted EBITDA	29,628	5,406	35,034
Adjusted EBITDA margin	20%	17%	20%

Liquidity

Our net cash position (cash less bank indebtedness) at March 31, 2011 decreased to negative $55 million, from negative $15 million at December 31, 2010. Borrowings on our line of credit increased by $40 million and cash decreased by $1 million.

Total assets increased $68 million, from $548 million at December 31, 2010 to $616 million at March 31, 2011. The majority of the increase can be explained by an increase in deferred taxes of $55 million resulting from the internal transfer of intellectual property (See "Income Taxes" discussion above).

Current liabilities increased $45 million, from $330 million at December 31, 2010 to $375 million at March 31, 2011. The majority of the increase can be explained by an increase in borrowings on our line of credit of $40 million and an increase in deferred revenue of $30 million, primarily due to acquisitions and the timing of billings versus revenue recognized. This increase was offset by a decrease in accounts payable and accrued liabilities of $24 million resulting from the payment of the 2010 bonus.

Net Changes in Cash Flows	**Three months ended March 31, 2011**
	(in millions of $)
Net cash provided by operating activities	$19
Net cash used in financing activities	(5)
Net cash used in investing activities	(14)
Effect of currency translation on cash	(1)
Net decrease in cash and cash equivalents	$(1)

The net cash flow from operating activities was $19 million for the three months ended March 31, 2011. The $19 million provided by operating activities resulted from $64 million in net income, less $30 million of non-

cash add backs to net income, $13 million of cash used by changes in our non-cash operating working capital and $2 million in taxes paid.

The net cash used in financing activities in the three months ended March 31, 2011 was $5 million. $42 million was used in Q1 2011 to pay a dividend of $2.00 per share and $39 million was drawn from our bank indebtedness.

The net cash used in investing activities in the three months ended March 31, 2011 was $14 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $11 million (including payments for holdbacks relating to prior acquisitions) and due to $3 million in additions to property and equipment.

We believe we have more than sufficient cash and cash equivalents to continue to operate for the foreseeable future. Generally our VMS businesses operate with negative working capital as a result of the collection of maintenance payments and other revenues in advance of the performance of the related services. As such, management anticipates that it can continue to grow the business organically without any additional funding. If we continue to acquire VMS businesses we may need additional external funding depending upon the size and timing of the acquisitions.

Capital Resources and Commitments

We have a $160 million credit facility that is collateralized by substantially all of our assets including the assets of the majority of our material Canadian and U.S. subsidiaries. Certain other subsidiaries also guarantee this facility. The facility is available for acquisitions, working capital needs, and other general corporate purposes and for the needs of our subsidiaries. As of March 31, 2011, we had drawn $86 million on this facility. Following the Board of Directors decision on April 4, 2011 to undertake a review of strategic alternatives for the Company with the objective of enhancing shareholder value, (See “Proposed Transactions”) the Company suspended negotiations of a new $250 million credit facility with a new syndicate of lenders that would have replaced the existing $160 million facility. There is no defined timeline for this strategic review and there can be no assurance that this review will result in any specific action. The negotiations for the new credit facility will not resume until the outcome of the review is completed.

Commitments include operating leases for office equipment and facilities, bank guarantees, and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with “earn out” payments based on the future performance of the acquired business. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in unconsolidated companies (aside from our shareholdings in publicly traded companies included in our short term investments and our equity investment included in other assets) that would have a significant effect on our assets and liabilities as at March 31, 2011.

Foreign Currency Exposure

We operate internationally and have foreign currency risks related to our revenue, operating expenses, assets and liabilities denominated in currencies other than the U.S. dollar. Consequently, we believe movements in the foreign currencies in which we transact could significantly affect future net earnings. Currently, we do not use hedging techniques to mitigate such currency risks. We cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, results of operations, and financial condition.

The following table provides an approximate breakdown of our revenue and expenses by currency, expressed as a percentage of total revenue/expenses, as applicable, for the three month period ended March 31, 2011:

	Three Months Ended Mar 31,2011	
Currencies	% of Revenue	% of Expenses
USD	66%	52%
CAD	11%	24%
GBP	11%	10%
EURO	8%	0%
CHF	2%	11%
Others	2%	3%
Total	100%	100%

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for operating leases, bank guarantees, and letters of credit, all of our liabilities and commitments are reflected on our balance sheet.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year. In addition, as disclosed in the Company's press release dated April 4, 2011, the Board of Directors is currently undertaking a review of strategic alternatives for the Company with the objective of enhancing shareholder value. There is no defined timeline for this strategic review and there can be no assurance that this review will result in any specific action.

Changes in Accounting Policies

In February 2008, the Canadian Accounting Standards Board announced the mandatory adoption of IFRS for publicly accountable entities in Canada for fiscal periods beginning on or after January 1, 2011. Accordingly, this is the first quarter in which we have provided unaudited consolidated quarterly financial information in accordance with IFRS, including comparative figures for 2010.

The Company has adopted IFRS effective January 1, 2010 ("the transition date") and has prepared its opening IFRS balance sheet as of that date. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements of the Company that comply with IFRS.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 18 of the Unaudited Condensed Consolidated Interim Financial Statements for the three month period ended March 31, 2011. This note includes reconciliations from Canadian GAAP to IFRS of equity and comprehensive income of the comparative periods and of equity at the date of transition.

Recent Accounting Pronouncements

In October 2010, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful info to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on it's consolidated financial statements.

Share Capital

As at May 4, 2011, there were 21,191,530 total shares outstanding comprised of 17,503,530 common shares and 3,688,000 class A non-voting shares.

Outlook

For fiscal 2011, we expect gross revenue to be in the range of $725 million to $750 million and we expect Adjusted EBITDA to be in the range of $145 million to $170 million.

The above statements are "forward looking statements" and are based on the following various assumptions which management believes are reasonable under the current circumstances:

1. revenue growth will be in the range of 15%-19% for fiscal 2011, which includes the impact of all companies acquired to date and a moderate increase in organic growth over the recent performance of the Company;

2. Adjusted EBITDA margins will be in the range of 20-23% for fiscal 2011, which represents a moderate increase over the recent performance of the Company;

3. no material acquisitions will be completed during the remainder of fiscal 2011; and

4. general economic and market conditions will remain consistent with those in effect on May 4, 2011.

Although management believes the above statements are based on assumptions that are reasonable in the current circumstances, they are subject to various risks and uncertainties and there are several factors that could cause actual results to differ materially from those specified above. These factors include, but are not limited to, the following:

1. revenue can fluctuate significantly based on the demand for our software products, level of product and price competition, the geographical mix of our sales together with fluctuations in foreign currency, changes in mix and pricing of software solutions that our customers demand, our ability to successfully implement projects, order cancellations, renewal of maintenance agreements with customers, and patterns of spending and changes in budgeting cycles of our customers;

2. Adjusted EBITDA can fluctuate significantly based on the pricing and mix of software solutions that we sell, our customer demand, the geographical mix of our sales and cost base together with fluctuations in foreign currency exchange rates, and employee bonuses which are based on the performance of the Company;

The above statements have been included for the purpose of providing information about management's current expectations and plans relating to fiscal 2011. Readers are cautioned that such information may not be appropriate for other purposes.

See "Forward Looking Statements" and "Risks and Uncertainties".

Risks and Uncertainties

The statements included under "Outlook" above are subject to several risks and uncertainties, including the following: our quarterly revenues and operating results may fluctuate; any failure to manage our growth through acquisitions effectively or integrate other businesses we acquire may lead to a disruption in our operations and adversely affect our operating results; and we may acquire contingent liabilities through acquisitions, or our assessments of existing contingent liabilities could change which could adversely affect our operating results. A complete description of the risks and uncertainties affecting the Company is included in the most recently filed AIF. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

Controls and Procedures

Evaluation of disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At March 31, 2011, the President and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting:

In accordance with National Instrument 52-109 respecting certification of disclosure in issuers' interim filings, the President and Chief Financial Officer have designed or caused it to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that (i) information required to be disclosed by the Company in its quarterly filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding the Company is accumulated and communicated to the Company's management, including its President and Chief Financial Officer in a timely manner.

In addition, the President and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The control framework the President and the Chief Financial Officer used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The President and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the three-month period ended March 31, 2011

that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.