

## **Epicor Software Corporation**

### **Regulation G Disclosure**

#### **Non-GAAP Financial Measures used in the Company's Investor Call on January 12, 2012 (the "Investor Call")**

To supplement our audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"), Epicor Software Corporation (the "Company") uses certain "non-GAAP financial measures" under the rules and regulations of the Securities and Exchange Commission. These include (i) EBITDA, (ii) Adjusted EBITDA, (iii) Pro-Forma EBITDA, and (iv) Pro-Forma Adjusted EBITDA, which we believe are appropriate to enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of the Company's underlying operational results and trends and our marketplace performance. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income (loss), or any component thereof, in accordance with GAAP.

In calculating EBITDA, we add back interest, income taxes, depreciation and amortization to net income from continuing operations. In calculating Adjusted EBITDA, we add back certain non-cash, non-recurring and other items that are included in EBITDA and net income as required by various covenants in the indenture governing our Senior Notes and our Senior Secured Credit Facilities.

Epicor Software Corporation began operations on May 16, 2011, as a result of the merger of legacy Epicor Software Corporation ("Legacy Epicor") and Activant Solutions Inc. ("Activant"). As a result, in addition to EBITDA and Adjusted EBITDA, we calculate Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA. In calculating Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA, we combine the results of Activant and Legacy Epicor for periods beginning prior to May 16, 2011, to facilitate comparison of the results of those periods to the results of periods beginning after May 16, 2011. Additionally, for Pro-Forma EBITDA, we add back interest expense, income taxes, depreciation and amortization. For Pro-Forma Adjusted EBITDA, we add back certain non-cash, non-recurring and other items that are included in EBITDA and net income as required by various covenants in the indenture governing the Senior Notes and our Senior Secured Credit Facility.

We believe that EBITDA, Adjusted EBITDA Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA are useful financial metrics to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. We believe that these non-GAAP financial measures provide investors with useful tools for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. We use EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA for business planning purposes and in measuring our performance relative to that of our competitors. We use Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA to compare our current non-GAAP results to comparable results of prior periods which began prior to May 16, 2011.

We believe EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA are measures commonly used by investors to evaluate our performance and that of our competitors. EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA are not presentations made in

accordance with GAAP and our use of the terms EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA varies from others in our industry. EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity.

EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

For example, EBITDA, Adjusted EBITDA, Pro-Forma EBITDA and Pro-Forma Adjusted EBITDA:

- exclude certain tax payments that may represent a reduction in cash available to us;
- exclude amortization of intangible assets, which were acquired in acquisitions of businesses in exchange for cash;
- do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- do not reflect changes in, or cash requirements for, our working capital needs; and
- do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt.

**Other Non-GAAP operating results**

We refer to cost of sales and operating expenses excluding depreciation and amortization, stock-based compensation expense, acquisition-related costs and restructuring costs as an indication of our baseline performance for these operating items that are considered by management to be outside of our core operating results. Further, they are among the primary cost-related components of our operating results that management uses as a basis for planning and forecasting future periods. Additionally, we refer to Non-GAAP revenues, and Non-GAAP Operating Income. Non-GAAP revenues exclude the effects of purchase accounting adjustments to deferred revenue. Non-GAAP Operating Income (loss) excludes the deferred revenue purchase accounting adjustments and the excluded expense items referred to above. As also referred to above, these measures are not recognized measurements under GAAP, and when analyzing the Company's operating performance, readers should use these measures in addition to, and not as an alternative for, any component of net income (loss) determined in accordance with GAAP.

Epicor Software Corporation  
Adjusted EBITDA Reconciliation  
(Unaudited, in thousands)

	<u>Q4'11</u>	<u>Q4'10</u>	<u>FY'11</u>	<u>FY'10</u>
Net income (loss)	(\$17,170)	\$4,144	(\$64,357)	\$24,561
Acquisition costs	2,359	2,057	59,427	2,862
Deferred revenue and other purchase accounting adjustments	14,709	-	29,826	-
Adjusted net income (loss)	<u>(102)</u>	<u>6,201</u>	<u>24,896</u>	<u>27,423</u>
Interest expense	23,427	7,758	69,712	30,427
Income tax expense (benefit)	(6,524)	6,405	(31,208)	13,948
Depreciation and amortization	33,892	9,999	76,038	39,611
Non-cash charges (stock-based compensation expense)	-	923	5,713	3,750
Non-recurring cash charges and restructuring charges	8,055	1,377	12,644	3,475
Sponsor payments	615	-	868	0
Disposed of EBITDA	-	-	-	(5,821)
Relocation and other severance charges	-	216	11	474
Other income (expense) one-time related items	459	152	1,708	406
Adjusted EBITDA	<u>59,822</u>	<u>33,031</u>	<u>160,382</u>	<u>113,693</u>
Adjusted EBITDA from Legacy Epicor	-	19,359	33,989	74,283
Pro-Forma Adjusted EBITDA	<u>\$59,822</u>	<u>\$52,390</u>	<u>\$194,371</u>	<u>\$187,976</u>

Epicor Software Corporation  
Adjusted EBITDA Reconciliation  
(Unaudited, in thousands)

	Q1'11	Q2'11	Q3'11	Q4'11
Net income (loss)	\$3,511	\$1,948	(\$52,646)	(\$17,170)
Acquisition costs	2,020	478	54,570	2,359
Deferred revenue and other purchase accounting adjustments	-	-	15,117	14,709
Adjusted net income	5,531	2,426	17,041	(102)
Interest expense	8,284	9,047	28,954	23,427
Income tax expense (benefit)	466	6,347	(31,497)	(6,524)
Depreciation and amortization	10,132	9,991	22,023	33,892
Non-cash charges (stock-based compensation expense)	941	939	3,833	-
Non-recurring cash charges and restructuring charges	466	286	3,837	8,055
Sponsor payments	-	-	253	615
Disposed of EBITDA	-	-	-	-
Relocation and other severance charges	1	-	10	-
Other income (expense) one-time related items	1,264	(208)	193	459
Adjusted EBITDA	27,085	28,828	44,647	59,822
Adjusted EBITDA from Legacy Epicor	19,077	15,156	(244)	-
Pro-Forma Adjusted EBITDA	\$46,162	\$43,984	\$44,403	\$59,822

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Twelve months ended September 30, 2011**  
**(Unaudited, in thousands)**

	GAAP		Non-GAAP			
	Predecessor	Successor	Combined	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	October 1, 2010 - May 15, 2011	Inception - September 30, 2011	Twelve months Ended September 30, 2011	October 1, 2010 - May 15, 2011		Twelve months Ended September 30, 2011
Revenues:						
Systems revenues						
License	\$28,192	\$59,036	\$87,228	\$50,662	\$1,908 (a)	\$139,798
Prof Svcs	22,871	66,309	89,180	81,864	253 (a)	171,297
Hardware	19,555	22,565	42,120	12,815	345 (a)	55,280
Other	3,131	2,256	5,387	294	-	5,681
Total systems revenues	73,749	150,166	223,915	145,635	2,506	372,056
Services revenues	153,581	154,589	308,170	140,221	26,766 [a]	475,157
Total revenues	227,330	304,755	532,085	285,856	29,272	847,213
Operating expenses:						
Cost of systems revenues	39,922	81,272	121,194	87,053	(599) [a][b]	207,648
Cost of services revenues	47,866	52,240	100,106	45,070	(330) [b]	144,846
Sales and marketing	36,200	53,657	89,857	59,917	(2,809) [b]	146,965
Product development	19,659	31,417	51,076	34,495	(210) [b]	85,361
General and administrative	21,519	27,611	49,130	25,332	(4,766) [b][c]	69,696
Depreciation and amortization	25,322	50,716	76,038	-	(76,038)	-
Acquisition-related costs	16,846	42,581	59,427	-	(59,427)	-
Restructuring costs	27	11,049	11,076	-	(11,076)	-
Total operating expenses	207,361	350,543	557,904	251,867	(155,255)	654,516
Operating income (loss)	19,969	(45,788)	(25,819)	33,989	184,527	192,697
Interest expense	(33,059)	(36,643)				
Other income (expense), net	223	(257)				
Loss from continuing operations before income taxes	(12,877)	(82,688)				
Income tax benefit	(4,488)	(26,720)				
Net loss	(\$8,389)	(\$55,968)				

[a] Excluded amount represents deferred-revenue and other purchase accounting adjustments

[b] Excluded amount represents stock-based compensation expense

[c] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Twelve months ended September 30, 2010**  
**(Unaudited, in thousands)**

	GAAP	Non-GAAP		
	Predecessor	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	Twelve months Ended September 30, 2010	Twelve months Ended September 30, 2010		Twelve months Ended September 30, 2010
<b>Revenues:</b>				
<b>Systems revenues</b>				
License	\$44,390	\$81,432	-	\$125,822
Prof Svcs	36,285	119,899	-	156,184
Hardware	40,422	28,449	-	68,871
Other	5,327	427	-	5,754
<b>Total systems revenues</b>	<b>126,424</b>	<b>230,207</b>	<b>-</b>	<b>356,631</b>
Services revenues	242,798	214,021	-	456,819
<b>Total revenues</b>	<b>369,222</b>	<b>444,228</b>	<b>-</b>	<b>813,450</b>
<b>Operating expenses:</b>				
Cost of systems revenues	67,986	133,597	(61) [a]	201,522
Cost of services revenues	77,143	64,861	(234) [a]	141,770
Sales and marketing	56,390	83,416	(1,359) [a]	138,447
Product development	30,917	50,088	(298) [a]	80,707
General and administrative	28,116	37,984	(2,766) [a][b]	63,334
Depreciation and amortization	39,611	-	(39,611)	-
Acquisition-related costs	2,862	-	(2,862)	-
Restructuring costs	2,981	-	(2,981)	-
<b>Total operating expenses</b>	<b>306,006</b>	<b>369,945</b>	<b>(50,173)</b>	<b>625,778</b>
Operating income	63,216	74,283	50,173	187,671
Interest expense	(30,427)			
Other income (expense), net	(101)			
Income from continuing operations before income taxes	32,688			
Income tax expense	13,948			
Income from continuing operations	18,740			
Loss from discontinued operations net of income taxes	(357)			
Gain from sale of discontinued operations, net of income taxes	6,178			
<b>Net income</b>	<b>\$24,561</b>			

[a] Excluded amount represents stock-based compensation expense

[b] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Three months ended September 30, 2011**  
**(Unaudited, in thousands)**

	GAAP		Non-GAAP
			Pro-forma
	Three months Ended September 30, 2011	Adjustment	Three months Ended September 30, 2011
Revenues:			
Systems revenues			
License	\$36,406	\$1,150 [a]	\$37,556
Prof Svcs	41,974	161 [a]	42,135
Hardware	14,084	163 [a]	14,247
Other	1,500	-	1,500
Total systems revenues	93,964	1,474	95,438
Services revenues	108,218	13,096 [a]	121,314
Total revenues	202,182	14,570	216,752
Operating expenses:			
Cost of systems revenues	50,936	-	50,936
Cost of services revenues	34,694	-	34,694
Sales and marketing	33,470	-	33,470
Product development	20,168	-	20,168
General and administrative	19,186	(1,164) [a][b]	18,022
Depreciation and amortization	33,892	(33,892)	-
Acquisition-related costs	2,359	(2,359)	-
Restructuring costs	7,645	(7,645)	-
Total operating expenses	202,350	(45,060)	157,290
Operating income (loss)	(168)	59,630	59,462
Interest expense	(23,427)		
Other income (expense), net	(99)		
Loss from continuing operations before income taxes	(23,694)		
Income tax benefit	(6,524)		
Net loss	(\$17,170)		

[a] Excluded amount represents deferred-revenue and other purchase accounting adjustments.

[b] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Three months ended June 30, 2011**  
(Unaudited, in thousands)

	GAAP		Non-GAAP			
	Predecessor	Successor	Combined	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	April 1, 2011 - May 15, 2011	Inception to June 30, 2011	Three months Ended June 30, 2011	April 1, 2011 - May 15, 2011		Three months Ended June 30, 2011
<b>Revenues:</b>						
<b>Systems revenues</b>						
License	\$7,134	\$22,630	\$29,764	\$3,172	\$758 (a)	\$33,694
Prof Svcs	4,629	24,335	28,964	16,775	92 (a)	45,831
Hardware	3,841	8,481	12,322	2,245	182 (a)	14,749
Other	632	756	1,388	49	-	1,437
<b>Total systems revenues</b>	<b>16,236</b>	<b>56,202</b>	<b>72,438</b>	<b>22,241</b>	<b>1,032</b>	<b>95,711</b>
Services revenues	30,990	46,371	77,361	28,923	13,670 (a)	119,954
<b>Total revenues</b>	<b>47,226</b>	<b>102,573</b>	<b>149,799</b>	<b>51,164</b>	<b>14,702</b>	<b>215,665</b>
<b>Operating expenses:</b>						
Cost of systems revenues	8,566	30,336	38,902	17,619	(562) [a][b]	55,959
Cost of services revenues	9,550	17,546	27,096	9,860	(214) [b]	36,742
Sales and marketing	8,835	20,187	29,022	10,335	(2,141) [b]	37,216
Product development	3,811	11,249	15,060	7,315	(62) [b]	22,313
General and administrative	6,325	8,425	14,750	6,279	(1,960) [b][c]	19,069
Depreciation and amortization	5,199	16,824	22,023	-	(22,023)	-
Acquisition-related costs	14,348	40,222	54,570	-	(54,570)	-
Restructuring costs	5	3,404	3,409	-	(3,409)	-
<b>Total operating expenses</b>	<b>56,639</b>	<b>148,193</b>	<b>204,832</b>	<b>51,408</b>	<b>(84,941)</b>	<b>171,299</b>
Operating income (loss)	(9,413)	(45,620)	(55,033)	(244)	99,643	44,366
Interest expense	(15,738)	(13,216)				
Other income (expense), net	2	(158)				
Loss from continuing operations before income taxes	(25,149)	(58,994)				
Income tax benefit	(11,301)	(20,196)				
<b>Net loss</b>	<b>(\$13,848)</b>	<b>(\$38,798)</b>				

[a] Excluded amount represents deferred-revenue and other purchase accounting adjustments.

[b] Excluded amount represents stock-based compensation expense

[c] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Three months ended March 31, 2011**  
**(Unaudited, in thousands)**

	GAAP	Non-GAAP		
	Predecessor	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	Three months Ended March 31, 2011	Three months Ended March 31, 2011		Three months Ended March 31, 2011
<b>Revenues:</b>				
<b>Systems revenues</b>				
License	\$10,668	\$21,089	-	\$31,757
Prof Svcs	9,272	32,887	-	42,159
Hardware	7,457	4,571	-	12,028
Other	1,262	100	-	1,362
<b>Total systems revenues</b>	<b>28,659</b>	<b>58,647</b>	<b>-</b>	<b>87,306</b>
Services revenues	61,605	56,494	-	118,099
<b>Total revenues</b>	<b>90,264</b>	<b>115,141</b>	<b>-</b>	<b>205,405</b>
<b>Operating expenses:</b>				
Cost of systems revenues	15,432	34,120	(19) [a]	49,533
Cost of services revenues	18,549	17,660	(57) [a]	36,152
Sales and marketing	13,919	23,326	(334) [a]	36,911
Product development	7,656	14,683	(74) [a]	22,265
General and administrative	7,008	10,196	(742) [a][b]	16,462
Depreciation and amortization	9,991	-	(9,991)	-
Acquisition-related costs	478	-	(478)	-
Restructuring costs	(1)	-	1	-
<b>Total operating expenses</b>	<b>73,032</b>	<b>99,985</b>	<b>(11,694)</b>	<b>161,323</b>
Operating income	17,232	15,156	11,694	44,082
Interest expense	(9,047)			
Other income (expense), net	110			
Income from continuing operations before income taxes	8,295			
Income tax expense	6,347			
<b>Net income</b>	<b>\$1,948</b>			

[a] Excluded amount represents stock-based compensation expense

[b] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Three months ended December 31, 2010**  
(Unaudited, in thousands)

	GAAP	Non-GAAP		
	Predecessor	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	Three months Ended December 31, 2010	Three months Ended December 31, 2010		Three months Ended December 31, 2010
<b>Revenues:</b>				
<b>Systems revenues</b>				
License	\$10,390	\$26,401	-	\$36,791
Prof Svcs	8,970	32,202	-	41,172
Hardware	8,257	5,999	-	14,256
Other	1,237	145	-	1,382
<b>Total systems revenues</b>	<b>28,854</b>	<b>64,747</b>	<b>-</b>	<b>93,601</b>
Services revenues	60,986	54,804	-	115,790
<b>Total revenues</b>	<b>89,840</b>	<b>119,551</b>	<b>-</b>	<b>209,391</b>
<b>Operating expenses:</b>				
Cost of systems revenues	15,924	35,314	(18) [a]	51,220
Cost of services revenues	19,767	17,550	(59) [a]	37,258
Sales and marketing	13,446	26,256	(334) [a]	39,368
Product development	8,192	12,497	(74) [a]	20,615
General and administrative	8,186	8,857	(900) [a][b]	16,143
Depreciation and amortization	10,132	-	(10,132)	-
Acquisition-related costs	2,020	-	(2,020)	-
Restructuring costs	23	-	(23)	-
<b>Total operating expenses</b>	<b>77,690</b>	<b>100,474</b>	<b>(13,560)</b>	<b>164,604</b>
Operating income	12,150	19,077	13,560	44,787
Interest expense	(8,284)			
Other income (expense), net	111			
Income from continuing operations before income taxes	3,977			
Income tax expense	466			
<b>Net income</b>	<b>\$3,511</b>			

[a] Excluded amount represents stock-based compensation expense

[b] Excluded amount represents other one time expenses recorded in the period

**Epicor Software Corporation**  
**GAAP to Non-GAAP Reconciliation**  
**Three months ended September 30, 2010**  
(Unaudited, in thousands)

	GAAP	Non-GAAP		
	Predecessor	Legacy Epicor Software Corp.	Adjustment	Pro-forma
	Three months Ended September 30, 2010	Three months Ended September 30, 2010		Three months Ended September 30, 2010
<b>Revenues:</b>				
<b>Systems revenues</b>				
License	\$15,632	\$20,211	-	\$35,843
Prof Svcs	9,326	32,427	-	41,753
Hardware	9,594	10,357	-	19,951
Other	1,365	93	-	1,458
<b>Total systems revenues</b>	<b>35,917</b>	<b>63,088</b>	<b>-</b>	<b>99,005</b>
Services revenues	61,203	53,927	-	115,130
<b>Total revenues</b>	<b>97,120</b>	<b>117,015</b>	<b>-</b>	<b>214,135</b>
<b>Operating expenses:</b>				
Cost of systems revenues	16,880	37,647	(18) [a]	54,509
Cost of services revenues	18,878	16,570	(58) [a]	35,390
Sales and marketing	14,487	21,456	(333) [a]	35,610
Product development	7,777	12,228	(74) [a]	19,931
General and administrative	7,406	9,755	(967) [a][b]	16,194
Depreciation and amortization	9,999	-	(9,999)	-
Acquisition-related costs	2,057	-	(2,057)	-
Restructuring costs	1,066	-	(1,066)	-
<b>Total operating expenses</b>	<b>78,550</b>	<b>97,656</b>	<b>(14,572)</b>	<b>161,634</b>
<b>Operating income</b>	<b>18,570</b>	<b>19,359</b>	<b>14,572</b>	<b>52,501</b>
Interest expense	(7,758)			
Other income (expense), net	(264)			
Income from continuing operations before income taxes	10,548			
Income tax expense	6,405			
<b>Net income</b>	<b>\$4,144</b>			

[a] Excluded amount represents stock-based compensation expense

[b] Excluded amount represents other one time expenses recorded in the period