

## CSI Board Role Search Criteria

### THE ROLE

Thought Partner	Thought partner for senior leadership.
Long-term Orientation	Unfazed by short term pressure. Focused on CSI's long-term issues.
Timeframe	Able to serve on the board for 20+ years.
Investment in CSI	Willing to make a significant equity investment in CSI, above and beyond board comp.

### THE CANDIDATE

High Quality Business	Understands what constitutes a high quality business.
Autonomy	Appreciates the motivational power of autonomy, decentralisation.
Cultural Fit	Respects and gets along with the current senior CSI management as well as the board.
Ownership	Believes in the motivational power of equity ownership.
High Impact / Low Ego	Will intervene when necessary, contribute meaningfully, but not dominate discourse.
Out of Kitchen	Can resist the urge to get into the kitchen when there's a chef already in there.

### EXPERIENCE

Builder	Helped build or maintain (as a director, manager or major shareholder) a large organisation (>1000 employees) over an extended period, while providing a superior return to owners (ideally including employee owners).
Decentralized	Experience with a decentralised company (nice, not necessary).
Capital Allocation	Experience in a capital allocation role (nice, not necessary).

### LIKELY BACKGROUND

Family owned business operator or director.  
CEO / #2 for exceptional business.  
Entrepreneur

### SEARCH PATHS

Multi-generational family owned businesses with high ROIC within reach of our network and ideally local to CSI (increases involvement, eases reference checks, more likely to know CSI, decreases absenteeism).  
High quality businesses with strong shareholder alignment.  
Great capital allocators in the corporate world.  
CEOs with great shareholder letters and high quality businesses.

## Glossary

For 2009 and prior periods, the financial information for Constellation was derived from the consolidated financial statements which were prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). 2010 and subsequent year financial information for the Company was derived from the consolidated financial statements which were prepared in accordance with International Financial Reporting Standards (“IFRS”). Certain totals, subtotals and percentages may not reconcile due to rounding.

“Adjusted net income” effective Q1 2008, means adjusting GAAP or IFRS net income for non-cash expenses (income) such as amortization of intangible assets, deferred income taxes, the TSS membership liability revaluation charge, and certain other expenses (income), and excludes the portion of the adjusted net income of Total Specific Solutions (TSS) B.V. (“TSS”) attributable to the minority owners of TSS. Prior to Q1 2008, Adjusted net income was derived by adjusting GAAP net income for the non-cash amortization of intangibles and charges related to appreciation in common shares eligible for redemption. The calculation was changed to include future income taxes since the majority of future income taxes relate to the amortization of intangible assets, and thus are added back to more closely match the non-cash future tax recovery with the amortization of intangibles. All previously reported Adjusted net income figures have been restated in the table above to reflect the new calculation method. 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, the TSS membership liability revaluation charge, and certain other non-cash expenses (income) incurred or recognized by the Company from time to time, and adjusts for the portion of TSS’ Adjusted net income not attributable to shareholders of Constellation.

“Average Invested Capital” represents the average equity capital of Constellation, and is based on the company’s estimate of the amount of money that its common shareholders had invested in Constellation. Subsequent to that estimate, each period the company has kept a running tally, adding Adjusted net income, subtracting any dividends, adding any amounts related to share issuances and making some minor adjustments, including adjustments relating to our use of certain incentive programs and the amortization of impaired intangibles. The company believes that Average Invested Capital is a useful measure as it approximates the retained earnings of the company prior to taking into consideration amortization of intangible assets, deferred income taxes, and certain other non-cash expenses (income) incurred or recognized by the company from time to time.

“ROIC” means Return on Invested Capital and represents a ratio of Adjusted net income to Average Invested Capital. The Company believes this is a useful profitability measure as it excludes non-cash expenses (income) from both the numerator and denominator.

“Net Revenue”. Net Revenue is gross revenue for GAAP or IFRS purposes less any third party and flow-through expenses. Constellation believes Net Revenue is a useful measure since it captures 100% of the license, Maintenance and services revenues associated with Constellation’s own products, and only the margin on the lower value-added revenues such as commodity hardware or third-party software.

“Total Capital” is the sum of Net debt plus Invested Capital “Net Debt” is debt less cash.

“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 software as a service, subscriptions, combined software/support contracts, transaction-related revenues, and hosted products.

“Free Cash Flow” in this letter, unlike under IFRS is cash flow from operating activities less interest paid and property and equipment purchased. I figure if you have to pay interest and buy new computers, the cash used for those purposes is no longer available, and shouldn’t be included in FCF.

“EBITA” is earnings before interest, taxes and the amortisation of intangible assets.

“CRSP”: Centre for Research in Security Prices, University of Chicago Booth School of Business.

### Forward Looking Statements

Certain statements in this letter 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 as of the date of this letter. 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. Although the forward looking statements contained in this letter 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 letter 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](http://www.sedar.com).

### Non-GAAP/IFRS Measures

Adjusted net income and Organic Net Revenue Growth and Free Cash Flow are not recognized measures under GAAP or IFRS and, accordingly, shareholders are cautioned that Adjusted net income and Organic Net Revenue Growth and Free Cash Flow should not be construed as alternatives to net income determined in accordance with GAAP or IFRS 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, Organic Net Revenue Growth, and Free Cash Flow may differ from other issuers and, accordingly, may not be comparable to similar measures presented by other issuers. Please refer to Constellation’s most recently filed Management’s Discussion and Analysis for reconciliation, where applicable, between the IFRS, GAAP and non-GAAP/IFRS measures referred to above.

“We should no more trust executives who rely solely on experience than we should trust doctors who ignore clinical trials.” Simon London, Financial Times, Jan. 2006.

“Science is organised scepticism.” Robert K. Merton

“Too much of business is disorganised optimism.” Poster in Constellation’s board room.

“You can’t be normal and expect abnormal results.” Jeffrey Pfeffer