COOPER TIRE & RUBBER CO
Form 11-K
June 25, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 11-K
ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2008
Commission File No. 1-4329
Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
COOPER TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	34-4297750
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

Lima and Western Avenues, Findlay, Ohio 45840
(Address of principal executive offices)
(Zip code)
(419) 423-1321
(Registrant s telephone number, including area code)

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)

ITEM 1. Not applicable.
ITEM 2. Not applicable.
ITEM 3. Not applicable.
ITEM 4. FINANCIAL STATEMENTS OF THE PLAN

The Financial Statements of the Cooper Tire & Rubber Company Pre-Tax Savings Plan (Texarkana) for the fiscal year ended December 31, 2008, together with the report of Ernst & Young LLP, Independent Registered Public Accounting Firm, are attached to this Annual Report on Form 11-K. The Financial Statements and the notes thereto are presented in lieu of the financial statements required by items 1, 2 and 3 of Form 11-K and were prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974.

EXHIBITS:
(23) Consent of Independent Registered Public Accounting Firm
(99) Certification Pursuant To 18 U.S.C. § 1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed by the undersigned, thereunto duly authorized.

COOPER TIRE & RUBBER COMPANY

/s/ Stephen O. Schroeder
STEPHEN O. SCHROEDER
Vice President and Treasurer
Plan Administrator

Date: June 25, 2009

Financial Statements and Supplemental Schedule
Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
December 31, 2008 and 2007, and Year Ended December 31, 2008
With Report of Independent Registered Public Accounting Firm

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Financial Statements and Supplemental Schedule
December 31, 2008 and 2007, and
Year Ended December 31, 2008

Contents

Report of Independent Registered Public Accounting Firm

The Pre-Tax Savings Plan Committee
Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)

We have audited the accompanying statements of net assets available for benefits of the Cooper Tire & Rubber Company Pre-Tax Savings Plan (Texarkana) (the Plan) as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2008 and 2007, and the changes in its net assets available for benefits for the year ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2008, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

June 22, 2009	/s/ Ernst & Young LLP
Toledo, Ohio	Ernst & Young LLP

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Statements of Net Assets Available for Benefits

	December 31 2008	2007
Investments, at fair value:		
Interest in investment trust fully benefit-responsive investment contracts	**$ 9,271,918**	$12,034,655
Common stock	**7,590,275**	8,107,867
Pooled separate accounts	**5,012,893**	10,056,734
Participant loans	**1,764,176**	1,891,804
Mutual funds	**1,338,705**	2,646,322
	24,977,967	34,737,382
Receivables:		
Employer contributions		1,231,653
Net assets available for benefits, at fair value	**24,977,967**	35,969,035
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	**324,366**	31,306
Net assets available for benefits	**$25,302,333**	$36,000,341

See accompanying notes.

2

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2008

Additions	
Investment income:	
Interest and dividends	$ 518,860
Total investment income	518,860
Contributions:	
Participant	2,804,145
Total contributions	2,804,145
Total additions	3,323,005
Deductions	
Net depreciation in fair value of investments	11,580,921
Participant withdrawals	2,437,218
Transfer to other Plan	2,874
Total deductions	14,021,013
Net decrease	(10,698,008)
Net assets available for benefits:	
Beginning of year	36,000,341
End of year	$ 25,302,333

See accompanying notes.

3

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements
December 31, 2008

1. Description of Plan

The following description of Cooper Tire & Rubber Company Pre-Tax Savings Plan (Texarkana) (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan, as amended and restated effective December 1, 2006, is a defined contribution plan covering all hourly employees who have completed 30 days of continuous credited service and are covered by the collective bargaining agreement between the United Steelworkers of America Local #752 and Cooper Tire & Rubber Company (the Company and Plan Administrator). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan has established a trust agreement with Principal Financial Group (the Trustee), to act as trustee and record-keeper of the Plan s assets. The Trustee administers and invests the Plan s assets and income for the benefit of the Plan s participants.

Contributions

Each year, participants may contribute up to 15% of their pretax compensation. Participants may direct their contributions to any of the Plan s investment fund options.

The Company contributions are made annually at the discretion of the Company s Board of Directors as provided in the Plan document. Participants may direct employer contributions immediately upon receipt. There were no Company contributions to the Plan for the year ended December 31, 2008. The Company made a contribution in the amount of $1,231,653 for the year ended December 31, 2007.

Vesting

The participants are immediately vested in their contributions plus actual earnings thereon. Participants are 100% vested in the Company s contributions plus actual earnings thereon after three years.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

1. Description of Plan (continued)

Participant Accounts

Individual accounts are maintained for each participant in the Plan. Each participant s account is credited with the participant s contributions, their allocation of the Company s contributions and plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Forfeitures

At December 31, 2008 and 2007, forfeited nonvested accounts held in the plan totaled $4,006 and $22,363, respectively. Future employer contributions can be reduced by future amounts forfeited by participants. Forfeitures of $22,363 were utilized in 2008 to reduce the 2007 employer contribution that was made in September 2008.

Participant Loans

Under the Plan, participants may borrow the lesser of 50% of the vested value of their entire account or $50,000. The interest rate is established based on the prime rate. Interest rates as of December 31, 2008, range from 3.25% to 9.29%. The loan repayment schedule can be no longer than 60 months. Principal and interest is paid ratably through payroll deductions.

Participant Withdrawals

In the event of retirement, death, termination, permanent disability, or other separation from service, participants are entitled to receive an amount equal to the value of the vested interest in their accounts. Payments of benefits are taken in a lump-sum distribution. Under the Plan the participants who are entitled to a benefit for the reasons outlined above will have their vested balance automatically distributed if their vested balance is less than $1,000 and rolled over to an IRA account administered by the trustee if their vested balance is greater than $1,000 but less than $5,000.

In the event of hardship, as defined by the plan, participants may make a partial or full distribution of their accounts, subject to certain tax withholdings.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

1. Description of Plan (continued)

Termination of the Plan

Although it has not expressed any intent to do so, the Company has the right, under the Plan to discontinue contributions any time, and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Participant withdrawals are recorded upon distribution.

Investment Valuation and Income Recognition

The shares of common stock are valued at quoted market prices on the last business day of the plan year. The shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. The fair value of the participation units in the pooled separate accounts are based on the quoted price of the underlying securities and the number of units owned by the Plan at year-end. Participation units in the Invesco Stable Value Fund are valued at a unit price determined by the portfolio s sponsor based on the fair value of the underlying assets held by the portfolio. The participant loans are valued at their outstanding balances, which approximate fair value.

As described in Financial Accounting Standards Board (FASB) Staff Position (FSP) AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in a fully benefit-responsive guaranteed investment contract (GIC) and synthetic investment contracts (synthetics GICs). As required by the FSP, the statements of net assets available for benefits present the fair value of

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition (continued)

the fully benefit-responsive investment contracts. The fair value of the GIC is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. The underlying investments of the synthetic GICs are valued at quoted redemption values on the last business day of the Plan s year-end. The fair value of the wrap contracts for synthetic GICs is determined using the market approach discounting methodology that incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and discounted by the prevailing interpolated swap rate as of period-end. The contract value of the fully benefit-responsive investment contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Expenses

The Company pays the administrative expenses of the Plan, therefore, no administrative expense are reported by the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

On January 1, 2008 the Plan adopted the provisions of Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (SFAS No. 157).

SFAS No. 157 defines fair value, establishes a framework on measuring fair value, establishes a fair value hierarchy on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The Plan accounts for certain financial assets at fair value under various accounting literature.

In accordance with SFAS No. 157, the Plan has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into the three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within the different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Statement of Net Assets Available for Benefits are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Plan has the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

a. Quoted prices for similar assets or liabilities in active markets;

b. Quoted prices for identical or similar assets or liabilities in non-active markets;

c. Pricing models whose inputs are observable for substantially the full term of the asset or liability; and

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement (continued)

d. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation of other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2008 and 2007.

Pooled Separate Accounts: The net asset value (NAV) of these accounts is based on the market value of its underlying investments. The NAV is not a publicly-quoted price in an active market.

Interest in Investment Trust: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

Participant Loans: Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement (continued)

The following table presents the Plan s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

		Fair Value Measurements at December 31, 2008 Using		
Description	December 31, 2008	Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Interest in investment trust	$ 9,271,918	$	$ 9,271,918	$
Pooled separate accounts	5,012,893		5,012,893	
Common stock	7,590,275	7,590,275		
Mutual funds	1,338,705	1,338,705		
Participant loans	1,764,176			1,764,176
Total	$ 24,977,967	$ 8,928,980	$ 14,284,811	$ 1,764,176

10

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement (continued)

The following table presents a reconciliation of beginning and ending balances of Level 3 inputs as of December 31, 2008:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Participant Loans
Beginning balance	$ 1,891,804
Purchases, issuances, and settlements	(127,628)
Ending balance	$ 1,764,176
The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$

11

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

3. Investments

During 2008, the Plan s investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

	Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investment
Interest in investment trust	$ 354,209
Mutual funds	(915,286)
Pooled separate accounts	(3,719,226)
Common stock	(7,300,618)
	$ (11,580,921)

Investments that represent 5% of the fair value of the Plan s net assets available for benefits are as follows:

	December 31	
	2008	**2007**
Invesco Stable Value Fund	**$ 9,271,918**	$ 12,034,655
Cooper Tire & Rubber Company Common Stock	**7,590,275**	8,107,867
Alliance Bernstein LP PTR Large Cap	**1,935,092**	3,933,644
Allegiant Large Cap Value I Fund	**1,338,705**	2,646,322

12

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

4. Investment Trust

At December 31, 2008 and 2007, the Invesco Stable Value Fund of the Plan was held in an Investment Trust, which also combined similar investments of the other defined contribution plans sponsored by the Company. Each participating retirement plan has an undivided interest in the Investment Trust. The Plan s interest in the Investment Trust was determined by the Plan s relative asset value to the Investment Trust s total asset value at the end of the year. Investment income was allocated to the Plan based on its pro rata share in the net assets of the Investment Trust. These assets were identified and allocated to each participating retirement plan.

At December 31, 2008 and 2007, the Plan s interest in the net assets of the Investment Trust was approximately 13.26% and 16.1%, respectively.

The following presents the fair value of the investments in the Investment Trust:

	December 31	
	2008	**2007**
Investments, at fair value:		
Fully benefit-responsive investment contracts	**$69,916,026**	$74,719,032
Total assets, at fair value	**69,916,026**	74,719,032
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	**2,445,925**	194,369
Total assets	**$72,361,951**	$74,913,401

Investment income for the Investment Trust for the year ended December 31, 2008, is as follows:

Interest and dividends	$ 3,266,905
Net appreciation in fair value of investments as determined by the quoted market price:	
Investment contracts	2,583,656
	$ 5,850,561

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

5. Fully Benefit-Responsive Investment Contracts

The Plan includes an account called the Invesco Stable Value Fund as an investment option available to participants. This account is managed by Invesco Institutional (N.A.), Inc. The account is credited with participant contributions plus earnings and charged for participant withdrawals and administrative expenses.

Investments of the Invesco Stable Value Fund may periodically include Guaranteed Investment Contracts (GICs), typically issued by insurance companies and which provide for guarantees of interest and repayment of principal. An issuer of a GIC is contractually obligated to repay the principal and a specified interest rate or interest rate index that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuer. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed and may be reset on a monthly basis.

The Fund also invests in synthetic GICs which are wrap contracts paired with an underlying investment or investments, usually a portfolio, owned by the Plan, of high quality, intermediate term fixed income securities. The Plan purchases wrapper contracts from financial services institutions. Synthetic GICs credit a stated interest rate for a specified period of time. Investment gains and losses are amortized over the expected duration through the calculation of the interest rate applicable to the Plan on a prospective basis. Synthetic GICs provide for a variable crediting rate, which typically resets at least quarterly, and the issuer of the wrap contract provides assurance that future adjustments to the crediting rate cannot result in a crediting rate less than zero. The crediting rate is primarily based on the current yield-to-maturity of the covered investments, plus or minus amortization of the difference between the market value and contract value of the covered investments over the duration of the covered investments at the time of the computation. The crediting rate is most affected by the change in the annual effective yield-to-maturity of the underlying securities, but is also affected by the difference between the contract value and the market value of the covered investments. Depending on the change in duration from reset period to reset period, the magnitude of the impact to the crediting rate of the contract to market difference is heightened or lessened. The crediting rate can be adjusted periodically and is usually adjusted either monthly or quarterly, but in no event is the crediting rate less than 0%.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

5. Fully Benefit-Responsive Investment Contracts (continued)

Certain events limit the ability of the Plan to transact at contract value with the insurance company and the financial institution issuer. Such events include (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan s prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such events that would limit the Plan s ability to transact at contract value with participants is probable.

GICs do not permit the insurance company to terminate the agreement prior to the scheduled maturity date; however, the synthetic GICs generally impose conditions on both the Plan and the issuer. If an event of default occurs and is not cured, the nondefaulting party may terminate the contract. The following may cause the Plan to be in default:

- A breach of material obligation under the contract
- A material misrepresentation
- A material amendment to the plan agreement

The issuer may be in default if it breaches a material obligation under the investment contract, makes a material misrepresentation or is acquired or reorganized and the successor issuer does not satisfy the investment or credit guidelines applicable to issuers. If, in the event of default of an issuer, the Plan was unable to obtain a replacement investment contract, withdrawing participants may experience losses if the value of the Plan s assets no longer covered by the contract is below contract value. The Plan may seek to add additional issuers over time to diversify the Plan s exposure to such risk, but there is no assurance the Plan may be able to do so. The combination of the default of an issuer and an inability to obtain a replacement agreement could render the Plan unable to achieve its objective of maintaining a stable contract value.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

5. Fully Benefit-Responsive Investment Contracts (continued)

The terms of an investment contract generally provide for settlement of payments only upon termination of the contract or total liquidation of the covered investments. Generally, payments will be made pro rata, based on the percentage of investments covered by each issuer. Contract termination occurs whenever the contract value or market value of the covered investments reaches zero or upon certain events of default. If the contract terminates due to issuer default, the issuer will generally be required to pay to the Plan the excess, if any, of contract value over market value on the date of termination. If a synthetic GIC terminates due to a decline in the ratings of the issuer, the issuer may be required to pay to the Plan the cost of acquiring a replacement contract (that is, replacement cost) within the meaning of the contract. If the contract terminates when the market value equals zero, the issuer will pay the excess of contract value over market value to the Plan to the extent necessary for the Plan to satisfy outstanding contract value withdrawal requests. Contract termination also may occur by the Trust upon election and notice. In certain limited circumstances, contract termination by the issuer may also occur but with the Trust retaining the right to require that the contract will remain in force under original terms over a period of time as underlying assets mature and are repaid. As described in Note 2, because GICs and synthetic GICs are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the GIC and synthetic GICs. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

	2008	**2007**
Average yields for GIC and synthetic GICs		
Based on actual earning	**6.87%**	5.22%
Based on interest rate credited to participants	**4.13%**	4.80%

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated July 2, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator has indicated that it will take the necessary steps, if any, to bring the Plan s operations into compliance with the Code.

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

6. Income Tax Status (continued)

The Company participated in the IRS s Voluntary Correction Program to correct some noncompliance matters related to the handling of hardship distributions. In connection with this Program, the Company filed a corrective action plan with the IRS. In May 2009 the Company received notification that the IRS accepted the corrective action plan.

7. Related-Party Transactions

Certain Plan investments are units of pooled separate accounts managed by the trustee, Principal Financial Group, and, therefore, these transactions qualify as party-in-interest transactions. In addition, the plan investments include the Company s common stock. There have been no known prohibited transactions with a party-in-interest.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the fair value of investment securities will occur in the near term and such changes could materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.

9. Reconciliation of Form 5500 to Net Assets Available for Benefits, at Contract Value

Form 5500 reports net assets at fair value and the financial statements report at contract value. The following is a reconciliation of net assets available for benefits.

	December 31	
	2008	**2007**
Net assets available for benefits, Form 5500	**$24,977,967**	$35,969,035
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	**324,366**	31,306
Net assets available for benefits, at contract value	**$25,302,333**	$36,000,341

17

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
Notes to Financial Statements (continued)

9. Reconciliation of Form 5500 to Net Assets Available for Benefits, at Contract Value (continued)

The following is a reconciliation of net additions to net assets available for benefits:

	December 31 2008
Total loss on investments, Form 5500	**$ (10,988,194)**
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	**293,060**
Transfers from this Plan	**(2,874)**
Total net deductions from net assets available for benefits, per the financial statements	**$ (10,698,008)**

18

Supplemental Schedule

Cooper Tire & Rubber Company
Pre-Tax Savings Plan (Texarkana)
EIN #34-4297750 Plan #012
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008

Identity of Issue, Borrower, Lessor, or Identity of Issue	**Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value**	**Current Value**
Investment Trust:		
Invesco	9,060,814 shares, Stable Value Fund	$ 9,271,918
Common Stock:		
*Cooper Tire & Rubber Company	1,232,187 shares, Cooper Tire & Rubber Company stock	7,590,275
Pooled Separate Accounts:		
Alliance Bernstein LP	202,328 shares, Large Cap Value	1,935,092
Fidelity Management and Research	18,273 shares, International	447,233
Turner Investment Partners	57,380 shares, Midcap Growth	491,387
Columbus Circle Investors	26,770 shares, Large Cap Growth	467,073
Goldman Sachs Asset Mgmt.	30 shares, Midcap Value	674
*Principal Global Investors	8,670 shares, Principal Large Cap S&P 500 Index	319,557
	26,934 shares, Principal Lifetime 2020	302,674
	23,605 shares, Principal Lifetime 2030	257,397
	285 shares, Principal US Property	178,586
	4,526 shares, Principal Diversified International	175,859
	15,936 shares, Principal Lifetime 2040	172,703
	11,066 shares, Principal Lifetime 2010	123,104
	126 shares, Principal Bond and Mortgage	87,445
	3,151 shares, Principal Lifetime 2050	32,685
	1,105 shares, Principal Lifetime STR INC	12,841
	296 shares, Principal International Emerging Markets	8,583
*Participant loans	Interest rates ranging from 3.25% to 9.29%, latest maturity date December 2013	1,764,176
Mutual Fund:		
Allegiant Asset Management Co.	125,230 shares, Allegiant Large Cap Value I Fund	1,338,705
		$ 24,977,967

* Indicates party-in-interest to the Plan.

"bottom" nowrap> 4,034

Management fees(d)	1,000
Adjusted EBITDA	$70,310

(a) Cost savings consist of (i) $527 of reductions in insurance, audit and legal expenses and directors compensation related to the consolidation of FMC and our operations; (ii) $423 of reduced costs and professional fees resulting from our ceasing to be a public company following the Transactions; (iii) $1,045 of reduction in historical advertising and training costs at FMC as reflected in FMC s actual post-acquisition results; (iv) $869 of expected future sublease rental income for excess office space acquired with FMC; and (v) a $1,065 reduction in salary, benefits and bonus expenses incurred by FMC from October 1, 2004 through May 31, 2005 due to the elimination of 24 product development and consulting positions at FMC at the time of the consummation of our acquisition of FMC. Employees that previously occupied such eliminated positions subsequently filled preexisting job openings in our growing outsourcing business.

(b) Reflects the elimination of professional fees and expenses recorded by FMC in connection with a terminated corporate transaction.

(c) Reflects EBITDA for the twelve months ended September 30, 2005 for OIS, which was acquired subsequent to September 30, 2005. This figure is based on unaudited internal accounting records, which were recorded on a modified cash basis. Revenue recognition occurred upon invoicing and expenses are based on the accrual method. See Risk Factors The pro forma condensed combined financial information we present in this Current Report on Form 8-K is unaudited, contains unaudited historical results of entities we have acquired and incorporates significant assumptions and estimates.

(d) At or following the closing of the Acquisition, we expect that Carlyle and Holdings will enter into a management agreement pursuant to which, among other payments, Holdings will agree to pay Carlyle an annual fee of $1,000 for management services to be performed after the consummation of the Transactions. We anticipate that payments made by Holdings under the management agreement will be made using funds that we distribute to Holdings for that purpose. For more information about this and other fees payable pursuant to the management agreement.

16

RISK FACTORS

The risks described below are not the only risks facing us or that may materially adversely affect our business. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. Information contained in this section may be considered forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements for a discussion of certain qualifications regarding such statements.

Risks Relating to Our Indebtedness

Our substantial indebtedness could adversely affect our financial health.

After the transactions, we will have a significant amount of indebtedness. On September 30, 2005, after giving pro forma effect to the Transactions, we would have had total indebtedness of $490.0 million and additional available borrowings of $65.0 million under our revolving credit facility. $205.0 million of our total indebtedness would have consisted of the notes, $10.0 million would have consisted of secured indebtedness under our revolving credit facility and $275.0 million would have consisted of secured indebtedness under our term loan B facility.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- increase our vulnerability to and limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- expose us to the risk of increased interest rates as borrowings under our new senior credit facilities will be subject to variable rates of interest;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the indenture that will govern the notes and the agreement governing our new senior credit facilities will contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our new senior credit facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial financial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future because the terms of the indenture that will govern the notes and our new senior credit facilities do not fully prohibit us or our subsidiaries from doing so. Subject to covenant compliance and certain conditions, our new senior credit facilities would permit additional borrowing after completion of the Transactions, including borrowing up to $65.0 million under our new revolving credit facility and up to $100.0 million as additional term loans under our new senior credit facilities. If new debt is added to our and our subsidiaries current debt levels, the related risks that we and they now face could intensify.

Restrictive covenants in the indenture that will govern the notes and the agreement governing our new senior credit facilities may restrict our ability to pursue our business strategies.

The indenture that will govern the notes and the agreement governing our new senior credit facilities will limit our ability, among other things, to:

- incur additional indebtedness;
- sell assets, including capital stock of restricted subsidiaries;
- agree to payment restrictions affecting our restricted subsidiaries;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into transactions with our affiliates;
- incur liens; and
- designate any of our subsidiaries as unrestricted subsidiaries.

In addition, our new senior credit facilities will include other and more restrictive covenants and, subject to certain exceptions, prohibit us from prepaying our other indebtedness while indebtedness under our new senior credit facilities is outstanding. The agreement governing our new senior credit facilities will also require us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control.

The restrictions contained in the indenture that will govern the notes and the agreement governing our new senior credit facilities could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans.

A breach of any of these restrictive covenants or our inability to comply with the required financial ratios could result in a default under the agreement governing our new senior credit facilities. If a default occurs, the lenders under our new senior credit facilities may elect to:

- declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable; or
- prevent us from making payments on our other indebtedness,

either of which would result in an event of default under the notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our new senior credit facilities will also have the right to proceed against the collateral, including our available cash, granted to them to secure the indebtedness. If the indebtedness under our new senior credit facilities and the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

Risks Relating to Our Business

Our business is greatly affected by changes in the state of the general economy and the financial markets, and a slowdown or downturn in the general economy or the financial markets could adversely affect our results of operations.

Our clients include a range of organizations in the financial services industry whose success is intrinsically linked to the health of the economy generally and of the financial markets specifically. As a result, we believe that fluctuations, disruptions, instability or downturns in the general economy and the financial markets could disproportionately affect demand for our products and services. For example, such fluctuations, disruptions, instability or downturns may cause our clients to do the following:

- cancel or reduce planned expenditures for our products and services;
- seek to lower their costs by renegotiating their contracts with us;
- move their IT solutions in-house;
- switch to lower-priced solutions provided by our competitors; or
- exit the industry.

If such conditions occur and persist, our business and financial results, including our liquidity and our ability to fulfill our obligations to the holders of the notes and our other lenders, could be materially adversely affected.

Further or accelerated consolidations in the financial services industry could adversely affect our business, financial condition and results of operations.

If financial services firms continue to consolidate, as they have over the past decade, there could be a material adverse effect on our business and financial results. For example, if a client merges with a firm using its own solution or another vendor s solution, it could decide to consolidate its processing on a non-SS&C system. The resulting decline in demand for our products and services could have a material adverse effect on our business, financial condition and results of operations.

We expect that our operating results, including our profit margins and profitability, may fluctuate over time.

Historically, our revenues, profit margins and other operating results have fluctuated significantly from period to period and over time. Such fluctuations are due to a number of factors, including:

- the timing, size and nature of our license and service transactions;
- the timing of the introduction and the market acceptance of new products, product enhancements or services by us or our competitors;
- the amount and timing of our operating costs and other expenses;
- the financial health of our clients;
- changes in the volume of assets under our clients management;
- cancellations of maintenance and/or outsourcing arrangements by our clients;
- changes in local, national and international regulatory requirements;
- changes in our personnel;
- implementation of our licensing contracts and outsourcing arrangements;
- changes in economic and financial market conditions; and
- changes in the mix in the types of products and services we provide.

If we are unable to retain and attract clients, our revenues and net income would remain stagnant or decline.

If we are unable to keep existing clients satisfied, sell additional products and services to existing clients or attract new clients, then our revenues and net income would remain stagnant or decline. A variety of factors could affect our ability to successfully retain and attract clients, including:

- the level of demand for our products and services;
- the level of client spending for information technology;
- the level of competition from internal client solutions and from other vendors;
- the quality of our client service;
- our ability to update our products and services and develop new products and services needed by clients;
- our ability to understand the organization and processes of our clients; and

our ability to integrate and manage acquired businesses.

We face significant competition with respect to our products and services, which may result in price reductions, reduced gross margins or loss of market share.

The market for financial services software and services is competitive, rapidly evolving and highly sensitive to new product and service introductions and marketing efforts by industry participants. The market is also highly fragmented and served by numerous firms that target only local markets or specific client types. We also face competition from information systems developed and serviced internally by the IT departments of financial services firms.

Some of our current and potential competitors have significantly greater financial, technical and marketing resources, generate higher revenues and have greater name recognition. Our current or potential competitors may develop products comparable or superior to those developed by us, or adapt more quickly to new technologies, evolving industry trends or changing client or regulatory requirements. It is also possible that alliances among competitors may emerge and rapidly acquire significant market share. Increased competition may result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect our business, financial condition and results of operations.

We may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating our acquisitions, which could adversely affect our revenues, subject us to unknown liabilities, increase costs and place a significant strain on our management.

We have made and may in the future make acquisitions of companies, products or technologies that we believe could complement or expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. Failure to achieve the anticipated benefits of an acquisition could harm our business, results of operations and cash flows. Acquisitions could subject us to contingent or unknown liabilities, and we may have to incur debt or severance liabilities or write off investments, infrastructure costs or other assets.

Our success is also dependent on our ability to complete the integration of the operations of acquired businesses in an efficient and effective manner. Successful integration in the rapidly changing financial services software and services industry may be more difficult to accomplish than in other industries. We may not realize the benefits we anticipate from the FMC acquisition or from other acquisitions, such as lower costs or increased revenues. We may also realize such benefits more slowly than anticipated, due to our inability to:

- combine operations, facilities and differing firm cultures;
- retain the clients or employees of acquired entities;
- generate market demand for new products and services;
- coordinate geographically dispersed operations and successfully adapt to the complexities of international operations;
- integrate the technical teams of these companies with our engineering organization;
- incorporate acquired technologies and products into our current and future product lines; and
- integrate the products and services of these companies with our business, where we do not have distribution, marketing or support experience for these products and services.

Integration may not be smooth or successful. The inability of management to successfully integrate the operations of acquired companies could have a material adverse effect on our business, financial condition and results of operations. Such acquisitions may also place a significant strain on our management, administrative, operational, financial and other resources. To manage growth effectively, we must continue to improve our management and operational controls, enhance our reporting systems and procedures, integrate new personnel and manage expanded operations. If we are unable to manage our growth and the related expansion in our operations from recent and future acquisitions, our business may

be harmed through a decreased ability to monitor and control effectively our operations and a decrease in the quality of work and innovation of our employees.

The pro forma condensed combined financial information we present in this Current Report on Form 8-K is unaudited, contains unaudited historical results of entities we have acquired and incorporates significant assumptions and estimates.

The unaudited pro forma condensed combined financial information contained in this Current Report on Form 8-K combines our historical financial information with the financial information of entities we have acquired. All of the historical financial information for OIS, MarginMan, Financial Interactive, Inc., EisnerFast LLC and Achievement Technologies, Inc. and the historical financial information for FMC for periods ending after February 28, 2005 were provided to us by the sellers of those businesses and have not been audited or reviewed by any accounting firm. Collectively, revenue generated by the entities for which audited financial information is unavailable represents approximately 7% of our pro forma adjusted revenue for the twelve months ended September 30, 2005. In addition, the financial statements of certain of these acquired entities were not prepared in accordance with GAAP. We cannot assure that this historical financial information would not be materially different if it had been audited or prepared in accordance with GAAP. Any such differences may have a materially adverse effect on our pro forma results of operations.

In addition, the unaudited pro forma financial information contained in this Current Report on Form 8-K incorporates a number of assumptions and estimates related to, among other things, the cost of running the acquired entities as part of our business. Pro forma adjustments to, among other things, the costs of sales and operating expenses of these entities incorporates assumptions which we believe are reasonable. However, the actual financial results we achieve after acquiring these entities may differ substantially from the pro forma financial information presented in this Current Report on Form 8-K.

As a result of the foregoing, you should not place undue reliance on the unaudited pro forma condensed combined financial information included in this Current Report on Form 8-K.

If we are unable to protect our proprietary technology, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third parties.

Our success and ability to compete depends in part upon our ability to protect our proprietary technology. We rely on a combination of trade secret, patent, copyright and trademark law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for many of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. These efforts may be insufficient to prevent third parties from asserting intellectual property rights in our technology. Furthermore, it may be possible for unauthorized third parties to copy portions of our products or to reverse engineer or otherwise obtain and use our proprietary information, and third parties may assert ownership rights in our proprietary technology.

Existing patent and copyright laws afford only limited protection. Others may develop substantially equivalent or superseding proprietary technology, or competitors may offer equivalent products in competition with our products, thereby substantially reducing the value of our proprietary rights. We cannot be sure that our proprietary technology does not include open-source software, free-ware, share-ware or other publicly available technology. There are many patents in the investment management field. As a result, we are subject to the risk that others will claim that the important technology we have developed, acquired or incorporated into our products will infringe the rights, including the patent rights, such persons may hold. Third parties also could claim that our software incorporates publicly available software and that, as a result, we must publicly disclose our source code. Because we rely on confidentiality for protection, such an event could result in a material loss of intellectual property rights. We cannot be sure that we will develop proprietary products or technologies that are patentable, that any patent, if issued, would provide us with any competitive advantages or would not be challenged by third parties, or that the patents of others will not adversely affect our ability to do business. Expensive and time-consuming litigation may be necessary to protect our proprietary rights.

We have acquired and may acquire important technology rights through our acquisitions and have often incorporated and may incorporate features of this technology across many products and services. As a result, we are subject to the above risks and the additional risk that the seller of the technology rights may not have appropriately protected the intellectual property rights we acquired. Indemnification and other rights under applicable acquisition documents are limited in term and scope and therefore provide us with only limited protection.

In addition, we currently use certain third-party software in providing our products and services, such as industry standard databases and report writers. If we lost our licenses to use such software or if such licenses were found to infringe upon the rights of others, we would need to seek alternative means of obtaining the licensed software to continue to provide our products or services. Our inability to replace such software, or to replace such software in a timely manner, could have a negative impact on our operations and financial results.

We could become subject to litigation regarding intellectual property rights, which could seriously harm our business and require us to incur significant costs, which, in turn, could reduce or eliminate profits.

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. While we are not currently a party to any litigation asserting that we have violated third-party intellectual property rights, we may be a party to litigation in the future to enforce our intellectual property rights or as a result of an allegation that we infringe others intellectual property, including patents, trademarks and copyrights. Any parties asserting that our products or services infringe upon their proprietary rights would force us to defend ourselves and possibly our clients against the alleged infringement. Third parties could claim that our software incorporates publicly available software and that, as a result, we must publicly disclose our source code. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our proprietary rights. These lawsuits, regardless of their success, could be time-consuming and expensive to resolve, adversely affect our revenues, profitability and prospects and divert management time and attention away from our operations. We may be required to re-engineer our products or services or obtain a license of third-party technologies on unfavorable terms.

We are party to lawsuits related to the Acquisition which, if determined adversely to us, could result in the imposition of damages against us and could harm our business and financial condition.

We have been served with two complaints asserting putative class action lawsuits in the state of Delaware in connection with the announcement of the Acquisition. The two complaints were consolidated by order dated August 31, 2005. The consolidated lawsuit alleges, among other things, that (i) the Acquisition will benefit our management and Carlyle at the expense of our public stockholders, (ii) the Acquisition consideration to be paid to stockholders is inadequate and unfair and (iii) our current directors breached their fiduciary duties to our stockholders in negotiating and approving the Acquisition. The consolidated lawsuit seeks, among other relief, class certification, an injunction preventing the consummation of the Acquisition (or rescinding the Acquisition if it is completed prior to the receipt of such relief), compensatory and/or rescissory damages to the class, and attorneys fees and expenses, along with such other relief as the court might find just and proper. Although we have entered into a memorandum of understanding with plaintiffs regarding the settlement of the litigation, any settlement is subject to, among other things, the execution of a formal settlement agreement and court approval. Accordingly, we cannot assure that the consolidated lawsuit will settle or be dismissed or decided in our favor. We may also become subject to additional suits in connection with the Acquisition that have not been filed. Such adverse outcomes or additional suits could result in the imposition of damages against us or even the rescission of the Acquisition and the other Transactions. In the event that damages are awarded, our business and financial condition could be harmed.

Our failure to continue to derive substantial revenues from the licensing of, or outsourcing solutions related to, our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return software, and the provision of maintenance and professional services in support of such licensed software, could adversely affect our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.

Our CAMRA, TradeThru and AdvisorWare products accounted for approximately 60% of our revenue for the year ended December 31, 2004. Our CAMRA, TradeThru, Pacer, AdvisorWare and Total Return products accounted for approximately 57% of our pro forma revenue for the twelve months ended September 30, 2005. We expect that the revenues from these software products and services will continue to account for a significant portion of our total revenues for the foreseeable future. As a result, factors adversely affecting the pricing of or demand for such products and services, such as competition or technological change, could have a material adverse effect on our ability to sustain or grow our revenues and harm our business, financial condition and results of operations.

We may be unable to adapt to rapidly changing technology and evolving industry standards, and our inability to introduce new products and services could adversely affect our business, financial condition and results of operations.

Rapidly changing technology, evolving industry standards and new product and service introductions characterize the market for our products and services. Our future success will depend in part upon our ability to enhance our existing products and services and to develop and introduce new products and services to keep pace with such changes and developments and to meet changing client needs. The process of developing our software products is extremely complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and technologies. Our ability to keep up with technology and business changes is subject to a number of risks, including that:

- we may find it difficult or costly to update our services and software and to develop new products and services quickly enough to meet our clients needs;

- we may find it difficult or costly to make some features of our software work effectively and securely over the Internet or with new or changed operating systems;

- we may find it difficult or costly to update our software and services to keep pace with business, evolving industry standards, regulatory and other developments in the industries where our clients operate; and

- we may be exposed to liability for security breaches that allow unauthorized persons to gain access to confidential information stored on our computers or transmitted over our network.

Our failure to enhance our existing products and services and to develop and introduce new products and services to promptly address the needs of the financial markets could adversely affect our business, financial condition and results of operations.

Undetected software design defects, errors or failures may result in loss of or delay in market acceptance of our products or in liabilities that could adversely affect our revenues, financial condition and results of operations.

Our software products are highly complex and sophisticated and could contain design defects or software errors that are difficult to detect and correct. Errors or bugs may result in loss of or delay in market acceptance of our software products or loss of client data or require design modifications. We cannot assure you that, despite testing by us and our clients, errors will not be found in new products, which errors could result in a delay in or an inability to achieve market acceptance or in litigation and other claims for damages against us and thus could have a material adverse effect upon our revenues, financial condition and results of operations.

If we cannot attract, train and retain qualified managerial, technical and sales personnel, we may not be able to provide adequate technical expertise and customer service to our clients or maintain focus on our business strategy.

We believe that our success is due in part to our experienced management team. We depend in large part upon the continued contribution of our senior management and, in particular, William C. Stone, our Chief Executive Officer and Chairman of the Board of Directors. Losing the services of one or more members of our senior management could adversely affect our business and results of operations. Mr. Stone has been instrumental in developing our business strategy and forging our business relationships since he founded the company in 1986. We maintain no key man life insurance policies for Mr. Stone or any other senior officers or managers.

Our success is also dependent upon our ability to attract, train and retain highly skilled technical and sales personnel. Loss of the services of these employees could materially affect our operations. Competition for qualified technical personnel in the software industry is intense, and we have, at times, found it difficult to attract and retain skilled personnel for our operations.

Locating candidates with the appropriate qualifications, particularly in the desired geographic location and with the necessary subject matter expertise, is difficult. Our failure to attract and retain a sufficient number of highly skilled employees could adversely affect our business, financial condition and results of operations.

Challenges in maintaining and expanding our international operations can result in increased costs, delayed sales efforts and uncertainty with respect to our intellectual property rights and results of operations.

For the years ended December 31, 2002, 2003 and 2004, international revenues accounted for 16%, 17% and 22%, respectively, of our total revenues. We sell certain of our products, such as Altair, Mabel and Pacer, primarily outside the United States. Our international business may be subject to a variety of risks, including:

- difficulties in obtaining U.S. export licenses;
- potentially longer payment cycles;
- increased costs associated with maintaining international marketing efforts;
- foreign currency fluctuations;
- the introduction of non-tariff barriers and higher duty rates;
- foreign regulatory compliance; and
- difficulties in enforcement of third-party contractual obligations and intellectual property rights.

Such factors could have a material adverse effect on our business, financial condition or results of operations.

Catastrophic events may adversely affect our ability to provide, our clients ability to use, and the demand for, our products and services, which may disrupt our business and cause a decline in revenues.

A war, terrorist attack, natural disaster or other catastrophe may adversely affect our business. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our clients, the financial markets or the overall economy and reducing our ability to provide, our clients ability to use, and the demand for, our products and services. The potential for a direct impact is due primarily to our significant investment in infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. A computer virus, security breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for clients, disruptions to our operations, or damage to important facilities. In addition, such an event may cause clients to cancel their agreements with us for our products or services. Any of these could have a material adverse effect on our business, revenues and financial condition.

Our application service provider systems may be subject to disruptions that could adversely affect our reputation and our business.

Our ASP systems maintain and process confidential data on behalf of our customers, some of which is critical to their business operations. For example, our trading systems maintain account and trading information for our customers and their clients. There is no guarantee that the systems and procedures that we maintain to protect against unauthorized access to such information are adequate to protect against all security breaches. If our ASP systems are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons, our customers could experience data loss, financial loss, harm or reputation and significant business interruption. If that happens, we may be exposed to unexposed liability, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined balance sheet as of September 30, 2005 and unaudited pro forma condensed combined statements of operations for the year ended December 31, 2004, the nine months ended September 30, 2005 and the twelve months ended September 30, 2005 are based on our historical consolidated financial statements and give effect to the Transactions, the other acquisitions we have completed from January 1, 2004 through September 30, 2005 and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of September 30, 2005 has been derived from our historical unaudited balance sheet as of September 30, 2005, adjusted to give effect to the Transactions as if they occurred on September 30, 2005. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2004, the nine months ended September 30, 2005 and the twelve months ended September 30, 2005 give effect to the Transactions and the other acquisitions we have completed from January 1, 2004 through September 30, 2005 as if they occurred on January 1, 2004.

The pro forma adjustments and allocation of purchase price of the Acquisition are preliminary and are based on management s estimates of the fair value of the assets acquired and liabilities assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized. This final valuation will be based on the actual net tangible and intangible assets that exist as of the date of the completion of the Transactions. Any final adjustments may change the allocations of purchase price, which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed combined financial information. In addition, the impact of integration activities, the timing of the completion of the Transactions and other changes in our net tangible and intangible assets prior to the completion of the Transactions could cause material differences in the information presented.

These unaudited pro forma condensed combined financial information is presented for informational purposes only and has been derived from, and should be read in conjunction with, our historical consolidated financial statements, including the notes thereto. The pro forma adjustments, as described in the accompanying notes, are based on currently available information and certain adjustments that we believe are reasonable. They are not necessarily indicative of our consolidated financial position or results of operations that would have occurred had the Transactions taken place on the dates indicated, nor are they necessarily indicative of our future consolidated financial position or results of operations.

SS&C TECHNOLOGIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
as of September 30, 2005
In thousands

	Historical SS&C Technologies	Pro Forma Adjustments	Pro Forma Combined Condensed
Current assets:			
Cash and cash equivalents	$ 14,853		$ 14,853
Investments in marketable securities	8,700		8,700
Accounts receivable, net	31,967		31,967
Prepaid expenses and other current assets	3,499	$ (92)(D)	3,407
Total current assets	59,019	(92)	58,927
Net property and equipment	10,727		10,727
Goodwill	163,318	668,544(A)	831,862
Intangible and other assets, net	75,564	204,322(A)(D)	279,886
Total assets	308,628	872,774	1,181,402
Current liabilities:			
Current portion of long-term debt	$ 17,018	$ (14,250)(B)	$ 2,768
Accounts payable	3,732		3,732
Income taxes payable	651		651
Accrued employee compensation and benefits	7,167		7,167
Other accrued expenses	6,240	10,888(D)	17,128
Deferred income taxes	735		735
Deferred revenue	24,875		24,875
Total current liabilities	60,418	(3,362)	57,056
Long-term debt	50,000	437,250(B)	487,250
Deferred income taxes	7,761	103,935(A)	111,696
Total liabilities	118,179	537,823	656,002
Stockholders equity:			
Common stock	320	(320)(C)	
Additional paid in capital	200,008	325,392(C)	525,400
Accumulated other comprehensive income	8,412	(8,412)(C)	
Retained earnings	40,713	(40,713)(C)	
	249,453	275,947	525,400
Less: cost of common stock in treasury, 8,450 shares	59,004	(59,004)(C)	

Total stockholders equity		190,449		334,951		525,400
Total liabilities and stockholders equity	$	308,628	$	872,774	$	1,181,402

See accompanying notes

30

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
(dollars in thousands)

(A) Reflects preliminary allocation of the purchase price of the Acquisition as follows:

Purchase of equity, net of $23,200 in cash received		$	918,400
Repayment of existing indebtedness			67,000
Direct costs of Acquisition			30,000
Total purchase price		$	1,015,400
Purchase price allocated to:			
Net assets at September 30, 2005		$	190,449
Repayment of existing indebtedness			67,000
Adjust assets and liabilities to fair value:			
Elimination of historical goodwill	(163,318)		
Increase intangible assets to fair value	193,542		
Unamortized loan origination fees	(200)		
Total adjustment to record net assets at fair value			30,024
To recognize deferred tax liabilities on purchase price allocations			(103,935)
Allocation of excess purchase price to goodwill			831,862
		$	1,015,400

The pro forma adjustment to goodwill reflects the following:		
Allocation of the excess purchase price to goodwill	$	831,862
Elimination of historical goodwill		(163,318)
	$	668,544

The pro forma adjustment to intangible assets reflects the following:		
Estimated valuation of intangible assets as of transaction date:		
Completed technology, useful lives ranging from six to eight years	$ 52,600	
Customer relationships, useful lives ranging from 11 to 13 years	195,900	
Trade names, useful lives ranging from nine to 15 years	16,700	
Exchange relationships, useful life of 10 years	1,300	
Total valuation of intangible assets		266,500
Elimination of historical net intangible asset balances		(72,958)
		$ 193,542

(B) Reflects the issuance of debt to effect the Acquisition as summarized below.

Sources:	
Revolving credit facility	$ 10,000
Term loan B facility	275,000
Senior subordinated notes	205,000
	$ 490,000
The pro forma adjustment to debt reflects the following:	
Proposed borrowings	$ 490,000
Current portion of proposed borrowings	$ 2,750
Repayment of long-term debt, current portion	(17,000)
Pro forma adjustment to current portion of long-term debt	$ (14,250)
Non-current portion of proposed borrowings	$ 487,250
Repayment of long-term debt	(50,000)
Pro forma adjustment to non-current portion of long-term debt	$ 437,250

(C) Reflects elimination of common stock of $320, additional paid-in capital of $200,008, accumulated other comprehensive income of $8,412, treasury stock of $59,004 and retained earnings of $40,713, and recording additional paid-in in capital of $525,400 related to the recapitalization.

(D) Reflects the accrual and capitalization of an estimated $10,888 in financing costs related to the debt being incurred in connection with the Transactions, which financing costs will be amortized over the life of the borrowings, offset by the write-off of $200 of unamortized loan origination fees for existing borrowings that will be repaid.

SS&C TECHNOLOGIES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
Year ended December 31, 2004
Dollars in thousands