SUNGARD DATA SYSTEMS INC
Form 10-Q
November 09, 2012
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United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2012

OR

¨ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file numbers:

SunGard Capital Corp.	000-53653
SunGard Capital Corp. II	000-53654
SunGard Data Systems Inc.	001-12989

SunGard® Capital Corp.

SunGard® Capital Corp. II

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-3059890**
Delaware	**20-3060101**
Delaware	**51-0267091**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Registrants telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

SunGard Capital Corp.	Yes x No ¨
SunGard Capital Corp. II	Yes x No ¨
SunGard Data Systems Inc.	Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

SunGard Capital Corp.	Yes x No ¨
SunGard Capital Corp. II	Yes x No ¨
SunGard Data Systems Inc.	Yes x No ¨

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

SunGard Capital Corp.	Large accelerated filer ¨.	Accelerated filer ¨.	Non-accelerated filer x.	Smaller reporting company ¨.
SunGard Capital Corp. II	Large accelerated filer ¨.	Accelerated filer ¨.	Non-accelerated filer x.	Smaller reporting company ¨.
SunGard Data Systems Inc.	Large accelerated filer ¨.	Accelerated filer ¨.	Non-accelerated filer x.	Smaller reporting company ¨.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

SunGard Capital Corp.	Yes ¨	No x
SunGard Capital Corp. II	Yes ¨	No x
SunGard Data Systems Inc.	Yes ¨	No x

The number of shares of the registrants common stock outstanding as of September 30, 2012:

SunGard Capital Corp.	256,829,370 shares of Class A common stock and 28,536,539 shares of Class L common stock
SunGard Capital Corp. II	100 shares of common stock
SunGard Data Systems Inc.	100 shares of common stock

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SunGard Capital Corp.

SunGard Capital Corp. II

SunGard Data Systems Inc.

And Subsidiaries

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PART I. FINANCIAL INFORMATION

Explanatory Note

This Form 10-Q is a combined quarterly report being filed separately by three registrants: SunGard Capital Corp. (SCC), SunGard Capital Corp. II (SCCII) and SunGard Data Systems Inc. (SunGard). SCC and SCC II are collectively referred to as the Parent Companies . Unless the context indicates otherwise, any reference in this report to the Company, we, us and our refer to the Parent Companies together with their direct and indirect subsidiaries, including SunGard. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

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ITEM 1. FINANCIAL STATEMENTS

SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2011	**September 30, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 752**
Trade receivables, less allowance for doubtful accounts of $38 and $39	794	**678**
Earned but unbilled receivables	140	**126**
Prepaid expenses and other current assets	117	**136**
Clearing broker assets	213	**21**
Assets related to discontinued operations	1,350	
Total current assets	3,481	**1,713**
Property and equipment, less accumulated depreciation of $1,296 and $1,471	893	**862**
Software products, less accumulated amortization of $1,431 and $1,597	554	**430**
Customer base, less accumulated amortization of $1,254 and $1,425	1,574	**1,414**
Other intangible assets, less accumulated amortization of $22 and $26	144	**112**
Trade name, less accumulated amortization of $10 and $-	1,019	**1,019**
Goodwill	4,885	**4,503**
Total Assets	$ 12,550	**$ 10,053**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**$ 9**
Accounts payable	59	**29**
Accrued compensation and benefits	291	**268**
Accrued interest expense	92	**69**
Accrued income taxes	24	**85**
Other accrued expenses	313	**294**
Clearing broker liabilities	179	**7**
Deferred revenue	862	**790**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,152	**1,551**
Long-term debt	7,819	**6,102**
Deferred income taxes	1,123	**1,042**
Total liabilities	11,094	**8,695**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	28	**29**

Class L common stock subject to a put option	47	**46**
Class A common stock subject to a put option	6	**5**
Stockholders equity:		
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $5,383 million and $5,964 million; 50,000,000 shares authorized, 28,842,773 and 28,990,116 shares issued		
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 259,589,718 and 260,915,801 shares issued		
Capital in excess of par value	2,768	**2,781**
Treasury stock, 387,638 and 453,576 shares of Class L common stock; and 3,492,925 and 4,086,430 shares of Class A common stock	(39)	**(44)**
Accumulated deficit	(3,346)	**(3,667)**
Accumulated other comprehensive income (loss)	(46)	**(19)**
Total SunGard Capital Corp. stockholders equity (deficit)	(663)	**(949)**
Noncontrolling interest in preferred stock of SCCII	2,038	**2,227**
Total equity	1,375	**1,278**
Total Liabilities and Equity	$ 12,550	**$ 10,053**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Capital Corp.

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended September 30, 2011	**2012**	Nine Months Ended September 30, 2011	**2012**
Revenue:				
Services	$ 1,028	**$ 969**	$ 3,016	**$ 2,916**
License and resale fees	52	**53**	193	**168**
Total products and services	1,080	**1,022**	3,209	**3,084**
Reimbursed expenses	17	**13**	77	**47**
Total revenue	1,097	**1,035**	3,286	**3,131**
Costs and expenses:				
Cost of sales and direct operating	465	**430**	1,416	**1,321**
Sales, marketing and administration	295	**245**	842	**768**
Product development and maintenance	101	**90**	302	**273**
Depreciation and amortization	67	**70**	204	**211**
Amortization of acquisition-related intangible assets	106	**94**	332	**295**
Goodwill impairment charge		**385**		**385**
Total costs and expenses	1,034	**1,314**	3,096	**3,253**
Operating income (loss)	63	**(279)**	190	**(122)**
Interest income	1	**1**	3	**1**
Interest expense and amortization of deferred financing fees	(130)	**(102)**	(396)	**(325)**
Loss on extinguishment of debt			(2)	**(51)**
Other income (expense)				**2**
Income (loss) from continuing operations before income taxes	(66)	**(380)**	(205)	**(495)**
Benefit from (provision for) income taxes	27	**13**	57	**44**
Income (loss) from continuing operations	(39)	**(367)**	(148)	**(451)**
Income (loss) from discontinued operations, net of tax	(108)	**5**	(95)	**316**
Net income (loss)	(147)	**(362)**	(243)	**(135)**
Income attributable to the noncontrolling interest (including $- million $- million, $2 million and $- million in temporary equity)	(57)	**(64)**	(166)	**(186)**
Net income (loss) attributable to SunGard Capital Corp.	(204)	**(426)**	(409)	**(321)**
Other comprehensive income (loss):				
Foreign currency translation	(81)	**27**	(6)	**16**
Foreign currency translation, net	(81)	**27**	(6)	**16**

Unrealized gain (loss) on derivative instruments		(3)		**1**		(13)		**1**
Less: gain (loss) on derivatives reclassified into income		7		**3**		27		**11**
Less: income tax benefit (expense)		(2)		**1**		(7)		**(1)**
Net unrealized gain (loss) on derivative instruments, net of tax		2		**5**		7		**11**
Comprehensive income (loss) attributable to SunGard Capital Corp.	$	(283)	**$**	**(394)**	$	(408)	**$**	**(294)**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Capital Corp.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Nine Months Ended September 30, 2011	**2012**
Cash flow from operations:		
Net income (loss)	$ (243)	**$ (135)**
Income (loss) from discontinued operations	(95)	**316**
Income (loss) from continuing operations	(148)	**(451)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:		
Depreciation and amortization	536	**506**
Goodwill impairment charge		**385**
Deferred income tax provision (benefit)	(83)	**(29)**
Stock compensation expense	23	**29**
Amortization of deferred financing costs and debt discount	29	**26**
Loss on extinguishment of debt	2	**51**
Other noncash items	1	**(1)**
Accounts receivable and other current assets	136	**137**
Accounts payable and accrued expenses	(29)	**(99)**
Accrued income tax	(11)	**(70)**
Clearing broker assets and liabilities, net	(22)	**20**
Deferred revenue	(72)	**(78)**
Cash flow from (used in) continuing operations	362	**426**
Cash flow from (used in) discontinued operations	65	**(340)**
Cash flow from (used in) operations	427	**86**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(35)	**(10)**
Cash paid for property and equipment and software	(183)	**(173)**
Other investing activities	(2)	**3**
Cash provided by (used in) continuing operations	(220)	**(180)**
Cash provided by (used in) discontinued operations	(7)	**1,758**
Cash provided by (used in) investment activities	(227)	**1,578**
Financing activities:		
Cash received from issuance of common stock	1	
Cash received from issuance of preferred stock	1	
Cash received from borrowings, net of fees	1	**(17)**
Cash used to repay debt	(218)	**(1,727)**
Premium paid to retire debt		**(27)**
Cash used to purchase treasury stock	(3)	**(9)**
Other financing activities	(9)	**(10)**

Cash provided by (used in) continuing operations		(227)		**(1,790)**
Cash provided by (used in) discontinued operations				
Cash provided by (used in) financing activities		(227)		**(1,790)**
Effect of exchange rate changes on cash		(2)		**5**
Increase (decrease) in cash and cash equivalents		(29)		**(121)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2011, $23 2012, $6		778		**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2011, $4; 2012, $-	$	749	**$**	**752**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Capital Corp. II

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2011	**September 30, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 752**
Trade receivables, less allowance for doubtful accounts of $38 and $39	794	**678**
Earned but unbilled receivables	140	**126**
Prepaid expenses and other current assets	117	**136**
Clearing broker assets	213	**21**
Assets related to discontinued operations	1,350	
Total current assets	3,481	**1,713**
Property and equipment, less accumulated depreciation of $1,296 and $1,471	893	**862**
Software products, less accumulated amortization of $1,431 and $1,597	554	**430**
Customer base, less accumulated amortization of $1,254 and $1,425	1,574	**1,414**
Other intangible assets, less accumulated amortization of $22 and $26	144	**112**
Trade name, less accumulated amortization of $10 and $-	1,019	**1,019**
Goodwill	4,885	**4,503**
Total Assets	$ 12,550	**$ 10,053**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**$ 9**
Accounts payable	59	**29**
Accrued compensation and benefits	291	**268**
Accrued interest expense	92	**69**
Accrued income taxes	25	**86**
Other accrued expenses	313	**294**
Clearing broker liabilities	179	**7**
Deferred revenue	862	**790**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,153	**1,552**
Long-term debt	7,819	**6,102**
Deferred income taxes	1,122	**1,041**
Total liabilities	11,094	**8,695**
Commitments and contingencies		
Preferred stock subject to a put option	23	**24**
Stockholders equity:		

Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $2,046 million and $2,236 million; 14,999,000 shares authorized, 9,984,091 and 10,035,095 issued		
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and outstanding		
Capital in excess of par value	3,785	**3,799**
Treasury stock, 134,215 and 157,042 shares	(18)	**(23)**
Accumulated deficit	(2,288)	**(2,423)**
Accumulated other comprehensive income (loss)	(46)	**(19)**
Total stockholders equity	1,433	**1,334**
Total Liabilities and Stockholders Equity	$ 12,550	**$ 10,053**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Capital Corp. II

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2012**	2011	**2012**
Revenue:				
Services	$ 1,028	**$ 969**	$ 3,016	**$ 2,916**
License and resale fees	52	**53**	193	**168**
Total products and services	1,080	**1,022**	3,209	**3,084**
Reimbursed expenses	17	**13**	77	**47**
Total revenue	1,097	**1,035**	3,286	**3,131**
Costs and expenses:				
Cost of sales and direct operating	465	**430**	1,416	**1,321**
Sales, marketing and administration	295	**245**	842	**768**
Product development and maintenance	101	**90**	302	**273**
Depreciation and amortization	67	**70**	204	**211**
Amortization of acquisition-related intangible assets	106	**94**	332	**295**
Goodwill impairment charge		**385**		**385**
Total costs and expenses	1,034	**1,314**	3,096	**3,253**
Operating income (loss)	63	**(279)**	190	**(122)**
Interest income	1	**1**	3	**1**
Interest expense and amortization of deferred financing fees	(130)	**(102)**	(396)	**(325)**
Loss on extinguishment of debt			(2)	**(51)**
Other income (expense)				**2**
Income (loss) from continuing operations before income taxes	(66)	**(380)**	(205)	**(495)**
Benefit from (provision for) income taxes	27	**13**	57	**44**
Income (loss) from continuing operations	(39)	**(367)**	(148)	**(451)**
Income (loss) from discontinued operations, net of tax	(108)	**5**	(95)	**316**
Net income (loss)	(147)	**(362)**	(243)	**(135)**
Other comprehensive income (loss):				
Foreign currency translation	(81)	**27**	(6)	**16**
Foreign currency translation, net	(81)	**27**	(6)	**16**
Unrealized gain (loss) on derivative instruments	(3)	**1**	(13)	**1**
Less: gain (loss) on derivatives reclassified into income	7	**3**	27	**11**
Less: income tax benefit (expense)	(2)	**1**	(7)	**(1)**

Net unrealized gain (loss) on derivative instruments, net of tax	2	**5**	7	**11**
Comprehensive income (loss)	$ (226)	**$ (330)**	$ (242)	**$ (108)**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Capital Corp. II

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2012
Cash flow from operations:		
Net income (loss)	$ (243)	**$ (135)**
Income (loss) from discontinued operations	(95)	**316**
Income (loss) from continuing operations	(148)	**(451)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:		
Depreciation and amortization	536	**506**
Goodwill impairment charge		**385**
Deferred income tax provision (benefit)	(84)	**(29)**
Stock compensation expense	23	**29**
Amortization of deferred financing costs and debt discount	29	**26**
Loss on extinguishment of debt	2	**51**
Other noncash items	1	**(1)**
Accounts receivable and other current assets	136	**137**
Accounts payable and accrued expenses	(29)	**(99)**
Accrued income tax	(10)	**(70)**
Clearing broker assets and liabilities, net	(22)	**20**
Deferred revenue	(72)	**(78)**
Cash flow from (used in) continuing operations	362	**426**
Cash flow from (used in) discontinued operations	65	**(340)**
Cash flow from (used in) operations	427	**86**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(35)	**(10)**
Cash paid for property and equipment and software	(183)	**(173)**
Other investing activities	(2)	**3**
Cash provided by (used in) continuing operations	(220)	**(180)**
Cash provided by (used in) discontinued operations	(7)	**1,758**
Cash provided by (used in) investment activities	(227)	**1,578**
Financing activities:		
Cash received from issuance of preferred stock	1	
Cash received from borrowings, net of fees	1	**(17)**
Cash used to repay debt	(218)	**(1,727)**
Premium paid to retire debt		**(27)**
Cash used to purchase treasury stock	(1)	**(5)**
Other financing activities	(10)	**(14)**
Cash provided by (used in) continuing operations	(227)	**(1,790)**

Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(227)	**(1,790)**
Effect of exchange rate changes on cash	(2)	**5**
Increase (decrease) in cash and cash equivalents	(29)	**(121)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2011, $23 2012, $6	778	**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2011, $4; 2012, $-	$ 749	**$ 752**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Data Systems Inc.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2011	**September 30, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 752**
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Assets related to discontinued operations	1,350	
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Software products, less accumulated amortization of $1,431 and $1,597	554	**430**
Customer base, less accumulated amortization of $1,254 and $1,425	1,574	**1,414**
Other intangible assets, less accumulated amortization of $22 and $26	144	**112**
Trade name, less accumulated amortization of $10 and $-	1,019	**1,019**
Goodwill	4,885	**4,503**
Total Assets	$ 12,550	**$ 10,053**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**$ 9**
Accounts payable	59	**29**
Accrued compensation and benefits	291	**268**
Accrued interest expense	92	**69**
Accrued income taxes	25	**88**
Other accrued expenses	313	**294**
Clearing broker liabilities	179	**7**
Deferred revenue	862	**790**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,153	**1,554**
Long-term debt	7,819	**6,102**
Deferred income taxes	1,117	**1,034**
Total liabilities	11,089	**8,690**
Commitments and contingencies		
Stockholder s equity:		
Common stock, par value $.01 per share; 100 shares authorized, issued and outstanding		
Capital in excess of par value	3,793	**3,803**

Accumulated deficit		(2,286)		**(2,421)**
Accumulated other comprehensive income (loss)		(46)		**(19)**
Total stockholder s equity		1,461		**1,363**
Total Liabilities and Stockholder s Equity	$	12,550	**$**	**10,053**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Data Systems Inc.

Consolidated Statements of Comprehensive Income

(In millions)

(Unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, **2012**	Nine Months Ended September 30, 2011	Nine Months Ended September 30, **2012**
Revenue:				
Services	$ 1,028	**$ 969**	$ 3,016	**$ 2,916**
License and resale fees	52	**53**	193	**168**
Total products and services	1,080	**1,022**	3,209	**3,084**
Reimbursed expenses	17	**13**	77	**47**
Total Revenue	1,097	**1,035**	3,286	**3,131**
Costs and expenses:				
Cost of sales and direct operating	465	**430**	1,416	**1,321**
Sales, marketing and administration	295	**245**	842	**768**
Product development and maintenance	101	**90**	302	**273**
Depreciation and amortization	67	**70**	204	**211**
Amortization of acquisition-related intangible assets	106	**94**	332	**295**
Goodwill impairment charge		**385**		**385**
Total costs and expenses	1,034	**1,314**	3,096	**3,253**
Operating income (loss)	63	**(279)**	190	**(122)**
Interest income	1	**1**	3	**1**
Interest expense and amortization of deferred financing fees	(130)	**(102)**	(396)	**(325)**
Loss on extinguishment of debt			(2)	**(51)**
Other income (expense)				**2**
Income (loss) from continuing operations before income taxes	(66)	**(380)**	(205)	**(495)**
Benefit from (provision for) income taxes	27	**13**	57	**44**
Income (loss) from continuing operations	(39)	**(367)**	(148)	**(451)**
Income (loss) from discontinued operations, net of tax	(108)	**5**	(95)	**316**
Net income (loss)	(147)	**(362)**	(243)	**(135)**
Other comprehensive income (loss):				
Foreign currency translation	(81)	**27**	(6)	**16**
Foreign currency translation, net	(81)	**27**	(6)	**16**
Unrealized gain (loss) on derivative instruments	(3)	**1**	(13)	**1**
Less: gain (loss) on derivatives reclassified into income	7	**3**	27	**11**
Less: income tax benefit (expense)	(2)	**1**	(7)	**(1)**

Net unrealized gain (loss) on derivative instruments, net of tax		2		**5**		7		**11**
Comprehensive income (loss)	$	(226)	**$**	**(330)**	$	(242)	**$**	**(108)**

The accompanying notes are an integral part of these consolidated financial statements.

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SunGard Data Systems Inc.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Nine Months Ended September 30, 2011	**2012**
Cash flow from operations:		
Net income (loss)	$ (243)	**$ (135)**
Income (loss) from discontinued operations	(95)	**316**
Income (loss) from continuing operations	(148)	**(451)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:		
Depreciation and amortization	536	**506**
Goodwill impairment charge		**385**
Deferred income tax provision (benefit)	(84)	**(30)**
Stock compensation expense	23	**29**
Amortization of deferred financing costs and debt discount	29	**26**
Loss on extinguishment of debt	2	**51**
Other noncash items	1	**(1)**
Accounts receivable and other current assets	136	**137**
Accounts payable and accrued expenses	(29)	**(99)**
Accrued income tax	(10)	**(69)**
Clearing broker assets and liabilities, net	(22)	**20**
Deferred revenue	(72)	**(78)**
Cash flow from (used in) continuing operations	362	**426**
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Cash paid for property and equipment and software	(183)	**(173)**
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Financing activities:		
Cash received from borrowings, net of fees	1	**(17)**
Cash used to repay debt	(218)	**(1,727)**
Premium paid to retire debt		**(27)**
Other financing activities	(10)	**(19)**
Cash provided by (used in) continuing operations	(227)	**(1,790)**
Cash provided by (used in) discontinued operations		

Cash provided by (used in) financing activities	(227)	**(1,790)**
Effect of exchange rate changes on cash	(2)	**5**
Increase (decrease) in cash and cash equivalents	(29)	**(121)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2011, $23 2012, $6	778	**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2011, $4; 2012, $-	$ 749	**$ 752**

The accompanying notes are an integral part of these consolidated financial statements.

SUNGARD CAPITAL CORP.

SUNGARD CAPITAL CORP. II

SUNGARD DATA SYSTEMS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation:

SunGard Data Systems Inc. (SunGard) was acquired on August 11, 2005 (the LBO) in a leveraged buy-out by a consortium of private equity investment funds associated with Bain Capital Partners, The Blackstone Group, Goldman Sachs & Co., Kohlberg Kravis Roberts & Co., Providence Equity Partners, Silver Lake and TPG (collectively, the Sponsors).

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp. (SCC). All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company.

The Company has three reportable segments: Financial Systems (FS), Availability Services (AS) and Other, which is comprised of K-12 Education (K-12) and Public Sector (PS). The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 for SCC and SCCII and the Company s Registration Statement on Form S-1 dated June 4, 2012 for SunGard. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

The presentation of certain prior year amounts has been revised to conform to the current year presentation.

Recent Accounting Pronouncements

In October 2011, the Financial Accounting Standards Board (FASB) announced that the specific requirement to present items that are reclassified from other comprehensive income to net income alongside their respective components of net income and other comprehensive income will be deferred. Therefore, those requirements related to the presentation of comprehensive income have not been adopted by the Company.

On July 27, 2012, the FASB issued Accounting Standards Update No. 2012-02, *Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. The Update simplifies the guidance for testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill. Examples of intangible assets subject to the guidance include indefinite-lived trademarks, licenses, and distribution rights. The amendment allows an organization the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is more likely than not that the asset is impaired. Under former guidance, an organization was required to test an indefinite-lived intangible asset for impairment on at least an annual basis by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeded its fair value, an impairment loss was recognized in an amount equal to the difference. The amendments in this Update are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company is currently evaluating the impact of this Update, but does not expect the Update to have a material impact on the consolidated financial statements.

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2. Acquisitions and Discontinued Operations:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During the nine months ended September 30, 2012, the Company completed one acquisition in its FS segment. Cash paid, net of cash acquired, was $9 million. The impact of this acquisition was not material to the consolidated financial statements. In addition, the Company paid approximately $1 million related to deferred purchase price from prior year acquisitions. At September 30, 2012, potential contingent purchase price obligations that depend on the operating performance of certain acquired businesses were $6 million, of which the Company has estimated that $3 million will be paid and which is included in other long-term debt.

Discontinued Operations

In January 2012, the Company sold its Higher Education (HE) business and used the net cash proceeds (as defined in its senior secured credit agreement (Credit Agreement) of $1.222 billion, which is the gross transaction value of $1.775 billion less applicable taxes and fees, to repay a pro-rata portion of its outstanding term loans (see note 5). In July 2012, the Company sold its FS subsidiary SunGard Global Services France for gross proceeds of 14 million. The results for the discontinued operations for the three and nine months ended September 30, 2011 and 2012 were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2012**	2011	**2012**
Revenue	$ 130	**$ 5**	$ 417	**$ 55**
Operating income (loss)	25	**(1)**	67	**(4)**
Gain on sale of business		**8**		**571**
Income (loss) before income taxes	25	**7**	67	**567**
Benefit from (provision for) income taxes	(133)	**(2)**	(162)	**(251)**
Income (loss) from discontinued operations	$ (108)	**$ 5**	$ (95)	**$ 316**

Assets and liabilities related to discontinued operations consisted of the following (in millions) at December 31, 2011:

	December 31, 2011
Cash	$ 6
Accounts receivable, net	105
Prepaid expenses and other current assets	14
Property and equipment, net	31
Software products, net	77
Customer base, net	188
Goodwill	929
Assets related to discontinued operations	$ 1,350
Accounts payable	$ 1
Accrued compensation and benefits	24
Other accrued expenses	16
Deferred revenue	106
Deferred income taxes	99

Liabilities related to discontinued operations	$	246

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Assets and liabilities related to the discontinued operations of HE consisted of the following (in millions) at the closing balance sheet on January 20, 2012:

	January 20, 2012
Cash	$ 7
Accounts receivable, net	90
Prepaid expenses and other current assets	14
Property and equipment, net	31
Software products, net	78
Customer base, net	182
Goodwill	929
Assets related to discontinued operations	$ 1,331
Accounts payable	$ 5
Accrued compensation and benefits	21
Other accrued expenses	9
Deferred revenue	109
Deferred income taxes	96
Liabilities related to discontinued operations	$ 240

3. Intangible Assets and Goodwill:

Trade Name

The trade name intangible asset represents the fair value of the SunGard trade name and is an indefinite-lived asset not subject to amortization. The Company performed its annual impairment test of the SunGard trade name in the third quarter and based on the results of this test, the fair value of the trade name exceeded its carrying value, resulting in no impairment of the trade name. As a result of lower long term projections and from the sale of HE, future cash flows which drive the value of the trade name have decreased, and the amount by which the estimated fair value of the trade name exceeded its carrying value was lower in the current year impairment test compared to prior years. In addition to the projections, a critical assumption considered in the impairment test of the trade name is the implied royalty rate. A 50 basis point decrease in the assumed royalty rate would have resulted in an impairment of the trade name asset of approximately $108 million (100 basis point decrease would result in an impairment of approximately $336 million). A 100 basis point increase in the discount rate would result in an impairment of the trade name asset of approximately $5 million. Furthermore, to the extent that additional businesses are divested in the future, the cash flows supporting the trade name will continue to decline, which may result in impairment charges.

Goodwill

Generally accepted accounting principles in the United States require the Company to perform a goodwill impairment test annually and more frequently when negative conditions or a triggering event arise. In September 2011, the FASB issued amended guidance that simplified how entities test goodwill for impairment. After an assessment of certain qualitative factors, if it is determined to be more likely than not that the fair value of a reporting unit is less than its carrying amount; entities must perform the quantitative analysis of the goodwill impairment test. Otherwise, the quantitative test(s) become optional. As allowed under the amended guidance, the Company chose not to assess the qualitative factors of its reporting units and, instead, performed the two-step quantitative test(s).

The Company completes its annual goodwill impairment test as of July 1 for each of its 11 reporting units. In step one, the estimated fair value of each reporting unit is compared to its carrying value. The Company estimated the fair values of each reporting unit by a combination of (i) estimation of the discounted cash flows of each of the reporting units based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). If there is a deficiency (the estimated fair value of a reporting unit is less than its carrying value), a step two test is required. In step two, the amount of any goodwill impairment is measured by comparing the implied fair value of the reporting unit s goodwill to the carrying value of goodwill, with the resulting impairment reflected in operations. The implied fair value is determined in the same manner as the amount of goodwill recognized in a business combination.

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors including the reporting unit s recent performance against budget,

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performance in the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions reflect an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. For the July 1, 2012 impairment test, the discount rates and perpetual growth rates used were between 10% and 12% and 3% and 4%, respectively.

Based on the results of the step one tests, the Company determined that the carrying value of the Availability Services North America (AS NA) reporting unit was in excess of its respective fair value and a step two test was required. The primary driver for the decline in the fair value of the AS NA reporting unit compared to the prior year is the decline in the cash flow projections for AS NA when compared to those used in the 2011 goodwill impairment test as a result of decline in the overall outlook of this reporting unit. The Company continues to expect to grow the AS NA business over the long-term, albeit at a slower rate than previously planned.

Prior to completing the step two test, the Company first evaluated certain long-lived assets, primarily the software, customer base and property and equipment, for impairment. In performing the impairment tests for long-lived assets, the Company estimated the undiscounted cash flows for the asset groups over the remaining useful lives of the reporting unit s primary asset and compared that to the carrying value of the asset groups. There was no impairment of the long-lived assets.

In completing the step two test to determine the implied fair value of goodwill and therefore the amount of impairment, management first determined the fair value of the tangible and intangible assets and liabilities. Based on the testing performed, the Company determined that the carrying value of goodwill exceeded its implied fair value and recorded a goodwill impairment charge of $385 million.

The following table summarizes the goodwill impairment charge by reporting unit (in millions):

Segment	Reporting Unit	Net Goodwill balance before impairment	Impairment charge	Goodwill balance after impairment
Availability Services	AS NA	$ 914	$ (385)	$ 529

The Company has one other reporting unit, whose goodwill balance in the aggregate totals $299 million as of September 30, 2012, where the excess of the estimated fair value over the carrying value of the reporting unit was less than 15% of the carrying value. A one hundred basis point decrease in the perpetual growth rate or a one hundred basis point increase in the discount rate would not cause this reporting unit to fail step one and require a step two analysis. However, if this unit fails to achieve expected performance levels in the near term or experiences a downturn in the business below current expectations, goodwill could be impaired.

The Company s remaining reporting units, whose goodwill balances in aggregate total $3.7 billion at September 30, 2012, each had estimated fair values which exceeded the carrying value of the reporting unit by at least 15% as of the July 1, 2012 impairment test.

The following table summarizes changes in goodwill by segment (in millions):

	Cost				Accumulated Impairment			
	FS	AS	Other	Subtotal	AS	Other	Subtotal	Total
Balance at December 31, 2011	$ 3,480	$ 2,239	$ 545	$ 6,264	$ (1,162)	$ (217)	$ (1,379)	$ 4,885
2012 acquisitions	5			5				5
Adjustments related to the LBO and prior year acquisitions	(2)	(2)	(1)	(5)				(5)
Impairment charges					(385)		(385)	(385)
Effect of foreign currency translation	(1)	4		3				3
Balance at September 30, 2012	$ 3,482	$ 2,241	$ 544	$ 6,267	$ (1,547)	$ (217)	$ (1,764)	$ 4,503

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4. Clearing Broker Assets and Liabilities:

Clearing broker assets and liabilities are comprised of the following (in millions):

	December 31, 2011	**September 30, 2012**
Segregated customer cash and treasury bills	$ 23	**$ 13**
Securities borrowed	157	
Receivables from customers and other	33	**8**
Clearing broker assets	$ 213	**$ 21**
Payables to customers	$ 16	**$ 2**
Securities loaned	145	
Payable to brokers and dealers	18	**5**
Clearing broker liabilities	$ 179	**$ 7**

Segregated customer cash is held by the Company on behalf of customers. Securities borrowed and loaned are collateralized financing transactions which are cash deposits made to or received from other broker/dealers. Receivables from and payables to customers represent amounts due or payable on cash and margin transactions.

The Company is currently winding-down the operations of its stock loan and clearing services business. As a result, the Company expects the balances of clearing broker assets and liabilities will continue to decrease through the remainder of 2012.

5. Debt and Derivatives:

On January 20, 2012, the Company completed the sale of HE and used net cash proceeds (as defined in the Credit Agreement) of $1.22 billion to repay, on a pro-rata basis, outstanding term loans.

On March 2, 2012, SunGard amended its Credit Agreement to, among other things, extend the maturity date of approximately $908 million of tranche A and incremental term loans from February 28, 2014 to February 28, 2017, extend the maturity of the $880 million revolving credit facility commitments from May 11, 2013 to November 29, 2016, and amend certain covenants and other provisions, in order to, among other things, permit the potential spin-off of AS. The tranche B, tranche C and revolving credit facility each have springing maturity provisions which are described in the Company s Credit Agreement as amended and filed with the Company s Form 8-K dated March 2, 2012.

On April 2, 2012, SunGard redeemed for $527 million plus accrued and unpaid interest to the redemption date, all of its outstanding $500 million 10.625% senior notes due 2015 (2015 Notes) under the Indenture dated as of September 29, 2008 among SunGard, the guarantors named therein, and The Bank of New York Mellon, as trustee (as amended or supplemented from time to time, the 2015 Indenture). In conjunction with the redemption of the 2015 Notes, the Company expensed approximately $7 million of unamortized deferred financing costs and the $3 million issue discount.

Debt consisted of the following at December 31, 2011 and September 30, 2012 (in millions):

	December 31, 2011	September 30, 2012
Senior Secured Credit Facilities:		
Secured revolving credit facility	$	$
Tranche A, effective interest rate of 3.33% and 1.97%	1,386	255
Tranche B, effective interest rate of 4.32% and 4.36%	2,407	1,719
Tranche C, effective interest rate of 4.18%		908
Incremental term loan at 3.78% and 3.72%	479	169
Total Senior Secured Credit Facilities	4,272	3,051
Senior Secured Notes due 2014 at 4.875%, net of discount of $8 and $5	242	245
Senior Notes due 2015 at 10.625%, net of discount of $3 and $-	497	
Senior Notes due 2018 at 7.375%	900	900
Senior Notes due 2020 at 7.625%	700	700
Senior Subordinated Notes due 2015 at 10.25%	1,000	1,000
Secured accounts receivable facility, at 3.79% and 3.72%	200	200
Other, primarily acquisition purchase price and capital lease obligations	18	15
Total debt	7,829	6,111
Short-term borrowings and current portion of long-term debt	(10)	(9)
Long-term debt	$ 7,819	$ 6,102

On November 1, 2012, SunGard successfully issued $1 billion aggregate principal amount of 6.625% Senior Subordinated Notes due 2019 (Senior Subordinated Notes) and used a portion of the proceeds from this offering to repurchase approximately $490 million of its 10.25% Senior Subordinated Notes due 2015 (Existing 10.25% Senior Subordinated Notes). SunGard intends to repurchase or redeem the remaining Existing 10.25% Senior Subordinated Notes in the fourth quarter of 2012. As a result of this transaction, the Company expects to incur a $30 million loss on the extinguishment of debt which will be reflected in the statement of comprehensive income in the fourth quarter of 2012.

On November 1, 2012, SunGard and the guarantors of the Senior Subordinated Notes entered into a registration rights agreement and have agreed that they will (i) file a registration statement with respect to a registered offer to exchange the Senior Subordinated Notes for new notes guaranteed by the guarantors on a senior subordinated unsecured basis, with terms substantially identical in all material respects to the Senior Subordinated Notes, and (ii) use their reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act of 1933, as amended.

SunGard and the guarantors have agreed to use their reasonable best efforts to cause the exchange offer to be completed or, if required, to have one or more shelf registration statements declared effective, within 360 days after the issue date.

If SunGard fails to satisfy this obligation (a registration default), the annual interest rate on the Senior Subordinated Notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year. If the registration default is corrected, the applicable interest rate will revert to the original level.

The Company uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the Credit Agreement. Each of these swap agreements is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. The net receipt or payment from the interest rate swap agreements is included in interest expense. The Company does not enter into interest rate swaps for speculative or trading purposes. A summary of the Company s interest rate swaps follows:

Inception	Maturity

		Notional Amount (in millions)	Interest rate paid	Interest rate received (LIBOR)
February 2010	May 2013	$ 500	1.99%	3-Month
August-September 2012	February 2017	400	0.69%	1-Month
Total / Weighted Average		$ 900	1.41%	

The fair values of interest rate swaps designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are $11 million and $7 million as of December 31, 2011 and September 30, 2012, respectively.

The Company has no ineffectiveness related to its swap agreements. The Company expects to reclassify in the next twelve months approximately $7 million from other comprehensive income (loss) into earnings related to the Company s interest rate swaps based on the borrowing rates at September 30, 2012.

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6. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2012 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 220	$	$	$ 220
Currency forward contracts		7		7
Total	$ 220	$ 7	$	$ 227
Liabilities				
Interest rate swap agreements and other	$	$ 8	$	$ 8

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2011 (in millions):

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 351	$	$	$ 351
Liabilities				
Interest rate swap agreements and other	$	$ 15	$	$ 15

A Level 1 fair value measure is based upon quoted prices in active markets for identical assets or liabilities. A Level 2 fair value measure is based upon quoted prices for similar assets and liabilities in active markets or inputs that are observable. A Level 3 fair value measure is based upon inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

Cash and cash equivalents money market funds is recognized and measured at fair value in the Company s financial statements. Fair values of the interest rate swap agreements are calculated using a discounted cash flow model using observable applicable market swap rates and assumptions and are compared to market valuations obtained from brokers.

The Company uses currency forward contracts to manage its exposure to fluctuations in costs caused by variations in Indian Rupee (INR) exchange rates. These INR forward contacts are designated as cash flow hedges. The fair value of these currency forward contracts is determined using currency exchange market rates, obtained from reliable, independent, third party banks, at the balance sheet date. This fair value of forward contracts is subject to changes in currency exchange rates. The Company has no ineffectiveness related to its use of currency forward contracts.

The following table summarizes assets and liabilities measured at fair value on a non-recurring basis at September 30, 2012 (in millions):

	Fair Value Measures Using			Total Gains
	Level 1	Level 2	Level 3	(Losses)
Assets				
Goodwill	$	$	$ 529	$ (385)

The fair value of goodwill is categorized in Level 3, fair value measurement using significant unobservable inputs, and is estimated by a combination of (i) discounted cash flows based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). This requires the use of various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The $385 million impairment loss, which is reflected in operations for the three and nine months ended September 30, 2012, relates to AS NA, as discussed in Note 2.

The following table presents the carrying amount and estimated fair value of the Company s debt, including current portion and excluding the interest rate swaps, as of December 31, 2011 and September 30, 2012 (in millions):

	December 31, 2011		**September 30, 2012**	
	Carrying Value	Fair Value	**Carrying Value**	**Fair Value**
Floating rate debt	$ 4,472	$ 4,372	**$ 3,251**	**$ 3,263**
Fixed rate debt	3,357	3,454	**2,860**	**3,003**

The fair value of the Company s floating rate and fixed rate long-term debt (Level 2) is determined using actual market quotes and benchmark yields received from independent vendors.

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7. Equity:

A rollforward of SCC s equity for 2012 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2011	$ 47	$ 6	$ (663)	$ (610)	$ 28	$ 2,038	$ 2,066
Net income (loss)			(321)	(321)		186	186
Foreign currency translation			16	16			
Net unrealized gain on derivative instruments			11	11			
Comprehensive income (loss)			(294)	(294)		186	186
Stock compensation expense			29	29			
Termination of put options due to employee terminations and other	(16)	(2)	20	2	(8)	5	(3)
Issuance of common and preferred stock			1	1			
Purchase of treasury stock			(7)	(7)		(2)	(2)
Transfer intrinsic value of vested restricted stock units	15	1	(25)	(9)	9		9
Other			(10)	(10)			
Balance at September 30, 2012	$ 46	$ 5	$ (949)	$ (898)	$ 29	$ 2,227	$ 2,256

A rollforward of SCC s equity for 2011 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2010	$ 87	$ 11	$ (330)	$ (232)	$ 54	$ 1,782	$ 1,836
Net income (loss)			(409)	(409)	2	164	166
Foreign currency translation			(6)	(6)			
Net unrealized gain on derivative instruments			7	7			
Comprehensive income (loss)			(408)	(408)	2	164	166
Stock compensation expense			23	23			
Termination of put options due to employee terminations and other	(39)	(5)	45	1	(29)	28	(1)
Issuance of common and preferred stock	(1)		4	3	(1)	1	
Purchase of treasury stock			(2)	(2)		(1)	(1)
Transfer intrinsic value of vested restricted stock units	7	1	(13)	(5)	5		5
Other			(9)	(9)			
Balance at September 30, 2011	$ 54	$ 7	$ (690)	$ (629)	$ 31	$ 1,974	$ 2,005

In the case of termination of employment resulting from disability or death, an employee or his/her estate may exercise a put option which would require the Company to repurchase vested shares at the current fair market value. These common or preferred shares must be classified as temporary equity (between liabilities and equity) on the balance sheet of SCC and SCCII. At vesting or exercise, grant-date intrinsic value or exercise value, respectively, is reclassified to temporary equity. On termination of employment for other than death or disability, the value included in temporary equity is reclassified to permanent equity.

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The components of accumulated other comprehensive income (loss) at December 31, 2011 and September 30, 2012 are as follows (in millions):

	December 31, 2011	**September 30, 2012**
Foreign currency translation	$ (37)	**$ (21)**
Net unrealized gain (loss) on derivative instruments	(9)	**2**
Accumulated other comprehensive income (loss)	$ (46)	**$ (19)**

8. Segment Information:

The Company has three reportable segments: FS, AS and Other. The Company evaluates the performance of its segments based on operating results before interest, income taxes, amortization of acquisition-related intangible assets, stock compensation and certain other costs. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. The operating results for each segment follow (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2012**	2011	**2012**
Revenue:				
Financial Systems	$ 680	**$ 640**	$ 2,037	**$ 1,928**
Availability Services	365	**345**	1,095	**1,052**
Other	52	**50**	154	**151**
Total revenue	$ 1,097	**$ 1,035**	$ 3,286	**$ 3,131**
Depreciation and amortization:				
Financial Systems	$ 20	**$ 22**	$ 62	**$ 63**
Availability Services	45	**46**	136	**142**
Other	2	**1**	6	**5**
Corporate		**1**		**1**
Total depreciation and amortization	$ 67	**$ 70**	$ 204	**$ 211**
Operating income (loss):				
Financial Systems (1)	$ 121	**$ 136**	$ 374	**$ 388**
Availability Services (2)	80	**74**	234	**209**
Other	15	**13**	43	**41**
Corporate(3)	(30)	**(11)**	(79)	**(39)**
Other costs (4)	(123)	**(491)**	(382)	**(721)**
Total operating income (loss)	$ 63	**$ (279)**	$ 190	**$ (122)**
Cash paid for property and equipment and software:				
Financial Systems	$ 18	**$ 19**	$ 62	**$ 62**
Availability Services	34	**36**	114	**104**
Other	2	**2**	4	**6**
Corporate	1	**1**	3	**1**
Total cash paid for property and equipment and software	$ 55	**$ 58**	$ 183	**$ 173**

(1) Includes severance of $29 million, $9 million, $33 million and $15 million, respectively.

(2) Includes severance of $9 million, $1 million, $8 million and $2 million, respectively.

(3) Includes executive transition costs and severance of $8 million in the three months ended September 30, 2011 and $16 million in the nine months ended September 30, 2011.

(4) Includes goodwill impairment, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $106 million and $94 million for the three months ended September 30, 2011 and 2012, respectively, and $332 million and $295 million for the nine months ended September 30, 2011 and 2012, respectively.

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Amortization of acquisition-related intangible assets by segment follows (in millions):

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2012
Amortization of acquisition-related intangible assets:				
Financial Systems (5)	$ 59	**$ 49**	$ 189	**$ 155**
Availability Services	43	**40**	129	**126**
Other	4	**5**	14	**14**
Total amortization of acquisition-related intangible assets	$ 106	**$ 94**	$ 332	**$ 295**

(5) Includes approximately $7 million in the nine months ended September 30, 2011 of impairment charges related to customer base and software.

The FS Segment is organized to align by product offering. FS revenue by these business areas follows (in millions):

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2012
Capital Markets	$ 236	**$ 228**	$ 728	**$ 691**
Asset Management	120	**113**	343	**339**
Wealth & Retirement Administration	72	**67**	207	**203**
Corporate Liquidity & Energy	68	**65**	202	**197**
Banking	60	**56**	175	**160**
Brokerage	45	**39**	163	**124**
Insurance	45	**41**	126	**122**
Other	34	**31**	93	**92**
Total Financial Systems	$ 680	**$ 640**	$ 2,037	**$ 1,928**

9. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $4 million and $3 million of management fees in sales, marketing and administration expenses during the three months ended September 30, 2011 and 2012, respectively. The Company recorded $9 million of management fees in sales, marketing and administration expenses during each of the nine months ended September 30, 2011 and 2012, respectively. At December 31, 2011 and September 30, 2012, $4 million and $3 million, respectively, was included in other accrued expenses.

During the first quarter of 2012, in addition to the fees above, the Company paid to the Sponsors $17.8 million of management fees, which are included in the results of discontinued operations, related to the sale of HE.

In November 2012, one of the Company s Sponsors, Goldman Sachs & Co. and/or its respective affiliates, served as a joint book-running manager in connection with SunGard s 2012 debt offering of Senior Subordinated Notes. In connection with serving in such capacity, Goldman Sachs & Co. was paid less than $1 million for customary fees and expenses.

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10. Supplemental Cash Flow Information:

Supplemental cash flow information for the nine months ended September 30, 2011 and 2012 follows (in millions):

Supplemental information:	Nine Months Ended September 30, 2011	**2012**
Interest paid	$ 367	**$ 321**
Income taxes paid, net of refunds of $20 million and $7 million (1)	$ 44	**$ 397**
Acquired businesses:		
Property and equipment	$ 1	**$**
Software products	21	
Customer base	12	**7**
Goodwill	6	**5**
Deferred income taxes	(5)	**(2)**
Purchase price obligations and debt assumed	(1)	
Net current liabilities assumed	1	
Cash paid for acquired businesses, net of cash acquired of $4 and $2 million, respectively	$ 35	**$ 10**

(1) Approximately $344 million is related to the sale of HE and the income tax provision was included in discontinued operations.

11. Supplemental Guarantor Condensed Consolidating Financial Statements:

SunGard s senior unsecured notes are jointly and severally, fully and unconditionally guaranteed on a senior unsecured basis and the senior subordinated notes are jointly and severally, fully and unconditionally guaranteed on an unsecured senior subordinated basis, in each case, subject to certain exceptions, by substantially all wholly owned, domestic subsidiaries of SunGard (collectively, the Guarantors). Each of the Guarantors is 100% owned, directly or indirectly, by SunGard. None of the other subsidiaries of SunGard, either direct or indirect, nor any of the Holding Companies, guarantee the senior notes and senior subordinated notes (Non-Guarantors). The Guarantors and SunGard Holdco LLC also unconditionally guarantee the senior secured credit facilities. The Guarantors are subject to release under certain circumstances as described below.

The indentures evidencing the guarantees provide for a Guarantor to be automatically and unconditionally released and discharged from its guarantee obligations in certain circumstances, including upon the earliest to occur of:

The sale, exchange or transfer of the subsidiary s capital stock or all or substantially all of its assets;

Designation of the Guarantor as an unrestricted subsidiary for purposes of the indenture covenants;

Release or discharge of the Guarantor s guarantee of certain other indebtedness; or

Legal defeasance or covenant defeasance of the indenture obligations when provision has been made for them to be fully satisfied.

The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2011 and September 30, 2012, and for the three and nine month periods ended September 30, 2011 and 2012 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties to nor guarantors of the debt issued as described in the notes to consolidated financial statements included in the Company s Form 10-K for the year ended December 31, 2011.

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(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	Supplemental Condensed Consolidating Balance Sheet December 31, 2011				
Assets					
Current:					
Cash and cash equivalents	$ 529	$ (15)	$ 353	$	$ 867
Intercompany balances	(5,247)	4,516	731		
Trade receivables, net	2	603[(a)]	329		934
Prepaid expenses, taxes and other current assets	1,461	54	271	(1,456)	330
Assets related to discontinued operations		1,315	37	(2)	1,350
Total current assets	(3,255)	6,473	1,721	(1,458)	3,481
Property and equipment, net		588	305		893
Intangible assets, net	120	2,701	470		3,291
Intercompany balances	250	1	(251)		
Goodwill		3,784	1,101		4,885
Investment in subsidiaries	12,673	2,253		(14,926)	
Total Assets	$ 9,788	$ 15,800	$ 3,346	$ (16,384)	$ 12,550
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 3	$ 7	$	$ 10
Accounts payable and other current liabilities	296	2,170	887	(1,456)	1,897
Liabilities related to discontinued operations		219	27		246
Total current liabilities	296	2,392	921	(1,456)	2,153
Long-term debt	7,612	2	205		7,819
Intercompany debt	82	19	16	(117)	
Deferred income taxes	337	714	66		1,117
Total liabilities	8,327	3,127	1,208	(1,573)	11,089
Total stockholder s equity	1,461	12,673	2,138	(14,811)	1,461
Total Liabilities and Stockholder s Equity	$ 9,788	$ 15,800	$ 3,346	$ (16,384)	$ 12,550

(a) This balance is primarily comprised of a receivable from the Company s Accounts Receivable Financing subsidiary, which is a non-Guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first $200 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

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(in millions)	Supplemental Condensed Consolidating Balance Sheet September 30, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 429	$ (9)	$ 332	$	$ 752
Intercompany balances	(2,970)	2,268	702		
Trade receivables, net	3	559[a]	242		804
Prepaid expenses, taxes and other current assets	1,431	133	97	(1,504)	157
Assets related to discontinued operations					
Total current assets	(1,107)	2,951	1,373	(1,504)	1,713
Property and equipment, net		569	293		862
Intangible assets, net	92	2,471	412		2,975
Intercompany balances	247		(247)		
Goodwill		3,446	1,057		4,503
Investment in subsidiaries	8,557	2,079		(10,636)	
Total Assets	$ 7,789	$ 11,516	$ 2,888	$ (12,140)	$ 10,053
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 1	$ 8	$	$ 9
Accounts payable and other current liabilities	133	2,306	610	(1,504)	1,545
Liabilities related to discontinued operations					
Total current liabilities	133	2,307	618	(1,504)	1,554
Long-term debt	5,895	2	205		6,102
Intercompany debt	83	(4)	(79)		
Deferred income taxes	315	654	65		1,034
Total liabilities	6,426	2,959	809	(1,504)	8,690
Total stockholder s equity	1,363	8,557	2,079	(10,636)	1,363
Total Liabilities and Stockholder s Equity	$ 7,789	$ 11,516	$ 2,888	$ (12,140)	$ 10,053

(a) This balance is primarily comprised of a receivable from the Company s Accounts Receivable Financing subsidiary, which is a non-Guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first $200 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

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(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Three Months Ended September 30, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 748	$ 455	$ (106)	$ 1,097
Costs and expenses:					
Cost of sales and administrative expenses	40	556	371	(106)	861
Depreciation and amortization		45	22		67
Amortization of acquisition-related intangible assets		84	22		106
Goodwill impairment charges					
Total costs and expenses	40	685	415	(106)	1,034
Operating income (loss)	(40)	63	40		63
Net interest income (expense)	(120)		(9)		(129)
Other income (expense)	65	23		(88)	
Income (loss) from continuing operations before income taxes	(95)	86	31	(88)	(66)
Benefit from (provision for) income taxes	56	(19)	(10)		27
Income (loss) from continuing operations	(39)	67	21	(88)	(39)
Income (loss) from discontinued operations, net of tax	(108)	25	(4)	(21)	(108)
Net income (loss)	$ (147)	$ 92	$ 17	$ (109)	$ (147)
Comprehensive income (loss)	$ (226)	$ 36	$ (50)	$ 14	$ (226)

(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Three Months Ended September 30, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 725	$ 394	$ (84)	$ 1,035
Costs and expenses:					
Cost of sales and administrative expenses	20	506	323	(84)	765
Depreciation and amortization		48	22		70
Amortization of acquisition-related intangible assets	1	76	17		94
Goodwill impairment charges		385			385
Total costs and expenses	21	1,015	362	(84)	1,314
Operating income (loss)	(21)	(290)	32		(279)
Net interest income (expense)	(94)		(7)		(101)
Other income (expense)	(292)	16		276	
Income (loss) from continuing operations before income taxes	(407)	(274)	25	276	(380)
Benefit from (provision for) income taxes	40	(18)	(9)		13
Income (loss) from continuing operations	(367)	(292)	16	276	(367)
Income (loss) from discontinued operations, net of tax	5	5	9	(14)	5

Net income (loss)	$ (362)	$ (287)	$ 25	$ 262	$ (362)
Comprehensive income (loss)	$ (330)	$ (265)	$ 45	$ 220	$ (330)

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(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Nine Months Ended September 30, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,219	$ 1,389	$ (322)	$ 3,286
Costs and expenses:					
Cost of sales and administrative expenses	104	1,652	1,126	(322)	2,560
Depreciation and amortization		137	67		204
Amortization of acquisition-related intangible assets		265	67		332
Goodwill impairment charges					
Total costs and expenses	104	2,054	1,260	(322)	3,096
Operating income (loss)	(104)	165	129		190
Net interest income (expense)	(367)	(1)	(25)		(393)
Other income (expense)	159	72		(233)	(2)
Income (loss) from continuing operations before income taxes	(312)	236	104	(233)	(205)
Benefit from (provision for) income taxes	164	(74)	(33)		57
Income (loss) from continuing operations	(148)	162	71	(233)	(148)
Income (loss) from discontinued operations, net of tax	(95)	38	(2)	(36)	(95)
Net income (loss)	$ (243)	$ 200	$ 69	$ (269)	$ (243)
Comprehensive income (loss)	$ (242)	$ 218	$ 73	$ (291)	$ (242)

(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Nine Months Ended September 30, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,170	$ 1,218	$ (257)	$ 3,131
Costs and expenses:					
Cost of sales and administrative expenses	69	1,562	988	(257)	2,362
Depreciation and amortization		144	67		211
Amortization of acquisition-related intangible assets	1	245	49		295
Goodwill impairment charges		385			385
Total costs and expenses	70	2,336	1,104	(257)	3,253
Operating income (loss)	(70)	(166)	114		(122)
Net interest income (expense)	(303)		(21)		(324)
Other income (expense)	(225)	60	2	114	(49)
Income (loss) from continuing operations before income taxes	(598)	(106)	95	114	(495)
Benefit from (provision for) income taxes	147	(68)	(35)		44
Income (loss) from continuing operations	(451)	(174)	60	114	(451)
Income (loss) from discontinued operations, net of tax	316	91	5	(96)	316

Net income (loss)	$	(135)	$	(83)	$	65	$	18	$	(135)
Comprehensive income (loss)	$	(108)	$	(65)	$	80	$	(15)	$	(108)

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Supplemental Condensed Consolidating Schedule of Cash Flows
Nine Months ended September 30, 2011

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (243)	$ 200	$ 69	$ (269)	$ (243)
Income (loss) from discontinued operations	(95)	38	(2)	(36)	(95)
Income (loss) from continuing operations	(148)	162	71	(233)	(148)
Non cash adjustments	(123)	283	114	233	507
Changes in operating assets and liabilities	(226)	207	22		3
Cash flow from (used in) continuing operations	(497)	652	207		362
Cash flow from (used in) discontinued operations		75	(10)		65
Cash flow from (used in) operations	(497)	727	197		427
Investment activities:					
Intercompany transactions	649	(590)	(59)		
Cash paid for acquired businesses, net of cash acquired		(14)	(21)		(35)
Cash paid for property and equipment and software	(1)	(124)	(58)		(183)
Other investing activities	(3)		1		(2)
Cash provided by (used in) continuing operations	645	(728)	(137)		(220)
Cash provided by (used in) discontinued operations		(7)			(7)
Cash provided by (used in) investment activities	645	(735)	(137)		(227)
Financing activities:					
Intercompany dividends of HE sale proceeds					
Net repayments of long-term debt	(5)		(212)		(217)
Premium paid to retire debt					
Other financing activities	(10)				(10)
Cash provided by (used in) continuing operations	(15)		(212)		(227)
Cash provided by (used in) discontinued operations					
Cash provided by (used in) financing activities	(15)		(212)		(227)
Effect of exchange rate changes on cash			(2)		(2)
Increase (decrease) in cash and cash equivalents	133	(8)	(154)		(29)
Beginning cash and cash equivalents	179	1	598		778
Ending cash and cash equivalents	$ 312	$ (7)	$ 444	$	$ 749

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(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Nine Months ended September 30, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (135)	$ (83)	$ 65	$ 18	$ (135)
Income (loss) from discontinued operations	316	91	5	(96)	316
Income (loss) from continuing operations	(451)	(174)	60	114	(451)
Non cash adjustments	311	658	111	(114)	966
Changes in operating assets and liabilities	(175)	92	(6)		(89)
Cash flow from (used in) continuing operations	(315)	576	165		426
Cash flow from (used in) discontinued operations	(338)	(5)	3		(340)
Cash flow from (used in) operations	(653)	571	168		86
Investment activities:					
Intercompany transactions	2,342	(411)	(160)	(1,771)	
Cash paid for acquired businesses, net of cash acquired		(1)	(9)		(10)
Cash paid for property and equipment and software		(125)	(48)		(173)
Other investing activities	(1)	1	3		3
Cash provided by (used in) continuing operations	2,341	(536)	(214)	(1,771)	(180)
Cash provided by (used in) discontinued operations		1,744	14		1,758
Cash provided by (used in) investment activities	2,341	1,208	(200)	(1,771)	1,578
Financing activities:					
Intercompany dividends of HE sale proceeds		(1,771)		1,771	
Net repayments of long-term debt	(1,742)	(2)			(1,744)
Premium paid to retire debt	(27)				(27)
Other financing activities	(19)				(19)
Cash provided by (used in) continuing operations	(1,788)	(1,773)		1,771	(1,790)
Cash provided by (used in) discontinued operations					
Cash provided by (used in) financing activities	(1,788)	(1,773)		1,771	(1,790)
Effect of exchange rate changes on cash			5		5
Increase (decrease) in cash and cash equivalents	(100)	6	(27)		(121)
Beginning cash and cash equivalents	529	(15)	359		873
Ending cash and cash equivalents	$ 429	$ (9)	$ 332	$	$ 752

During the first quarter of 2012, the Company determined that it had incorrectly accounted for intercompany dividend income and the related eliminations presented in the Supplemental Condensed Consolidating Schedules of Operations in the Company s Form 10-K for the periods ended December 31, 2009, 2010 and 2011. The Company determined that the incorrect presentation resulted in an understatement of income (or overstatement of loss) from continuing operations and net income (loss) for both the Non-Guarantor subsidiaries and the Guarantor subsidiaries. It was further determined that cash flows from operations and cash flows from investment activities for Parent (SunGard), Guarantor subsidiaries and Non-Guarantor subsidiaries were each affected between operating and investing. The Company also identified a misclassification of expense between Guarantor subsidiaries and Non-Guarantor subsidiaries in 2010 totaling $91 million. In addition, the Company also determined that it had incorrectly recorded intercompany transactions between certain Guarantor and Non-Guarantor subsidiaries as a component of net interest income (expense) resulting in an understatement of operating expenses for the Guarantor subsidiaries and an understatement of revenues for the Non-Guarantor subsidiaries. These errors had no impact on the consolidated financial statements of SunGard or any debt covenants and had no impact on the ability of SunGard s subsidiaries to dividend cash to SunGard for debt service requirements. The Company assessed the materiality of these items on previously issued annual and interim financial statements in accordance with SEC Staff Accounting Bulletin No. 99, and concluded that the errors were not material to the consolidated financial statements. The preceding tables for the three and nine months ended September 30, 2011 have been revised to reflect the correction of these errors.

The following is a summary of the impacts of the errors on each of the statements that were included in the Quarterly Report on Form 10-Q for the periods indicated.

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Supplemental Condensed Consolidating Schedule of Operations

(in millions)	Parent Company As Reported	Parent Company As Revised	Guarantor Subsidiaries As Reported	Guarantor Subsidiaries As Revised	Non-Guarantor Subsidiaries As Reported	Non-Guarantor Subsidiaries As Revised	Eliminations As Reported	Eliminations As Revised
Three Months Ended September 30, 2011								
Revenue	$	$	$ 751	$ 748 (c)	$ 359	$ 455 (c)	$	$ (106) (c)
Operating income (loss)	(40)	(40)	168	63 (c)	(67)	40 (c)		
Other income	71	65 (a)	(80)	23 (a)	(51)	(a)	8	(88) (a)
Income (loss) from continuing operations before income taxes	(58)	(95) (a)	100	86 (a)	(118)	31 (a)	8	(88