

SUNGARD DATA SYSTEMS INC

Form 10-Q

May 05, 2011

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**United States  
Securities and Exchange Commission  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2011**

**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.        | 000-53654 |
| II                           |           |
| SunGard Data Systems<br>Inc. | 001-12989 |

**SunGard® Capital Corp.  
SunGard® Capital Corp. II  
SunGard® Data Systems Inc.  
(Exact name of registrant as specified in its charter)**

|   |  |
|---|--|
| <b>Delaware</b>   | <b>20-3059890</b>                            |
| <b>Delaware</b>   | <b>20-3060101</b>                            |
| <b>Delaware</b>   | <b>51-0267091</b>                            |
| <b>(State or other jurisdiction of<br/>incorporation or organization)</b> | <b>(IRS Employer<br/>Identification No.)</b> |
| <b>680 East Swedesford Road, Wayne, Pennsylvania 19087</b>                |  |
| <b>(Address of principal executive offices, including zip code)</b>       |  |
| <b>484-582-2000</b>   |  |
| <b>(Registrants telephone number, including area code)</b>                |  |

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 <input type="checkbox"/> | No <input type="checkbox"/> |
| SunGard Capital Corp. II  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| SunGard Data Systems Inc. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

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

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(§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 | <input type="radio"/> | No | <input type="radio"/> |
| SunGard Capital Corp. II  | Yes | <input type="radio"/> | No | <input type="radio"/> |
| SunGard Data Systems Inc. | Yes | <input type="radio"/> | No | <input type="radio"/> |

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 | <input type="radio"/> | Accelerated filer | <input type="radio"/> | Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |
| SunGard Capital Corp. II  | Large accelerated filer | <input type="radio"/> | Accelerated filer | <input type="radio"/> | Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |
| SunGard Data Systems Inc. | Large accelerated filer | <input type="radio"/> | Accelerated filer | <input type="radio"/> | Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |

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 | <input type="radio"/> | No | <input type="radio"/> |
| SunGard Capital Corp. II  | Yes | <input type="radio"/> | No | <input type="radio"/> |
| SunGard Data Systems Inc. | Yes | <input type="radio"/> | No | <input type="radio"/> |

The number of shares of the registrants common stock outstanding as of March 31, 2011:

|                           |  |
|---------------------------|--|
| SunGard Capital Corp.     | 255,421,947 shares of Class A common stock and 28,380,147 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. II  
SunGard Data Systems Inc.  
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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.

**Table of Contents****Item 1. Financial Statements**

**SunGard Capital Corp.**  
**Consolidated Balance Sheets**  
(In millions except share and per-share amounts)  
(Unaudited)

|  | December 31,<br>2010 | March 31,<br>2011 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 778               | \$ 776            |
| Trade receivables, less allowance for doubtful accounts of \$41 and \$51     | 894                  | 781               |
| Earned but unbilled receivables  | 167                  | 193               |
| Prepaid expenses and other current assets                                    | 178                  | 209               |
| Clearing broker assets   | 230                  | 316               |
| Deferred income taxes  | 10                   | 10                |
| <b>Total current assets</b>  | <b>2,257</b>         | <b>2,285</b>      |
| Property and equipment, less accumulated depreciation of \$1,135 and \$1,199 | 918                  | 923               |
| Software products, less accumulated amortization of \$1,301 and \$1,366      | 809                  | 766               |
| Customer base, less accumulated amortization of \$1,158 and \$1,223          | 2,000                | 1,948             |
| Other intangible assets, less accumulated amortization of \$23 and \$22      | 187                  | 178               |
| Trade name, less accumulated amortization of \$7 and \$9                     | 1,023                | 1,021             |
| Goodwill   | 5,774                | 5,813             |
| <b>Total Assets</b>  | <b>\$ 12,968</b>     | <b>\$ 12,934</b>  |
| <b>Liabilities and Equity</b>  |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                             | \$ 9                 | \$ 10             |
| Accounts payable   | 64                   | 55                |
| Accrued compensation and benefits  | 302                  | 224               |
| Accrued interest expense   | 103                  | 107               |
| Other accrued expenses   | 421                  | 336               |
| Clearing broker liabilities  | 210                  | 291               |
| Deferred revenue   | 997                  | 987               |
| <b>Total current liabilities</b>   | <b>2,106</b>         | <b>2,010</b>      |
| Long-term debt   | 8,046                | 8,068             |
| Deferred income taxes  | 1,212                | 1,206             |
| <b>Total liabilities</b>   | <b>11,364</b>        | <b>11,284</b>     |

Commitments and contingencies



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|   |                  |                  |
|---|------------------|------------------|
| Noncontrolling interest in preferred stock of SCCII subject to a put option   | 54               | <b>48</b>        |
| Class L common stock subject to a put option  | 87               | <b>69</b>        |
| Class A common stock subject to a put option  | 11               | <b>9</b>         |
| Stockholders' equity:   |                  |                  |
| Class L common stock, convertible, par value \$.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of \$4,699 million and \$4,857 million; 50,000,000 shares authorized, 28,670,331 and 28,706,654 shares issued |                  |                  |
| Class A common stock, par value \$.001 per share; 550,000,000 shares authorized, 258,037,523 and 258,364,528 shares issued  |                  |                  |
| Capital in excess of par value  | 2,703            | <b>2,726</b>     |
| Treasury stock, 326,329 and 326,507 shares of Class L common stock; and 2,940,981 and 2,942,581 shares of Class A common stock  | (34)             | <b>(34)</b>      |
| Accumulated deficit   | (2,970)          | <b>(3,047)</b>   |
| Accumulated other comprehensive income (loss)   | (29)             | <b>36</b>        |
| Total SunGard Capital Corp. stockholders' deficit   | (330)            | <b>(319)</b>     |
| Noncontrolling interest in preferred stock of SCCII   | 1,782            | <b>1,843</b>     |
| Total equity  | 1,452            | <b>1,524</b>     |
| <b>Total Liabilities and Equity</b>   | <b>\$ 12,968</b> | <b>\$ 12,934</b> |

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

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**SunGard Capital Corp.**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2010                         | 2011     |
| Revenue:   |                              |          |
| Services   | \$ 1,104                     | \$ 1,104 |
| License and resale fees  | 68                           | 74       |
| Total products and services  | 1,172                        | 1,178    |
| Reimbursed expenses  | 28                           | 32       |
|  | 1,200                        | 1,210    |
| Costs and expenses:  |                              |          |
| Cost of sales and direct operating   | 568                          | 559      |
| Sales, marketing and administration  | 271                          | 283      |
| Product development  | 96                           | 108      |
| Depreciation and amortization  | 74                           | 72       |
| Amortization of acquisition-related intangible assets  | 120                          | 125      |
|  | 1,129                        | 1,147    |
| Operating income   | 71                           | 63       |
| Interest income  |                              | 1        |
| Interest expense and amortization of deferred financing fees   | (159)                        | (137)    |
| Other expense  |                              | (2)      |
| Loss from continuing operations before income taxes  | (88)                         | (75)     |
| Benefit from income taxes  | 32                           | 52       |
| Loss from continuing operations  | (56)                         | (23)     |
| Income from discontinued operations, net of tax  | 2                            |          |
| Net loss   | (54)                         | (23)     |
| Income attributable to the noncontrolling interest (including \$6 million and \$1 million in temporary equity) | (47)                         | (54)     |
| Net loss attributable to SunGard Capital Corp.   | \$ (101)                     | \$ (77)  |

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)

| <i>(in millions)</i>  | Three Months ended March 31, |         |
|---|------------------------------|---------|
|   | 2010                         | 2011    |
| <b><i>Cash flow from operations:</i></b>  |                              |         |
| Net loss  | \$ (54)                      | \$ (23) |
| Income from discontinued operations, net of tax                                 | 2                            |         |
| Loss from continuing operations   | (56)                         | (23)    |
| Reconciliation of loss from continuing operations to cash flow from operations: |                              |         |
| Depreciation and amortization   | 194                          | 197     |
| Deferred income tax benefit   | (29)                         | (18)    |
| Stock compensation expense  | 8                            | 6       |
| Amortization of deferred financing costs and debt discount                      | 11                           | 10      |
| Other noncash items   | 1                            | 3       |
| Accounts receivable and other current assets                                    | 155                          | 60      |
| Accounts payable and accrued expenses   | (194)                        | (167)   |
| Clearing broker assets and liabilities, net                                     | 1                            | (4)     |
| Deferred revenue  | (25)                         | (11)    |
| Cash flow from continuing operations  | 66                           | 53      |
| Cash flow from discontinued operations  | 13                           |         |
| Cash flow from operations   | 79                           | 53      |
| <b><i>Investment activities:</i></b>  |                              |         |
| Cash paid for acquired businesses, net of cash acquired                         | (13)                         | (19)    |
| Cash paid for property and equipment and software                               | (76)                         | (64)    |
| Other investing activities  | 8                            | 1       |
| Cash used in continuing operations  | (81)                         | (82)    |
| Cash provided by (used in) discontinued operations                              |                              |         |
| Cash used in investment activities  | (81)                         | (82)    |
| <b><i>Financing activities:</i></b>   |                              |         |
| Cash received from issuance of common stock                                     | 1                            |         |
| Cash received from borrowings, net of fees                                      | 3                            | 14      |
| Cash used to repay debt   | (22)                         | (1)     |
| Other financing activities  |                              | (2)     |
| Cash provided by (used in) continuing operations                                | (18)                         | 11      |
| Cash provided by (used in) discontinued operations                              |                              |         |

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|   |        |               |
|---|--------|---------------|
| Cash provided by (used in) financing activities   | (18)   | <b>11</b>     |
| Effect of exchange rate changes on cash   | (7)    | <b>16</b>     |
| Decrease in cash and cash equivalents   | (27)   | <b>(2)</b>    |
| Beginning cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$22) | 664    | <b>778</b>    |
| Ending cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$36)    | \$ 637 | \$ <b>776</b> |

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,<br>2010 | March 31,<br>2011 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 778               | \$ 776            |
| Trade receivables, less allowance for doubtful accounts of \$41 and \$51     | 894                  | 781               |
| Earned but unbilled receivables  | 167                  | 193               |
| Prepaid expenses and other current assets                                    | 178                  | 209               |
| Clearing broker assets   | 230                  | 316               |
| Deferred income taxes  | 10                   | 10                |
| <b>Total current assets</b>  | <b>2,257</b>         | <b>2,285</b>      |
| Property and equipment, less accumulated depreciation of \$1,135 and \$1,199 | 918                  | 923               |
| Software products, less accumulated amortization of \$1,301 and \$1,366      | 809                  | 766               |
| Customer base, less accumulated amortization of \$1,158 and \$1,223          | 2,000                | 1,948             |
| Other intangible assets, less accumulated amortization of \$23 and \$22      | 187                  | 178               |
| Trade name, less accumulated amortization of \$7 and \$9                     | 1,023                | 1,021             |
| Goodwill   | 5,774                | 5,813             |
| <b>Total Assets</b>  | <b>\$ 12,968</b>     | <b>\$ 12,934</b>  |
| <b>Liabilities and Stockholders Equity</b>                                   |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                             | \$ 9                 | \$ 10             |
| Accounts payable   | 64                   | 55                |
| Accrued compensation and benefits  | 302                  | 224               |
| Accrued interest expense   | 103                  | 107               |
| Other accrued expenses   | 422                  | 336               |
| Clearing broker liabilities  | 210                  | 291               |
| Deferred revenue   | 997                  | 987               |
| <b>Total current liabilities</b>   | <b>2,107</b>         | <b>2,010</b>      |
| Long-term debt   | 8,046                | 8,068             |
| Deferred income taxes  | 1,211                | 1,206             |
| <b>Total liabilities</b>   | <b>11,364</b>        | <b>11,284</b>     |
| Commitments and contingencies  |                      |                   |
| Preferred stock subject to a put option                                      | 37                   | 30                |

## Stockholders' equity:

Preferred stock, par value \$.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of \$1,818 million and \$1,873 million; 14,999,000 shares authorized, 9,924,392 and 9,936,969 issued  
 Common stock, par value \$.001 per share; 1,000 shares authorized, 100 shares issued and outstanding

|   |                  |                  |
|---|------------------|------------------|
| Capital in excess of par value                    | 3,747            | <b>3,758</b>     |
| Treasury stock, 112,987 and 113,048 shares        | (14)             | <b>(14)</b>      |
| Accumulated deficit                               | (2,137)          | <b>(2,160)</b>   |
| Accumulated other comprehensive income (loss)     | (29)             | <b>36</b>        |
| Total stockholders' equity                        | 1,567            | <b>1,620</b>     |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 12,968</b> | <b>\$ 12,934</b> |

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

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**SunGard Capital Corp. II**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | Three months ended March 31, |          |
|--|------------------------------|----------|
|  | 2010                         | 2011     |
| Revenue:   |                              |          |
| Services   | \$ 1,104                     | \$ 1,104 |
| License and resale fees                                      | 68                           | 74       |
| Total products and services                                  | 1,172                        | 1,178    |
| Reimbursed expenses  | 28                           | 32       |
|  | 1,200                        | 1,210    |
| Costs and expenses:  |                              |          |
| Cost of sales and direct operating                           | 568                          | 559      |
| Sales, marketing and administration                          | 271                          | 283      |
| Product development  | 96                           | 108      |
| Depreciation and amortization                                | 74                           | 72       |
| Amortization of acquisition-related intangible assets        | 120                          | 125      |
|  | 1,129                        | 1,147    |
| Operating income   | 71                           | 63       |
| Interest income  |                              | 1        |
| Interest expense and amortization of deferred financing fees | (159)                        | (137)    |
| Other expense  |                              | (2)      |
| Loss from continuing operations before income taxes          | (88)                         | (75)     |
| Benefit from income taxes                                    | 32                           | 52       |
| Loss from continuing operations                              | (56)                         | (23)     |
| Income from discontinued operations, net of tax              | 2                            |          |
| Net loss   | \$ (54)                      | \$ (23)  |

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)

| <i>(in millions)</i>  | Three Months ended March 31, |         |
|---|------------------------------|---------|
|   | 2010                         | 2011    |
| <b><i>Cash flow from operations:</i></b>  |                              |         |
| Net loss  | \$ (54)                      | \$ (23) |
| Income from discontinued operations, net of tax                                 | 2                            |         |
| Loss from continuing operations   | (56)                         | (23)    |
| Reconciliation of loss from continuing operations to cash flow from operations: |                              |         |
| Depreciation and amortization   | 194                          | 197     |
| Deferred income tax benefit   | (29)                         | (18)    |
| Stock compensation expense  | 8                            | 6       |
| Amortization of deferred financing costs and debt discount                      | 11                           | 10      |
| Other noncash items   | 1                            | 3       |
| Accounts receivable and other current assets                                    | 155                          | 60      |
| Accounts payable and accrued expenses   | (193)                        | (167)   |
| Clearing broker assets and liabilities, net                                     | 1                            | (4)     |
| Deferred revenue  | (25)                         | (11)    |
| Cash flow from continuing operations  | 67                           | 53      |
| Cash flow from discontinued operations  | 13                           |         |
| Cash flow from operations   | 80                           | 53      |
| <b><i>Investment activities:</i></b>  |                              |         |
| Cash paid for acquired businesses, net of cash acquired                         | (13)                         | (19)    |
| Cash paid for property and equipment and software                               | (76)                         | (64)    |
| Other investing activities  | 8                            | 1       |
| Cash used in continuing operations  | (81)                         | (82)    |
| Cash provided by (used in) discontinued operations                              |                              |         |
| Cash used in investment activities  | (81)                         | (82)    |
| <b><i>Financing activities:</i></b>   |                              |         |
| Cash received from borrowings, net of fees                                      | 3                            | 14      |
| Cash used to repay debt   | (22)                         | (1)     |
| Other financing activities  |                              | (2)     |
| Cash provided by (used in) continuing operations                                | (19)                         | 11      |
| Cash provided by (used in) discontinued operations                              |                              |         |
| Cash provided by (used in) financing activities                                 | (19)                         | 11      |



|   |        |               |
|---|--------|---------------|
| Effect of exchange rate changes on cash   | (7)    | <b>16</b>     |
| Decrease in cash and cash equivalents   | (27)   | <b>(2)</b>    |
| Beginning cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$22) | 664    | <b>778</b>    |
| Ending cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$36)    | \$ 637 | \$ <b>776</b> |

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,<br>2010 | March 31,<br>2011 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 778               | \$ 776            |
| Trade receivables, less allowance for doubtful accounts of \$41 and \$51     | 894                  | 781               |
| Earned but unbilled receivables  | 167                  | 193               |
| Prepaid expenses and other current assets                                    | 178                  | 209               |
| Clearing broker assets   | 230                  | 316               |
| Deferred income taxes  | 10                   | 10                |
| <b>Total current assets</b>  | <b>2,257</b>         | <b>2,285</b>      |
| Property and equipment, less accumulated depreciation of \$1,135 and \$1,199 | 918                  | 923               |
| Software products, less accumulated amortization of \$1,301 and \$1,366      | 809                  | 766               |
| Customer base, less accumulated amortization of \$1,158 and \$1,223          | 2,000                | 1,948             |
| Other intangible assets, less accumulated amortization of \$23 and \$22      | 187                  | 178               |
| Trade name, less accumulated amortization of \$7 and \$9                     | 1,023                | 1,021             |
| Goodwill   | 5,774                | 5,813             |
| <b>Total Assets</b>  | <b>\$ 12,968</b>     | <b>\$ 12,934</b>  |
| <b>Liabilities and Stockholder's Equity</b>                                  |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                             | \$ 9                 | \$ 10             |
| Accounts payable   | 64                   | 55                |
| Accrued compensation and benefits  | 302                  | 224               |
| Accrued interest expense   | 103                  | 107               |
| Other accrued expenses   | 423                  | 338               |
| Clearing broker liabilities  | 210                  | 291               |
| Deferred revenue   | 997                  | 987               |
| <b>Total current liabilities</b>   | <b>2,108</b>         | <b>2,012</b>      |
| Long-term debt   | 8,046                | 8,068             |
| Deferred income taxes  | 1,207                | 1,201             |
| <b>Total liabilities</b>   | <b>11,361</b>        | <b>11,281</b>     |
| Commitments and contingencies  |                      |                   |
| Stockholder's equity:  |                      |                   |

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|  |                  |                  |
|--|------------------|------------------|
| Common stock, par value \$.01 per share; 100 shares authorized, issued and outstanding |                  |                  |
| Capital in excess of par value   | 3,773            | <b>3,777</b>     |
| Accumulated deficit  | (2,137)          | <b>(2,160)</b>   |
| Accumulated other comprehensive income (loss)  | (29)             | <b>36</b>        |
| Total stockholder s equity   | 1,607            | <b>1,653</b>     |
| <b>Total Liabilities and Stockholder s Equity</b>                                      | <b>\$ 12,968</b> | <b>\$ 12,934</b> |

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

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**SunGard Data Systems Inc.**  
**Consolidated Statements of Operations**  
(In millions)  
(Unaudited)

|  | Three months ended March 31, |          |
|--|------------------------------|----------|
|  | 2010                         | 2011     |
| Revenue:   |                              |          |
| Services   | \$ 1,104                     | \$ 1,104 |
| License and resale fees                                      | 68                           | 74       |
| Total products and services                                  | 1,172                        | 1,178    |
| Reimbursed expenses  | 28                           | 32       |
|  | 1,200                        | 1,210    |
| Costs and expenses:  |                              |          |
| Cost of sales and direct operating                           | 568                          | 559      |
| Sales, marketing and administration                          | 271                          | 283      |
| Product development  | 96                           | 108      |
| Depreciation and amortization                                | 74                           | 72       |
| Amortization of acquisition-related intangible assets        | 120                          | 125      |
|  | 1,129                        | 1,147    |
| Operating income   | 71                           | 63       |
| Interest income  |                              | 1        |
| Interest expense and amortization of deferred financing fees | (159)                        | (137)    |
| Other expense  |                              | (2)      |
| Loss from continuing operations before income taxes          | (88)                         | (75)     |
| Benefit from income taxes                                    | 32                           | 52       |
| Loss from continuing operations                              | (56)                         | (23)     |
| Income from discontinued operations, net of tax              | 2                            |          |
| Net loss   | \$ (54)                      | \$ (23)  |

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)

|   | Three Months ended March 31, |         |
|---|------------------------------|---------|
|   | 2010                         | 2011    |
| <b><i>Cash flow from operations:</i></b>  |                              |         |
| Net loss  | \$ (54)                      | \$ (23) |
| Income from discontinued operations, net of tax                                 | 2                            |         |
| Loss from continuing operations   | (56)                         | (23)    |
| Reconciliation of loss from continuing operations to cash flow from operations: |                              |         |
| Depreciation and amortization   | 194                          | 197     |
| Deferred income tax benefit   | (29)                         | (18)    |
| Stock compensation expense  | 8                            | 6       |
| Amortization of deferred financing costs and debt discount                      | 11                           | 10      |
| Other noncash items   | 1                            | 3       |
| Accounts receivable and other current assets                                    | 155                          | 60      |
| Accounts payable and accrued expenses   | (193)                        | (167)   |
| Clearing broker assets and liabilities, net                                     | 1                            | (4)     |
| Deferred revenue  | (25)                         | (11)    |
| Cash flow from continuing operations  | 67                           | 53      |
| Cash flow from discontinued operations  | 13                           |         |
| Cash flow from operations   | 80                           | 53      |
| <b><i>Investment activities:</i></b>  |                              |         |
| Cash paid for acquired businesses, net of cash acquired                         | (13)                         | (19)    |
| Cash paid for property and equipment and software                               | (76)                         | (64)    |
| Other investing activities  | 8                            | 1       |
| Cash used in continuing operations  | (81)                         | (82)    |
| Cash provided by (used in) discontinued operations                              |                              |         |
| Cash used in investment activities  | (81)                         | (82)    |
| <b><i>Financing activities:</i></b>   |                              |         |
| Cash received from borrowings, net of fees                                      | 3                            | 14      |
| Cash used to repay debt   | (22)                         | (1)     |
| Other financing activities  |                              | (2)     |
| Cash provided by (used in) continuing operations                                | (19)                         | 11      |
| Cash provided by (used in) discontinued operations                              |                              |         |
| Cash provided by (used in) financing activities                                 | (19)                         | 11      |

|   |        |               |
|---|--------|---------------|
| Effect of exchange rate changes on cash   | (7)    | <b>16</b>     |
| Decrease in cash and cash equivalents   | (27)   | <b>(2)</b>    |
| Beginning cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$22) | 664    | <b>778</b>    |
| Ending cash and cash equivalents includes cash of discontinued operations:<br>(2010: \$36)    | \$ 637 | \$ <b>776</b> |

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

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**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 four reportable segments: Financial Systems ( FS ), Higher Education ( HE ), Public Sector ( PS ) and Availability Services ( AS ). Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The balances at December 31, 2010 and for the three months ended March 31, 2010 have been revised to include this business in HE. 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, 2010. 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, 2011.

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

**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 three months ended March 31, 2011, the Company completed two acquisitions in its FS segment. Cash paid, net of cash acquired and subject to certain adjustments, was \$19 million.

**Discontinued Operations**

In December 2010, the Company sold its PS UK business. The results for the discontinued operations for the three months ended March 31, 2010 were as follows (in millions):

|                                     | Three Months<br>ended<br>March 31, 2010 |
|-------------------------------------|---|
| Revenue                             | \$ 49                                   |
| Operating income                    | 3                                       |
| Income before income taxes          | 3                                       |
| Provision for income taxes          | (1)                                     |
| Income from discontinued operations | \$ 2                                    |
| Table of Contents                   | 23                                      |





**Table of Contents****3. Goodwill:**

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

|  | Cost     |          |        |          |          | Cumulative Impairment |          |            |            | Total    |
|--|----------|----------|--------|----------|----------|-----------------------|----------|------------|------------|----------|
|  | FS       | HE       | PS     | AS       | Subtotal | HE                    | PS       | AS         | Subtotal   |          |
| Balance at December 31, 2010                                       | \$ 3,450 | \$ 1,048 | \$ 436 | \$ 2,203 | \$ 7,137 | \$ (32)               | \$ (205) | \$ (1,126) | \$ (1,363) | \$ 5,774 |
| 2011 acquisitions  | 4        |          |        |          | 4        |                       |          |            |            | 4        |
| Adjustments related to the Transaction and prior year acquisitions | (1)      |          |        |          | (1)      |                       |          |            |            | (1)      |
| Effect of foreign currency translation                             | 28       |          |        | 8        | 36       |                       |          |            |            | 36       |
| Balance at March 31, 2011  | \$ 3,481 | \$ 1,048 | \$ 436 | \$ 2,211 | \$ 7,176 | \$ (32)               | \$ (205) | \$ (1,126) | \$ (1,363) | \$ 5,813 |

Effective January 1, 2011, the Company's K-12 business was transferred from PS to HE. The balances at December 31, 2010 have been revised to include this business in HE.

**4. Clearing Broker Assets and Liabilities:**

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

|   | December 31, 2010 | March 31, 2011 |
|---|-------------------|----------------|
| Segregated customer cash and treasury bills | \$ 57             | \$ 67          |
| Collateral for securities borrowed          | 154               | 231            |
| Receivables from customers and other        | 19                | 18             |
| Clearing broker assets                      | \$ 230            | \$ 316         |
| Payables to customers                       | \$ 19             | \$ 19          |
| Collateral for securities loaned            | 137               | 213            |
| Payable to brokers and dealers              | 54                | 59             |
| Clearing broker liabilities                 | \$ 210            | \$ 291         |

Segregated customer cash and treasury bills are 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.

**5. Debt and Derivatives:**

On January 31, 2011, SunGard entered into the First Refinancing Amendment to its Amended and Restated Senior Secured Credit Agreement, dated as of June 9, 2009 ( "Credit Agreement" ) to, among other things, (a) eliminate the LIBOR and base rate floors and (b) reduce the Eurocurrency rate spread from 3.75% to 3.5% and the base rate spread from 2.75% to 2.5% with no impact on maturity.

On March 11, 2011, SunGard entered into the Second Refinancing and Incremental Amendment to its Credit Agreement to, among other things, obtain new revolving credit commitments in an aggregate amount equal to \$300 million that will terminate on May 11, 2013, thereby increasing the Company's revolving credit commitments by \$50 million, to \$880 million, all of which now have been extended to (or expire on) May 11, 2013.



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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 senior secured credit facilities. 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<br>Amount<br>(in millions) | Interest<br>rate<br>paid | Interest<br>rate    |
|--|---------------|-------------------------------------|--------------------------|---------------------|
|  |               |                                     |                          | received<br>(LIBOR) |
| January/February 2009                  | February 2012 | \$ 1,200                            | 1.78%                    | 1-Month             |
| February 2010                          | May 2013      | 500                                 | 1.99%                    | 3-Month             |
| Total / Weighted Average interest rate |               | \$ 1,700                            | 1.84%                    |                     |

The fair values of interest rate swaps above designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are \$38 million and \$26 million as of December 31, 2010 and March 31, 2011, respectively.

The table below summarizes the impact of the effective portion of interest rate swaps on the balance sheets and statements of operations for the three months ended March 31, 2010 and 2011 (in millions):

| Classification  | Three Months ended<br>March 31, |        |
|---|---------------------------------|--------|
|   | 2010                            | 2011   |
| Loss recognized in Accumulated Other Comprehensive Loss (OCI) | \$ (20)                         | \$ (1) |
| Loss reclassified from accumulated OCI into income            | 22                              | 13     |

The Company has no ineffectiveness related to its swap agreements.

The Company expects to reclassify in the next twelve months approximately \$25 million from OCI into earnings related to the Company's interest rate swaps based on the borrowing rates at March 31, 2011.

**6. Fair Value Measurements:**

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

|  | Fair Value Measures Using |         |         | Total  |
|--|---------------------------|---------|---------|--------|
|  | Level 1                   | Level 2 | Level 3 |        |
| <b>Assets</b>                                |                           |         |         |        |
| Cash and cash equivalents money market funds | \$ 278                    | \$      | \$      | \$ 278 |
| <b>Liabilities</b>                           |                           |         |         |        |
| Interest rate swap agreements and other      | \$                        | \$ 22   | \$      | \$ 22  |

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2010 (in millions):

|   | Fair Value Measures Using |         |         | Total  |
|---|---------------------------|---------|---------|--------|
|   | Level 1                   | Level 2 | Level 3 |        |
| <b>Assets</b>                           |                           |         |         |        |
| Cash and cash equivalents               | \$ 210                    | \$      | \$      | \$ 210 |
| Clearing broker assets                  | 2                         |         |         | 2      |
|   | \$ 212                    | \$      | \$      | \$ 212 |
| <b>Liabilities</b>                      |                           |         |         |        |
| Interest rate swap agreements and other | \$                        | \$ 34   | \$      | \$ 34  |

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).

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Cash and cash equivalents money market funds and Clearing broker assets U.S. treasury bills are 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 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, 2010 and March 31, 2011 (in millions):

|                    | December 31, 2010 |            | March 31, 2011 |            |
|--------------------|-------------------|------------|----------------|------------|
|                    | Carrying Value    | Fair Value | Carrying Value | Fair Value |
| Floating rate debt | \$ 4,707          | \$ 4,644   | \$ 4,727       | \$ 4,702   |
| Fixed rate debt    | 3,348             | 3,432      | 3,351          | 3,481      |

The fair value of the Company's floating rate and fixed rate long-term debt is primarily based on market rates.

**7. Comprehensive Income (Loss):**

Comprehensive income (loss) consists of net income (loss) adjusted for other increases and decreases affecting stockholder's equity that are excluded from the determination of net income (loss). The calculation of comprehensive income (loss) follows (in millions):

|   | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2010                         | 2011    |
| Net loss                                    | \$ (54)                      | \$ (23) |
| Foreign currency translation gains (losses) | (61)                         | 57      |
| Unrealized gains on derivative instruments  | 2                            | 8       |
| Comprehensive income (loss)                 | \$ (113)                     | \$ 42   |

**Table of Contents****8. Equity:**

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

|   | SunGard Capital Corp. stockholders |                                  |                     |          | Noncontrolling interest |                     |          |
|---|------------------------------------|----------------------------------|---------------------|----------|-------------------------|---------------------|----------|
|   | Class L -<br>temporary<br>equity   | Class A -<br>temporary<br>equity | Permanent<br>equity | Total    | Temporary<br>equity     | Permanent<br>equity | Total    |
| Balance at December 31, 2010                                      | \$ 87                              | \$ 11                            | \$ (330)            | \$ (232) | \$ 54                   | \$ 1,782            | \$ 1,836 |
| Net income (loss)   |                                    |                                  | (77)                | (77)     | 1                       | 53                  | 54       |
| Foreign currency translation                                      |                                    |                                  | 57                  | 57       |                         |                     |          |
| Net unrealized gain on derivative instruments                     |                                    |                                  | 8                   | 8        |                         |                     |          |
| Comprehensive income (loss)                                       |                                    |                                  | (12)                | (12)     | 1                       | 53                  | 54       |
| Stock compensation expense  |                                    |                                  | 6                   | 6        |                         |                     |          |
| Termination of put options due to employee terminations and other | (20)                               | (2)                              | 22                  |          | (8)                     | 8                   |          |
| Transfer intrinsic value of vested restricted stock units         | 2                                  |                                  | (3)                 | (1)      | 1                       |                     | 1        |
| Other   |                                    |                                  | (2)                 | (2)      |                         |                     |          |
| Balance at March 31, 2011   | \$ 69                              | \$ 9                             | \$ (319)            | \$ (241) | \$ 48                   | \$ 1,843            | \$ 1,891 |

A rollforward of SCC's equity for 2010 follows (in millions):

|   | SunGard Capital Corp. stockholders |                                  |                     |        | Noncontrolling interest |                     |          |
|---|------------------------------------|----------------------------------|---------------------|--------|-------------------------|---------------------|----------|
|   | Class L -<br>temporary<br>equity   | Class A -<br>temporary<br>equity | Permanent<br>equity | Total  | Temporary<br>equity     | Permanent<br>equity | Total    |
| Balance at December 31, 2009                              | \$ 88                              | \$ 11                            | \$ 321              | \$ 420 | \$ 51                   | \$ 1,593            | \$ 1,644 |
| Net income (loss)   |                                    |                                  | (101)               | (101)  | 6                       | 41                  | 47       |
| Foreign currency translation                              |                                    |                                  | (61)                | (61)   |                         |                     |          |
| Net unrealized gain on derivative instruments             |                                    |                                  | 2                   | 2      |                         |                     |          |
| Comprehensive income (loss)                               |                                    |                                  | (160)               | (160)  | 6                       | 41                  | 47       |
| Stock compensation expense                                |                                    |                                  | 8                   | 8      |                         |                     |          |
| Transfer intrinsic value of vested restricted stock units | 2                                  |                                  | (4)                 | (2)    | 1                       |                     | 1        |
| Balance at March 31, 2010                                 | \$ 90                              | \$ 11                            | \$ 165              | \$ 266 | \$ 58                   | \$ 1,634            | \$ 1,692 |

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, the value included in temporary equity is reclassified to permanent equity.

**Table of Contents****9. Segment Information:**

The Company has four reportable segments: FS, HE and PS, which together form the Company's Software & Processing Solutions business, and AS. 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. Effective January 1, 2011, the Company's K-12 business was transferred from PS to HE. The results for 2010 have been revised to include this business in HE. 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 March 31, |          |
|--|------------------------------|----------|
|  | 2010                         | 2011     |
| Revenue:   |                              |          |
| Financial systems                                  | \$ 660                       | \$ 672   |
| Higher education                                   | 136                          | 140      |
| Public sector                                      | 35                           | 34       |
| Software & processing solutions                    | 831                          | 846      |
| Availability services                              | 369                          | 364      |
|  | \$ 1,200                     | \$ 1,210 |
| Depreciation and amortization:                     |                              |          |
| Financial systems                                  | \$ 19                        | \$ 21    |
| Higher education                                   | 4                            | 4        |
| Public sector                                      | 1                            | 1        |
| Software & processing solutions                    | 24                           | 26       |
| Availability services                              | 50                           | 46       |
|  | \$ 74                        | \$ 72    |
| Income (loss) from operations:                     |                              |          |
| Financial systems                                  | \$ 114                       | \$ 115   |
| Higher education                                   | 34                           | 27       |
| Public sector                                      | 8                            | 10       |
| Software & processing solutions                    | 156                          | 152      |
| Availability services                              | 70                           | 73       |
| Corporate and other items <sup>(1)</sup>           | (145)                        | (150)    |
| Other costs  | (10)                         | (12)     |
|  | \$ 71                        | \$ 63    |
| Cash paid for property and equipment and software: |                              |          |
| Financial systems                                  | \$ 20                        | \$ 23    |
| Higher education                                   | 2                            | 3        |
| Public sector                                      | 2                            | 1        |



|                                 |       |              |
|---------------------------------|-------|--------------|
| Software & processing solutions | 24    | <b>27</b>    |
| Availability services           | 51    | <b>35</b>    |
| Corporate administration        | 1     | <b>2</b>     |
|                                 | \$ 76 | \$ <b>64</b> |

- (1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of \$120 million and \$125 million for the three month periods ended March 31, 2010 and 2011, respectively.

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

|  | Three Months Ended March<br>31, |                      |
|--|---------------------------------|----------------------|
|  | 2010                            | 2011                 |
| Amortization of acquisition-related intangible assets: |                                 |                      |
| Financial systems                                      | \$ 64                           | \$ 69 <sup>(1)</sup> |
| Higher education                                       | 10                              | 10                   |
| Public sector  | 4                               | 3                    |
| Software & processing solutions                        | 78                              | 82                   |
| Availability services                                  | 42                              | 43                   |
|  | \$ 120                          | \$ 125               |

(1) Amortization of acquisition-related intangible assets in 2011 includes approximately \$3 million and \$4 million of impairment charges related to customer base and software, respectively, for a subsidiary in the FS segment. The FS Segment is organized to align with customer-facing business areas. FS revenue by these business areas follows (in millions):

|                                       | Three Months Ended March 31, |        |
|---------------------------------------|------------------------------|--------|
|                                       | 2010                         | 2011   |
| Position, Risk & Operations           | \$ 152                       | \$ 175 |
| Global Trading                        | 146                          | 131    |
| Wealth Management                     | 92                           | 91     |
| Asset Management                      | 85                           | 89     |
| Banking                               | 43                           | 47     |
| Corporate Liquidity                   | 45                           | 41     |
| Insurance                             | 38                           | 39     |
| Global Services                       | 32                           | 30     |
| Technology, Deployment & Distribution | 19                           | 22     |
| Computer Services                     | 8                            | 7      |
| Total Financial Systems               | \$ 660                       | \$ 672 |

**10. Related Party Transactions:**

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded \$4 million of management fees in sales, marketing and administration expenses during each of the three month periods ended March 31, 2010 and 2011. At December 31, 2010 and March 31, 2011, \$6 million and \$4 million, respectively, was included in other accrued expenses.

**Table of Contents****11. Supplemental Cash Flow Information:**

Supplemental cash flow information for the three months ended March 31, 2010 and 2011 follows (in millions):

|  | Three Months ended March 31, |       |
|--|------------------------------|-------|
|  | 2010                         | 2011  |
| <i>Supplemental information:</i>   |                              |       |
| Acquired businesses:   |                              |       |
| Property and equipment   | \$ 2                         | \$ 1  |
| Software products  | 3                            | 11    |
| Customer base  | 10                           | 8     |
| Goodwill   | 2                            | 4     |
| Other tangible and intangible assets   | 3                            |       |
| Deferred income taxes  | (2)                          | (4)   |
| Purchase price obligations and debt assumed  | (1)                          | (1)   |
| Net current liabilities assumed  | (4)                          |       |
| Cash paid for acquired businesses, net of cash acquired of \$1 and \$3, respectively | \$ 13                        | \$ 19 |

**12. 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 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, 2010 and March 31, 2011, and for the three-month periods ended March 31, 2010 and 2011 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties nor guarantors to 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, 2010.

**Table of Contents****Supplemental Condensed Consolidating Balance Sheet  
December 31, 2010**

| (in millions)                                    | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                    |                           |                                   |                                       |                     |                     |
| Current:   |                           |                                   |                                       |                     |                     |
| Cash and cash equivalents                        | \$ 179                    | \$                                | \$ 599                                | \$                  | \$ 778              |
| Intercompany balances                            | (7,500)                   | 6,659                             | 841                                   |                     |                     |
| Trade receivables, net                           | 2                         | 702                               | 357                                   |                     | 1,061               |
| Prepaid expenses, taxes and other current assets | 2,729                     | 85                                | 309                                   | (2,705)             | 418                 |
| Total current assets                             | (4,590)                   | 7,446                             | 2,106                                 | (2,705)             | 2,257               |
| Property and equipment, net                      |                           | 602                               | 316                                   |                     | 918                 |
| Intangible assets, net                           | 150                       | 3,330                             | 539                                   |                     | 4,019               |
| Intercompany balances                            | (4)                       |                                   | 4                                     |                     |                     |
| Goodwill   |                           | 4,657                             | 1,117                                 |                     | 5,774               |
| Investment in subsidiaries                       | 14,012                    | 2,456                             |                                       | (16,468)            |                     |
| <b>Total Assets</b>                              | <b>\$ 9,568</b>           | <b>\$ 18,491</b>                  | <b>\$ 4,082</b>                       | <b>\$ (19,173)</b>  | <b>\$ 12,968</b>    |
| <b>Liabilities and Stockholders Equity</b>       |                           |                                   |                                       |                     |                     |
| Current:   |                           |                                   |                                       |                     |                     |
| Short-term and current portion of long-term debt | \$                        | \$ 2                              | \$ 7                                  | \$                  | \$ 9                |
| Accounts payable and other current liabilities   | 203                       | 3,661                             | 940                                   | (2,705)             | 2,099               |
| Total current liabilities                        | 203                       | 3,663                             | 947                                   | (2,705)             | 2,108               |
| Long-term debt                                   | 7,607                     | 2                                 | 437                                   |                     | 8,046               |
| Intercompany debt                                | (195)                     | 65                                | 249                                   | (119)               |                     |
| Deferred income taxes                            | 346                       | 749                               | 112                                   |                     | 1,207               |
| Total liabilities                                | 7,961                     | 4,479                             | 1,745                                 | (2,824)             | 11,361              |
| Total stockholders equity                        | 1,607                     | 14,012                            | 2,337                                 | (16,349)            | 1,607               |
| <b>Total Liabilities and Stockholders Equity</b> | <b>\$ 9,568</b>           | <b>\$ 18,491</b>                  | <b>\$ 4,082</b>                       | <b>\$ (19,173)</b>  | <b>\$ 12,968</b>    |

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**Supplemental Condensed Consolidating Balance Sheet**  
**March 31, 2011**

| (in millions)                                     | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                     |                           |                                   |                                       |                     |                     |
| Current:  |                           |                                   |                                       |                     |                     |
| Cash and cash equivalents                         | \$ 222                    | \$ 8                              | \$ 546                                | \$                  | \$ 776              |
| Intercompany balances                             | (6,227)                   | 5,381                             | 846                                   |                     |                     |
| Trade receivables, net                            | 1                         | 656                               | 317                                   |                     | 974                 |
| Prepaid expenses, taxes and other current assets  | 1,337                     | 93                                | 454                                   | (1,349)             | 535                 |
| Total current assets                              | (4,667)                   | 6,138                             | 2,163                                 | (1,349)             | 2,285               |
| Property and equipment, net                       | 1                         | 600                               | 322                                   |                     | 923                 |
| Intangible assets, net                            | 144                       | 3,232                             | 537                                   |                     | 3,913               |
| Intercompany balances                             | (7)                       |                                   | 7                                     |                     |                     |
| Goodwill  |                           | 4,656                             | 1,157                                 |                     | 5,813               |
| Investment in subsidiaries                        | 14,127                    | 2,511                             |                                       | (16,638)            |                     |
| <b>Total Assets</b>                               | <b>\$ 9,598</b>           | <b>\$ 17,137</b>                  | <b>\$ 4,186</b>                       | <b>\$ (17,987)</b>  | <b>\$ 12,934</b>    |
| <b>Liabilities and Stockholder's Equity</b>       |                           |                                   |                                       |                     |                     |
| Current:  |                           |                                   |                                       |                     |                     |
| Short-term and current portion of long-term debt  | \$                        | \$ 2                              | \$ 8                                  | \$                  | \$ 10               |
| Accounts payable and other current liabilities    | 192                       | 2,141                             | 1,018                                 | (1,349)             | 2,002               |
| Total current liabilities                         | 192                       | 2,143                             | 1,026                                 | (1,349)             | 2,012               |
| Long-term debt                                    | 7,608                     | 2                                 | 458                                   |                     | 8,068               |
| Intercompany debt                                 | (200)                     | 127                               | 250                                   | (177)               |                     |
| Deferred income taxes                             | 345                       | 738                               | 118                                   |                     | 1,201               |
| Total liabilities                                 | 7,945                     | 3,010                             | 1,852                                 | (1,526)             | 11,281              |
| Total stockholder's equity                        | 1,653                     | 14,127                            | 2,334                                 | (16,461)            | 1,653               |
| <b>Total Liabilities and Stockholder's Equity</b> | <b>\$ 9,598</b>           | <b>\$ 17,137</b>                  | <b>\$ 4,186</b>                       | <b>\$ (17,987)</b>  | <b>\$ 12,934</b>    |

**Supplemental Condensed Consolidating Schedule of Operations**  
**Three Months ended March 31, 2010**

| (in millions) | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---------------|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| Total revenue | \$                        | \$ 874                            | \$ 359                                | \$ (33)             | \$ 1,200            |

|   |         |       |        |      |         |
|---|---------|-------|--------|------|---------|
| Costs and expenses:                                   |         |       |        |      |         |
| Cost of sales and direct operating                    |         | 386   | 215    | (33) | 568     |
| Sales, marketing and administration                   | 28      | 138   | 105    |      | 271     |
| Product development                                   |         | 45    | 51     |      | 96      |
| Depreciation and amortization                         |         | 54    | 20     |      | 74      |
| Amortization of acquisition-related intangible assets |         | 101   | 19     |      | 120     |
|   | 28      | 724   | 410    | (33) | 1,129   |
| Operating income (loss)                               | (28)    | 150   | (51)   |      | 71      |
| Net interest income (expense)                         | (147)   | (56)  | 44     |      | (159)   |
| Other income (expense)                                | 60      | (3)   |        | (57) |         |
| Income (loss) before income taxes                     | (115)   | 91    | (7)    | (57) | (88)    |
| Benefit from (provision for) income taxes             | 61      | (31)  | 2      |      | 32      |
| Income (loss) from continuing operations              | \$ (54) | \$ 60 | \$ (5) | (57) | \$ (56) |
| Income from discontinued operations, net of tax       |         |       | 2      |      | 2       |
| Net loss  | \$ (54) | \$ 60 | \$ (3) | (57) | \$ (54) |

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**Supplemental Condensed Consolidating Schedule of Operations**  
**Three Months ended March 31, 2011**

| (in millions)   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| Total revenue   | \$                        | \$ 845                            | \$ 366                                | \$ (1)              | \$ 1,210            |
| Costs and expenses:                                   |                           |                                   |                                       |                     |                     |
| Cost of sales and direct operating                    |                           | 358                               | 202                                   | (1)                 | 559                 |
| Sales, marketing and administration                   | 26                        | 146                               | 111                                   |                     | 283                 |
| Product development                                   |                           | 29                                | 79                                    |                     | 108                 |
| Depreciation and amortization                         |                           | 50                                | 22                                    |                     | 72                  |
| Amortization of acquisition-related intangible assets |                           | 97                                | 28                                    |                     | 125                 |
|   | 26                        | 680                               | 442                                   | (1)                 | 1,147               |
| Operating income (loss)                               | (26)                      | 165                               | (76)                                  |                     | 63                  |
| Net interest income (expense)                         | (87)                      | (35)                              | (14)                                  |                     | (136)               |
| Other income (expense)                                | 49                        | (62)                              |                                       | 11                  | (2)                 |
| Income (loss) before income taxes                     | (64)                      | 68                                | (90)                                  | 11                  | (75)                |
| Benefit from (provision for) income taxes             | 41                        | (17)                              | 28                                    |                     | 52                  |
| Net income (loss)                                     | \$ (23)                   | \$ 51                             | \$ (62)                               | \$ 11               | \$ (23)             |

**Supplemental Condensed Consolidating Schedule of Cash Flows**  
**Three Months ended March 31, 2010**

| (in millions)                               | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <i>Cash flow from operations:</i>           |                           |                                   |                                       |                     |                     |
| Net income (loss)                           | \$ (54)                   | \$ 60                             | \$ (3)                                | \$ (57)             | \$ (54)             |
| Income from discontinued operations         |                           |                                   | 2                                     |                     | 2                   |
| Income (loss) from continuing operations    | (54)                      | 60                                | (5)                                   | (57)                | (56)                |
| Non cash adjustments                        | (40)                      | 130                               | 39                                    | 57                  | 186                 |
| Changes in operating assets and liabilities | (75)                      | 8                                 | 4                                     |                     | (63)                |

|  |       |       |      |      |
|--|-------|-------|------|------|
| Cash flow provided by (used in) continuing operations                  | (169) | 198   | 38   | 67   |
| Cash flow provided by discontinued operations                          |       |       | 13   | 13   |
| Cash flow provided by (used in) operations                             | (169) | 198   | 51   | 80   |
| <i>Investment activities:</i>  |       |       |      |      |
| Intercompany transactions  | 153   | (153) |      |      |
| Cash paid for businesses acquired by the Company, net of cash acquired |       |       | (13) | (13) |
| Cash paid for property and equipment and software                      |       | (56)  | (20) | (76) |
| Other investing activities   | (1)   | 6     | 3    | 8    |
| Cash provided by (used in) continuing operations                       | 152   | (203) | (30) | (81) |
| Cash provided by (used in) discontinued operations                     |       |       |      |      |
| Cash provided by (used in) investment activities                       | 152   | (203) | (30) | (81) |
| <i>Financing activities:</i>   |       |       |      |      |
| Net repayments of long-term debt                                       | (11)  | (2)   | (6)  | (19) |
| Other financing activities   |       |       |      |      |
| Cash provided by (used in) continuing operations                       | (11)  | (2)   | (6)  | (19) |
| Cash provided by (used in) discontinued operations                     |       |       |      |      |
| Cash provided by (used in) financing activities                        | (11)  | (2)   | (6)  | (19) |
| Effect of exchange rate changes on cash                                |       |       | (7)  | (7)  |
| Increase (decrease) in cash and cash equivalents                       | (28)  | (7)   | 8    | (27) |
| Beginning cash and cash equivalents                                    | 126   | (9)   | 547  | 664  |



|                                  |    |    |    |      |    |     |    |     |
|----------------------------------|----|----|----|------|----|-----|----|-----|
| Ending cash and cash equivalents | \$ | 98 | \$ | (16) | \$ | 555 | \$ | 637 |
|----------------------------------|----|----|----|------|----|-----|----|-----|

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**Supplemental Condensed Consolidating Schedule of Cash Flows**  
**Three months ended March 31, 2011**

| (in millions)  | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <i>Cash flow from operations:</i>                                      |                           |                                   |                                       |                     |                     |
| Net income (loss)  | \$ (23)                   | \$ 51                             | \$ (62)                               | \$ 11               | \$ (23)             |
| Non cash adjustments   | (38)                      | 198                               | 49                                    | (11)                | 198                 |
| Changes in operating assets and liabilities                            | 73                        | (160)                             | (35)                                  |                     | (122)               |
| Cash flow provided by (used in) operations                             | 12                        | 89                                | (48)                                  |                     | 53                  |
| <i>Investment activities:</i>  |                           |                                   |                                       |                     |                     |
| Intercompany transactions  | 39                        | (33)                              | (6)                                   |                     |                     |
| Cash paid for businesses acquired by the Company, net of cash acquired |                           | (6)                               | (13)                                  |                     | (19)                |
| Cash paid for property and equipment and software                      | (1)                       | (43)                              | (20)                                  |                     | (64)                |
| Other investing activities   |                           | 1                                 |                                       |                     | 1                   |
| Cash provided by (used in) investment activities                       | 38                        | (81)                              | (39)                                  |                     | (82)                |
| <i>Financing activities:</i>   |                           |                                   |                                       |                     |                     |
| Net repayments of long-term debt                                       | (5)                       |                                   | 18                                    |                     | 13                  |
| Other financing activities   | (2)                       |                                   |                                       |                     | (2)                 |
| Cash provided by (used in) financing activities                        | (7)                       |                                   | 18                                    |                     | 11                  |
| Effect of exchange rate changes on cash                                |                           |                                   | 16                                    |                     | 16                  |
| Increase (decrease) in cash and cash equivalents                       | 43                        | 8                                 | (53)                                  |                     | (2)                 |
| Beginning cash and cash equivalents                                    | 179                       |                                   | 599                                   |                     | 778                 |
| Ending cash and cash equivalents                                       | \$ 222                    | \$ 8                              | \$ 546                                | \$                  | \$ 776              |



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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Introduction**

The following discussion and analysis supplements the management's discussion and analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and presumes that readers have read or have access to the discussion and analysis in this filing. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of SCC, which are materially the same as the results of operations and financial condition of SCCII and SunGard. Therefore, the discussion provided is applicable to each of SCC, SCCII and SunGard unless otherwise noted.

**Table of Contents****Results of Operations:**

The following table sets forth, for the periods indicated, certain amounts included in our Consolidated Statements of Operations, the relative percentage that those amounts represent to consolidated revenue (unless otherwise indicated), and the percentage change in those amounts from period to period.

| (in millions)   | <b>Three Months Ended<br/>March 31,<br/>2010</b> |       | <b>Three Months Ended<br/>March 31,<br/>2011</b> |       | <b>Percent<br/>Increase<br/>(Decrease)<br/>2011 vs. 2010</b> |
|---|--|-------|--|-------|--|
|   | <b>percent of<br/>revenue</b>                    |       | <b>percent of<br/>revenue</b>                    |       |  |
| <b>Revenue</b>  |  |       |  |       |  |
| Financial systems (FS)                                | \$ 660   | 55%   | \$ 672   | 56%   | 2%   |
| Higher education (HE)                                 | 136  | 11%   | 140  | 12%   | 3%   |
| Public sector (PS)                                    | 35   | 3%    | 34   | 3%    | (3)%   |
| Software & processing solutions                       | 831  | 69%   | 846  | 70%   | 2%   |
| Availability services (AS)                            | 369  | 31%   | 364  | 30%   | (1)%   |
|   | \$ 1,200   | 100%  | \$ 1,210   | 100%  | 1%   |
| <b>Costs and Expenses</b>                             |  |       |  |       |  |
| Cost of sales and direct operating                    | \$ 568   | 47%   | \$ 559   | 46%   | (2)%   |
| Sales, marketing and administration                   | 271  | 23%   | 283  | 23%   | 4%   |
| Product development                                   | 96   | 8%    | 108  | 9%    | 13%  |
| Depreciation and amortization                         | 74   | 6%    | 72   | 6%    | (3)%   |
| Amortization of acquisition-related intangible assets | 120  | 10%   | 125  | 10%   | 4%   |
|   | \$ 1,129   | 94%   | \$ 1,147   | 95%   | 2%   |
| <b>Operating Income (Loss)</b>                        |  |       |  |       |  |
| Financial systems <sup>(1)</sup>                      | \$ 114   | 17%   | \$ 115   | 17%   | 1%   |
| Higher education <sup>(1)</sup>                       | 34   | 25%   | 27   | 19%   | (21)%  |
| Public sector <sup>(1)</sup>                          | 8  | 23%   | 10   | 29%   | 25%  |
| Software & processing solutions <sup>(1)</sup>        | 156  | 19%   | 152  | 18%   | (3)%   |
| Availability services <sup>(1)</sup>                  | 70   | 19%   | 73   | 20%   | 4%   |
| Corporate administration                              | (17)   | (1)%  | (19)   | (2)%  | 12%  |
| Amortization of acquisition-related intangible assets | (120)  | (10)% | (125)  | (10)% | 4%   |
| Stock compensation expense                            | (8)  | (1)%  | (6)  | %     | (25)%  |
| Other costs <sup>(2)</sup>                            | (10)   | (1)%  | (12)   | (1)%  | 20%  |

\$ 71 6% \$ 63 5% (11)%

- (1) Percent of revenue is calculated as a percent of revenue from FS, HE, PS, Software and Processing Solutions, and AS, respectively.
- (2) Other costs include certain purchase accounting adjustments, management fees paid to the Sponsors and certain other costs, partially offset in each year by capitalized software development costs.

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The following table sets forth, for the periods indicated, certain supplemental revenue data, the relative percentage that those amounts represent to total revenue and the percentage change in those amounts from period to period.

| (in millions)                              | <b>Three Months Ended<br/>March 31,<br/>2010</b> |                               | <b>Three Months Ended<br/>March 31,<br/>2011</b> |                               | <b>Percent<br/>Increase<br/>(Decrease)<br/>2011 vs. 2010</b> |     |       |
|--|--|-------------------------------|--|-------------------------------|--|-----|-------|
|  |  | <b>percent of<br/>revenue</b> |  | <b>percent of<br/>revenue</b> |  |     |       |
| <b>Financial Systems</b>                   |  |                               |  |                               |  |     |       |
| Services                                   | \$   | 593                           | 49%  | \$                            | 592  | 49% | %     |
| License and resale fees                    |  | 45                            | 4%   |                               | 54   | 4%  | 20%   |
| Total products and services                |  | 638                           | 53%  |                               | 646  | 53% | 1%    |
| Reimbursed expenses                        |  | 22                            | 2%   |                               | 26   | 2%  | 18%   |
|  | \$   | 660                           | 55%  | \$                            | 672  | 56% | 2%    |
| <b>Higher Education</b>                    |  |                               |  |                               |  |     |       |
| Services                                   | \$   | 116                           | 10%  | \$                            | 122  | 10% | 5%    |
| License and resale fees                    |  | 18                            | 2%   |                               | 16   | 1%  | (11)% |
| Total products and services                |  | 134                           | 11%  |                               | 138  | 11% | 3%    |
| Reimbursed expenses                        |  | 2                             | %  |                               | 2  | %   | %     |
|  | \$   | 136                           | 11%  | \$                            | 140  | 12% | 3%    |
| <b>Public Sector</b>                       |  |                               |  |                               |  |     |       |
| Services                                   | \$   | 30                            | 3%   | \$                            | 29   | 2%  | (3)%  |
| License and resale fees                    |  | 4                             | %  |                               | 4  | %   | %     |
| Total products and services                |  | 34                            | 3%   |                               | 33   | 3%  | (3)%  |
| Reimbursed expenses                        |  | 1                             | %  |                               | 1  | %   | %     |
|  | \$   | 35                            | 3%   | \$                            | 34   | 3%  | (3)%  |
| <b>Software &amp; Processing Solutions</b> |  |                               |  |                               |  |     |       |
| Services                                   | \$   | 739                           | 62%  | \$                            | 743  | 61% | 1%    |
| License and resale fees                    |  | 67                            | 6%   |                               | 74   | 6%  | 10%   |
| Total products and services                |  | 806                           | 67%  |                               | 817  | 68% | 1%    |
| Reimbursed expenses                        |  | 25                            | 2%   |                               | 29   | 2%  | 16%   |
|  | \$   | 831                           | 69%  | \$                            | 846  | 70% | 2%    |

|                              |    |       |      |    |       |      |        |
|------------------------------|----|-------|------|----|-------|------|--------|
| <b>Availability Services</b> |    |       |      |    |       |      |        |
| Services                     | \$ | 365   | 30%  | \$ | 361   | 30%  | (1)%   |
| License and resale fees      |    | 1     | %    |    |       | %    | (100)% |
| Total products and services  |    | 366   | 31%  |    | 361   | 30%  | (1)%   |
| Reimbursed expenses          |    | 3     | %    |    | 3     | %    | %      |
|                              | \$ | 369   | 31%  | \$ | 364   | 30%  | (1)%   |
| <b>Total Revenue</b>         |    |       |      |    |       |      |        |
| Services                     | \$ | 1,104 | 92%  | \$ | 1,104 | 91%  | %      |
| License and resale fees      |    | 68    | 6%   |    | 74    | 6%   | 9%     |
| Total products and services  |    | 1,172 | 98%  |    | 1,178 | 97%  | 1%     |
| Reimbursed expenses          |    | 28    | 2%   |    | 32    | 3%   | 14%    |
|                              | \$ | 1,200 | 100% | \$ | 1,210 | 100% | 1%     |



**Table of Contents***Results of operations, excluding broker/dealer business*

We assess our performance both with and without one of our global trading businesses, a broker/dealer with an inherently lower margin than our other software and processing businesses, whose performance is a function of market volatility and customer mix (the Broker/Dealer). By excluding the Broker/Dealer's results, we are able to perform additional analysis of our business which we believe is important in understanding the results of both the Broker/Dealer and the software and processing businesses. We use the information excluding the Broker/Dealer business for a variety of purposes and we regularly communicate our results excluding this business to our board of directors.

The following is a reconciliation of revenue excluding the Broker/Dealer and operating income (loss) excluding the Broker/Dealer, which are each non-GAAP measures, to the corresponding reported GAAP measures that we believe to be most directly comparable. While these adjusted results are useful for analysis purposes, they should not be considered as an alternative to our reported GAAP results.

|  | Three Months Ended March<br>31, |                    |          |
|--|---------------------------------|--------------------|----------|
|  | 2010                            | 2011               | % change |
|  | (In millions)                   |                    |          |
| <b>Revenue</b>                                     |                                 |                    |          |
| Total  | \$ 1,200                        | \$ 1,210           | 1%       |
| Less Broker/Dealer business                        | 53                              | 31                 |          |
| Total excluding Broker/Dealer business             | \$ 1,147                        | \$ 1,179           | 3%       |
| Financial Systems                                  | \$ 660                          | \$ 672             | 2%       |
| Less Broker/Dealer business                        | 53                              | 31                 |          |
| Financial Systems excluding Broker/Dealer business | \$ 607                          | \$ 641             | 6%       |
| <b>Operating Income (Loss)</b>                     |                                 |                    |          |
| Total  | \$ 71                           | \$ 63              | (11)%    |
| Less Broker/Dealer business                        | (6) <sup>(1)</sup>              | (4) <sup>(1)</sup> |          |
| Total excluding Broker/Dealer business             | \$ 77                           | \$ 67              | (13)%    |
| Financial Systems                                  | \$ 114                          | \$ 115             | 1%       |
| Less Broker/Dealer business                        | (5) <sup>(1)</sup>              | (2) <sup>(1)</sup> |          |
| Financial Systems excluding Broker/Dealer business | \$ 119                          | \$ 117             | (2)%     |

(1) The operating income related to the Broker/Dealer excluded from Total and FS differ because we evaluate performance of our segments based on operating results before amortization of acquisition-related intangible assets, stock compensation and certain other costs.



**Table of Contents****Three Months Ended March 31, 2011 Compared To Three Months Ended March 31, 2010****Income from Operations:**

Our total operating margin was 5% for the three month period ended March 31, 2011, compared to 6% for the three month period ended March 31, 2010. Excluding one of our global trading businesses, a broker/dealer, which we refer to as the Broker/Dealer, total operating margin was 6% for the three month period ended March 31, 2011, compared to 7% for the three month period ended March 31, 2010. The decrease is primarily due to an increase in employment-related expenses in FS, an increase in investment in international and product development resources in HE and an increase in amortization of acquisition-related intangible assets due to the \$7 million impairment of certain FS customer base and software assets, partially offset by an \$8 million increase in software license revenue.

*Financial Systems:*

The FS operating margin was 17% for the three month periods ended March 31, 2011 and 2010, respectively. Excluding the impact of the Broker/Dealer, the FS operating margin was 18% and 20% in the three month periods ended March 31, 2011 and 2010, respectively. This decrease is due mainly to a change in revenue mix, increased development and employment-related costs and the impact of changes in currency exchange rates, partially offset by a \$10 million increase in software license fees.

*Higher Education:*

The HE operating margin was 19% and 25% for the three month periods ended March 31, 2011 and 2010, respectively. The operating margin decreased primarily due to increases in employment-related expense in our solutions business, including investments in international and product development resources, and a \$2 million decrease in software license revenue; a decrease in managed services revenue primarily resulting from customer attrition; and the impact of a customer conference held in the first quarter of 2011 that was held in the second quarter of the prior year.

*Public Sector:*

The PS operating margin was 29% and 23% for the three month periods ended March 31, 2011 and 2010, respectively, due primarily to decreased employment-related expense driven by the reduction of administrative overhead functions.

*Availability Services:*

The AS operating margin was 20% and 19% for the three month periods ended March 31, 2011 and 2010, respectively. The higher margin was primarily due to decreases in employee-related costs, mostly in North America, and reduced depreciation and amortization. In North America, the margin in our recovery services business increased due mainly to employee cost savings, reduced equipment and facilities expenses and reduced depreciation and amortization. The margin in our managed services business increased due mainly to increased revenue and decreased depreciation and amortization, partially offset by increased facilities, employee-related and equipment expenses. Partially offsetting these margin improvements was a decrease in the consulting business margin, due mainly to lower revenue, and higher administrative costs, primarily due to increased advertising. In Europe, cost containment on higher revenue resulted in an improved operating margin.

**Revenue:**

Total revenue increased \$10 million or 1% for the three month periods ended March 31, 2011 compared to the first quarter of 2010. Organic revenue decreased 1% in the first quarter of 2011 compared to the prior year period, primarily because of a \$22 million decline in the Broker/Dealer's revenue, partially offset by the increase in license fees, software maintenance and professional services revenue. Excluding the Broker/Dealer, organic revenue increased 1%. Organic revenue is defined as revenue from businesses owned for at least one year and further adjusted for both the effects of businesses sold in the previous twelve months and the impact of currency exchange rates, and excludes revenue from discontinued operations in all periods presented. When assessing our financial results, we focus on growth in organic revenue because overall revenue growth is affected by the timing and magnitude of acquisitions, dispositions and by currency exchange rates.

*Financial Systems:*

FS revenue increased \$12 million or 2% in the first quarter of 2011 from the prior year period. Organic revenue was unchanged in the quarter. Excluding the Broker/Dealer, organic revenue increased 3%, driven by increases in software

license, processing, professional services and software maintenance revenue. Processing revenue increased \$7 million, or 4%, due mainly to increases in transaction volumes and additional hosted services. Professional services revenue increased \$6 million, or 5%, due mainly to increased demand from existing clients as well as new projects. Software maintenance revenue increased \$5 million, or 4%, due mainly to sales of new licenses in the past twelve months and annual rate increases. Revenue from license and resale fees included software license revenue of \$50 million, an increase of \$10 million compared to the same quarter in 2010.

**Table of Contents***Higher Education:*

HE revenue increased \$4 million or 3% for the three month periods ended March 31, 2011 compared to the corresponding period in 2010 due mainly to a customer conference held in the first quarter of 2011 that was held in the second quarter of 2010 and an increase in software maintenance revenue due mainly to annual rate increases, partially offset by a decrease in managed services revenue due to customer attrition. Organic revenue increased 2%. Revenue from license and resale fees included software license revenue of \$4 million in the three months ended March 31, 2011, a \$2 million decrease from the prior year period.

*Public Sector:*

PS revenue decreased \$1 million or 3% for the three month periods ended March 31, 2011 compared to the corresponding period in 2010 due mainly to a decrease in professional services revenue largely resulting from local governments budget constraints. Organic revenue decreased 2%. Revenue from license and resale fees included software license revenue of \$2 million in the three months ended March 31, 2011, unchanged from the prior year period.

*Availability Services:*

AS revenue decreased \$5 million, or 1%, in the first quarter of 2011 from the prior year period. Organic revenue decreased 3% in the quarter. In North America, which accounts for approximately 80% of our AS business, revenue decreased 3% overall and organically, driven by decreases in recovery services and professional services revenue, partially offset by growth in managed services revenue. Revenue in Europe, primarily from our U.K. operations, increased 4%, and was unchanged organically, driven by an increase in managed services revenue which was mostly offset by a decrease in recovery services revenue. Most of our recovery services revenue is derived from tape-based solutions. Industry-wide, recovery services has been shifting from tape-based solutions to disk-based and managed service solutions. We expect this shift to continue in the future.

**Costs and Expenses:**

Cost of sales and direct operating expenses as a percentage of total revenue was 46% and 47% in the three-month periods ended March 31, 2011 and 2010, respectively, largely the result of the lower volumes of the Broker/Dealer. Excluding the Broker/Dealer's expenses of \$32 million in 2011 and \$54 million in 2010, cost of sales and direct operating expenses as a percentage of total revenue (also excluding the Broker/Dealer) was 45% in each of the three month periods ended March 31, 2011 and 2010. Impacting the period were higher FS employment-related expenses and increased costs associated with the HE customer user conference that was held in the first quarter of 2011 compared to the second quarter of 2010, partially offset by lower AS employment-related costs.

Sales, marketing and administration expenses as a percentage of total revenue were 23% in each of the three-month periods ended March 31, 2011 and 2010. Increases in sales, marketing and administration expenses were primarily due to increases in FS employment-related expense, partially offset by a decrease in currency transaction losses.

Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For the three months ended March 31, 2011 and 2010, product development costs were 13% and 11% of revenue from software and processing solutions, respectively. The increase is primarily related to increased FS employment-related expenses to maintain higher-margin products, and enhance functionality to attract and retain customers.

Amortization of acquisition-related intangible assets was 10% of total revenue in each of the three month periods ended March 31, 2011 and 2010. During 2011, we recorded impairment charges of our customer base and software assets of \$3 million and \$4 million, respectively. These impairments are the result of reduced cash flow projections of the applicable businesses to which the software and customer base assets relate.

Interest expense was \$137 million and \$159 million for the three month periods ended March 31, 2011 and 2010, respectively. The decrease in interest expense was due primarily to decreased term loan borrowings resulting from prepayments that occurred in December 2010 and interest rate decreases mainly due to refinancing the senior notes due 2013.



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The effective income tax rates for the three months ended March 31, 2011 and 2010 were a benefit of 69% and 36%, respectively. The rate in 2011 reflects the impact on the effective tax rate of certain items, including nondeductible expenses and state income taxes, due to the small base of overall projected pretax income. Changes in the actual mix of income or the total amount of income for 2011 may significantly impact the estimated effective income tax rate for the year. The rate in the first quarter of 2010 reflects the expected mix of taxable income in various jurisdictions. Accreted dividends on SCCII's cumulative preferred stock were \$54 million and \$47 million for the three months ended March 31, 2011 and 2010, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

**Liquidity and Capital Resources:**

At March 31, 2011, cash and equivalents were \$776 million, a decrease of \$2 million from December 31, 2010. Cash flow from continuing operations was \$53 million in the three months ended March 31, 2011 compared to \$66 million in the three months ended March 31, 2010. The decrease in cash flow from continuing operations from the prior year period is due primarily to a \$50 million tax refund received in the first quarter of 2010 and higher collections in the first quarter of 2010 due to timing of billings and cash collections compared to the current year. These decreases were partially offset by \$79 million less of interest payments in the first quarter of 2011 due mainly to decreased term loan borrowings, and the change of the interest payment dates from February to November and a reduction in the interest rate related to the refinancing of the senior notes due 2013.

Net cash used by continuing operations in investing activities was \$82 million in the three months ended March 31, 2011, comprised of cash paid for property and equipment and other assets and two businesses acquired in our FS segment. Net cash used by continuing operations in investing activities was \$81 million in the three months ended March 31, 2010, comprised mainly of cash paid for property and equipment and other assets and one business acquired in each of our FS and AS segments.

Net cash provided by continuing operations in financing activities was \$11 million for the three months ended March 31, 2011, primarily related to borrowing under our accounts receivables facility. Net cash used by continuing operations in financing activities was \$18 million for the three months ended March 31, 2010, primarily related to quarterly principal payments on the term loans. At March 31, 2011, no amount was outstanding under the revolving credit facility and \$330 million was outstanding under the receivables facility, which represented the full amount available for borrowing based on the terms and conditions of the facility.

On January 31, 2011, SunGard entered into the First Refinancing Amendment to its Amended and Restated Senior Secured Credit Agreement dated as of June 9, 2009 ( Credit Agreement ) to, among other things, (a) eliminate the LIBOR and base rate floors and (b) reduce the Eurocurrency rate spread from 3.75% to 3.5% and the base rate spread from 2.75% to 2.5% with no impact on maturity. We expect to save approximately \$14 million per year of interest expense as a result of this amendment.

On March 11, 2011, SunGard entered into the Second Refinancing and Incremental Amendment to its Senior Secured Credit Agreement to, among other things, obtain new revolving credit commitments in an aggregate amount equal to \$300 million that will terminate on May 11, 2013, thereby increasing the Company's revolving credit commitments by \$50 million, to \$880 million, all of which now have been extended to (or expire on) May 11, 2013.

At March 31, 2011, we have outstanding \$8.08 billion in aggregate indebtedness, with additional borrowing capacity of \$850 million under the revolving credit facility (after giving effect to outstanding letters of credit). Also at March 31, 2011, we have outstanding letters of credit and bid bonds that total approximately \$42 million.

We expect our available cash balance and cash flows from operations, combined with availability under the revolving credit facility and receivables facility, to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes at least the next 12 months.

***Covenant Compliance***

Adjusted EBITDA is used to determine compliance with certain covenants contained in the indentures governing SunGard's senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015 and in SunGard's senior secured credit facilities. Adjusted EBITDA is defined as EBITDA, which we define as earnings before interest, taxes, depreciation, amortization and goodwill impairment, further adjusted to exclude certain adjustments permitted in calculating covenant compliance under the indentures and senior secured credit facilities. We believe that the

inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants.

The breach of covenants in SunGard's senior secured credit facilities that are tied to ratios based on Adjusted EBITDA could result in a default under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under the indentures. Additionally, under SunGard's debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.



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Adjusted EBITDA is calculated as follows (in millions):

|   | <b>Three Months Ended March</b> |             | <b>Last<br/>Twelve<br/>Months</b> |
|---|---------------------------------|-------------|-----------------------------------|
|   | <b>31,</b>                      |             | <b>March 31,</b>                  |
|   | <b>2010</b>                     | <b>2011</b> | <b>2011</b>                       |
| Income (loss) from continuing operations  | \$ (56)                         | \$ (23)     | \$ (357)                          |
| Interest expense, net   | 159                             | 136         | 613                               |
| Benefit from income taxes   | (32)                            | (52)        | (49)                              |
| Depreciation and amortization   | 194                             | 197         | 778                               |
| Goodwill impairment charge  |                                 |             | 237                               |
| <b>EBITDA</b>   | <b>265</b>                      | <b>258</b>  | <b>1,222</b>                      |
| Purchase accounting adjustments (a)   | 4                               | 3           | 12                                |
| Non-cash charges (b)  | 8                               | 6           | 36                                |
| Restructuring and other charges (c)   | 9                               | 8           | 49                                |
| Acquired EBITDA, net of disposed EBITDA (d)   | 3                               |             | 6                                 |
| Pro forma expense savings related to acquisitions (e)   | 1                               |             | 1                                 |
| Loss on extinguishment of debt and other (f)  | 5                               | 7           | 71                                |
| <br>Adjusted EBITDA senior secured credit facilities, senior notes<br>due 2015, 2018 and 2020 and senior subordinated notes due<br>2015 | <br>\$ 295                      | <br>\$ 282  | <br>\$ 1,397                      |

(a) Purchase accounting adjustments include the adjustment of deferred revenue and lease reserves to fair value at the date of the LBO and subsequent acquisitions made by the Company and certain acquisition-related compensation expense.

(b) Non-cash charges include stock-based compensation and loss on the sale of assets.

(c) Restructuring and other charges include debt refinancing costs, severance and related payroll taxes, reserves to consolidate certain facilities, settlements with former owners of acquired companies and certain other expenses associated with acquisitions made by the Company.

(d) Acquired EBITDA net of disposed EBITDA reflects the EBITDA impact of businesses that were acquired or disposed of during the period as if the acquisition or disposition occurred at the beginning of the period.

(e) Pro forma adjustments represent the full-year impact of savings resulting from post-acquisition integration activities.

(f) Loss on extinguishment of debt and other includes the loss on extinguishment of \$1.6 billion of senior notes due 2013, gains or losses related to fluctuation of foreign currency exchange rates impacting the foreign-denominated debt, management fees paid to the Sponsors and franchise and similar taxes reported in operating expenses, partially offset by certain charges relating to the receivables facility.

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The covenant requirements and actual ratios for the twelve months ended March 31, 2011 are as follows. SunGard is in compliance with all covenants.

|  | <b>Covenant<br/>Requirements</b> | <b>Actual<br/>Ratios</b> |
|--|----------------------------------|--------------------------|
| <b>Senior secured credit facilities <sup>(1)</sup></b>         |                                  |                          |
| Minimum Adjusted EBITDA to consolidated interest expense ratio | 1.80x                            | 2.50x                    |
| Maximum total debt to Adjusted EBITDA                          | 6.25x                            | 5.04x                    |

**Senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015**<sup>(2)</sup>

|   |       |       |
|---|-------|-------|
| Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions | 2.00x | 2.66x |
|---|-------|-------|

(1) The senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.80x for the four-quarter period ended December 31, 2010 and increasing over time to 1.95x by the end of 2011 and 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain non-cash or non-recurring interest expense and the elimination of interest expense and fees associated with SunGard's receivables facility. Beginning with the four-quarter period ending December 31, 2010, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 6.25x and decreasing over time to 5.75x by the end of 2011 and to 4.75x by the end of 2013. Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on our balance sheet in excess of \$50 million. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If our lenders failed to waive any such default, our repayment obligations under the senior secured credit facilities could be accelerated, which would also constitute a default under our indentures.

(2) SunGard's ability to incur additional debt and make certain restricted payments under our indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of \$5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of March 31, 2011, we had \$4.40 billion outstanding under the term loan facilities and available commitments of \$850 million under the revolving credit facility), to acquire persons engaged in a similar business that become restricted subsidiaries and to make other investments equal to 6% of our consolidated assets. Fixed charges is defined in the indentures governing the Senior Notes due 2015, 2018 and 2020 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the receivables facility.

**Certain Risks and Uncertainties**

Certain of the matters we discuss in this Report on Form 10-Q may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, approximately, intends, plans, estimates, or anticipates or similar expressions which concern our strategy, plans and intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior

management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Some of the factors that we believe could affect our results include: our high degree of leverage; general economic and market conditions; the condition of the financial services industry, including the effect of any further consolidation among financial services firms; the integration of acquired businesses, the performance of acquired businesses, and the prospects for future acquisitions; the effect of war, terrorism, natural disasters or other catastrophic events; the effect of disruptions to our systems and infrastructure; the timing and magnitude of software sales; the timing and scope of technological advances; customers taking their information availability solutions in-house; the trend in information availability toward solutions utilizing more dedicated resources; the market and credit risks associated with clearing broker operations; the ability to retain and attract customers and key personnel; risks relating to the foreign countries where we transact business; the ability to obtain patent protection and avoid patent-related liabilities in the context of a rapidly developing legal framework for software and business-method patents; and a material weakness in our internal controls. The factors described in this paragraph and other factors that may affect our business or future financial results are discussed in our filings with the Securities and Exchange Commission, including this Form 10-Q. We assume no obligation to update any written or oral forward-looking statement made by us or on our behalf as a result of new information, future events or other factors.

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**Item 3. Quantitative and Qualitative Disclosures about Market Risk:**

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, with a substantial portion having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At March 31, 2011, we had total debt of \$8.08 billion, including \$4.73 billion of variable rate debt. We have entered into interest rate swap agreements which fix the interest rates for \$1.70 billion of our variable rate debt. Swap agreements expiring in February 2012 with a notional value of \$1.2 billion effectively fix our interest rates at 1.78%. Swap agreements expiring in May 2013 with a notional value of \$500 million effectively fix our interest rates at 1.99%. Our remaining variable rate debt of \$3.03 billion is subject to changes in underlying interest rates, and, accordingly, our interest payments will fluctuate. During the period when all of our interest rate swap agreements are effective, a 1% change in interest rates would result in a change in interest of approximately \$30 million per year. Upon the expiration of each interest rate swap agreement in February 2012 and May 2013, a 1% change in interest rates would result in a change in interest of approximately \$42 million and \$47 million per year, respectively.

**Item 4. Controls and Procedures:**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Report were effective.

No change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Part II Other Information:**

**Item 1. Legal Proceedings:** We are presently a party to certain lawsuits arising in the ordinary course of our business. We believe that none of our current legal proceedings will be material to our business, financial condition or results of operations.

**Item 1A. Risk Factors:** There have been no material changes to SCC s, SCCII s or SunGard s Risk Factors as previously disclosed in their Form 10-K for the year ended December 31, 2010.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:** None.

**Item 3. Defaults Upon Senior Securities:** None.

**Item 4. (Removed and Reserved)**

**Item 5. Other Information:**

(a) None.

(b) None.

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**Item 6. Exhibits:**

| Number | Document   |
|--------|--|
| 10.1   | Second Refinancing and Incremental Amendment, dated as of March 11, 2011 to the Amended and Restated Credit Agreement, dated as of June 9, 2009.   |
| 12.1   | Computation of Ratio of Earnings to Fixed Charges.   |
| 31.1   | Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2   | Certification of Robert F. Woods, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1   | Certification of Cristóbal Conde, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002. |
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SUNGARD CAPITAL CORP.  
SUNGARD CAPITAL CORP. II**

Dated: May 5, 2011

By: /s/ Robert F. Woods

Robert F. Woods  
Executive Vice President and Chief Financial  
Officer  
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SUNGARD DATA SYSTEMS INC.**

Dated: May 5, 2011

By: /s/ Robert F. Woods

Robert F. Woods  
Senior Vice President-Finance and Chief Financial  
Officer  
(Principal Financial Officer)

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