SUNGARD DATA SYSTEMS INC
Form 10-K
March 20, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended December 31, 2012

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the transition period from to

Commission File Numbers:

SunGard Capital Corp. 000-53653

SunGard Capital Corp. II 000-53654

SunGard Data Systems Inc. 001-12989

SunGard® Capital Corp.

SunGard® Capital Corp. II

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-3059890**
Delaware	**20-3060101**
Delaware	**51-0267091**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Restricted Stock Units Granting Conditional Rights to Units Consisting of:

Class A Common Stock of SunGard Capital Corp., par value $0.001 per share,

Class L Common Stock of SunGard Capital Corp., par value $0.001 per share, and

Preferred Stock of SunGard Capital Corp. II, par value $0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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

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

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K.

SunGard Capital Corp. ¨	SunGard Capital Corp. II ¨	SunGard Data Systems Inc. x

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

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

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

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

The aggregate market value of the registrants voting stock held by nonaffiliates is zero. The registrants are privately held corporations.

The number of shares of the registrants common stock outstanding as of March 1, 2013:

SunGard Capital Corp.:	256,474,160 shares of Class A common stock and 28,497,129 shares of Class L common stock
SunGard Capital Corp. II:	100 shares of common stock
SunGard Data Systems Inc.:	100 shares of common stock

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Explanatory Note

This Annual Report on Form 10-K (Report) is a combined report being filed separately by three registrants: SunGard Capital Corp. (SCC), SunGard Capital Corp. II (SCCII) and SunGard Data Systems Inc. (SunGard). SCC and SCCII 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 Companie 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 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.

Forward-Looking Statements

Certain of the matters we discuss in this Report may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, or a expressions which concern our strategy, plans or intentions. 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 describe some of the factors that we believe could affect our results in ITEM 1A RISK FACTORS. We assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.

PART I

ITEM 1. BUSINESS

We are one of the world s leading software and technology services companies. We provide software and technology services to financial services, education and public sector organizations. We also provide disaster recovery services, managed services, information availability consulting services and business continuity management software. We serve approximately 25,000 customers in more than 70 countries. Our high quality software solutions, excellent customer support and specialized technology services result in strong customer retention rates across all of our business segments and create long-term customer relationships.

We operate our business in three segments: Financial Systems (FS), Availability Services (AS) and Other, which is comprised of K-12 Education (K-12) and Public Sector (PS). On January 19 and 20, 2012, the Company completed the sale of its Higher Education (HE) business, which is included in discontinued operations for purposes of this Report.

FS provides mission-critical software and technology services to virtually every type of financial services institution, including buy-side and sell-side institutions, third-party administrators, wealth managers, retail banks, insurance companies, corporate treasuries and energy trading firms. Our broad range of complementary software solutions and associated technology services help financial services institutions automate the business processes associated with trading, managing portfolios and accounting for investment assets.

AS provides disaster recovery services, managed services, information availability consulting services and business continuity management software to more than 8,000 customers in North America and Europe. With five million square feet of data center and operations space, AS assists IT organizations across virtually all industry and government sectors to prepare for and recover from emergencies by helping them minimize their computer downtime and optimize their uptime. Through direct sales and channel partners, AS helps organizations ensure their people and customers have uninterrupted access to the information systems they need in order to do business.

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Other (K-12 and PS) provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, public and private schools, utilities, nonprofits and other public sector institutions.

With a large portfolio of proprietary products and services in each of our three business segments, we have a diversified and stable business. Our base of approximately 25,000 customers includes most of the world s largest financial services firms, a variety of other financial services firms, corporate and government treasury departments, energy companies, school districts, local governments and nonprofit organizations. Our AS business serves customers across virtually all industries. Our revenue is highly diversified by customer and product. During each of the past three fiscal years, no single customer has accounted for more than 3% of total revenue. On average for the past three fiscal years, services revenue has been approximately 91% of total revenue. About 80% of services revenue is highly recurring as a result of multiyear contracts and is generated from (1) software-related services including software maintenance and support, processing and rentals and (2) recovery and managed services. The remaining services revenue includes (1) professional services, which are mainly generated from implementation and consulting services in connection with the sale of our products and (2) broker/dealer fees, which are largely correlated with trading volumes.

We were acquired in August 2005 in a leveraged buy-out (LBO) 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. As a result of the LBO, we are highly leveraged and our equity is not publicly traded.

Our Sponsors continually evaluate various strategic alternatives with respect to the Company. There can be no assurance that we will ultimately pursue any strategic alternatives with respect to any business segment, or, if we do, what the structure or timing for any such transaction would be.

To the extent required by ITEM 1 of Form 10-K, financial information regarding our segments is included in Note 13 of the Notes to Consolidated Financial Statements.

Segment Overview

Financial Systems

FS provides mission critical software and technology services to financial services institutions, corporate and government treasury departments and energy companies. Our solutions automate the many complex business processes associated primarily with trading, managing investment portfolios and accounting for investment assets, and also address the processing requirements of a broad range of users within the financial services sector. In addition, we provide technology services that focus on application implementation and integration of these solutions, custom software development and application management. Since our inception, we have consistently enhanced our solutions to add new features, process new types of financial instruments, meet new regulatory requirements, incorporate new technologies and meet evolving customer needs on a global basis.

We deliver many of our solutions as an application-service provider, primarily from our data centers located in North America and Europe that customers access through the Internet or virtual private networks. We also deliver some of our solutions by licensing the software to customers for use on their own computers and premises.

Our FS business offers software and technology services to a broad range of users, including asset managers, chief financial officers, compliance officers, custodians, fund administrators, insurers and reinsurers, market makers, plan administrators, registered investment advisors, treasurers, traders and wealth managers. FS is grouped into complementary solutions that focus on the specific requirements of our customers, as follows:

Asset Management: We offer solutions that help institutional investors, hedge funds, private equity firms, fund administrators and securities transfer agents improve both investment decision-making and operational

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efficiency, while managing risk and increasing transparency. Our solutions support every stage of the investment process, from research and portfolio management, to valuation, risk management, compliance, investment accounting, transfer agency and client reporting.

Banking: Our banking solutions help retail, corporate and international private banks to better manage their customers, capital and staff. We provide integrated solution suites for asset/liability management, budgeting and planning, regulatory compliance and profitability. We offer retail banks a range of solutions helping them address core banking, online and mobile banking, as well as customer and card management requirements. We also provide front-to-back-office solutions for equipment finance organizations and help international private banks with core banking, channel and client management, and various ASP services. Finally, we provide enterprise matching and reconciliation solutions to financial institutions.

Brokerage: Our brokerage solutions provide trade execution and network solutions to financial institutions, corporations and municipalities in North America, Europe and other global markets. Our trade execution and network solutions help both buy- and sell-side firms improve execution quality, minimize information leakage, decrease overall execution costs and address today s trade connectivity challenges.

Capital Markets: Our capital markets solutions help banks, broker/dealers, futures commission merchants and other financial institutions to increase the efficiency, transparency and control of their trading operations across multiple platforms, asset classes and markets. Supporting the entire trade lifecycle from front-to-back, these solutions provide everything from connectivity, execution services and risk management to securities finance, collateral management and compliance. Additionally, these solutions help customers to create and manage consolidated views across all their positions and risk.

Corporate Liquidity: Our solutions for corporate liquidity help businesses facilitate connectivity between their buyers, suppliers, banks, data providers and other stakeholders to increase visibility of cash, improve communication and response time, reduce risk, and help drive maximum value from working capital. Our end-to-end collaborative financial management framework helps chief financial officers and treasurers bring together receivables, treasury and payments for a single view of cash and risk, and to optimize business processes for enhanced liquidity management.

Energy. Our energy and commodities solutions help energy companies, corporate hedgers, hedge funds and financial services firms to compete efficiently in global energy and commodities markets by streamlining and integrating the trading, risk management and operations of physical commodities and their associated financial instruments.

Insurance: We provide solutions for the insurance industry in each of the following major business lines: life and health, annuities and pensions, property and casualty, reinsurance and asset management. Our software and services support functions from the front-office through the back-office, from customer service, policy administration and actuarial calculations to financial and investment accounting and reporting.

Wealth & Retirement Administration: We provide wealth management solutions that help banks, trust companies, brokerage firms, insurance firms, benefit administrators and independent advisors acquire, service and grow their client relationships. We provide solutions for client acquisition, transaction management, trust accounting and recordkeeping that can be deployed as stand-alone products, or as part of an integrated wealth management platform.

FS also has a global services organization that delivers business consulting, technology and managed and professional services for financial services institutions, energy companies and corporations. Leveraging our global delivery model, our consultants and developers worldwide help customers manage their complex data needs, optimize end-to-end business processes and assist with systems integration, while providing full application development, maintenance, testing and support services.

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Availability Services

AS helps customers improve the resilience of their mission critical systems by designing, implementing and managing cost-effective solutions using people, processes and technology to address enterprise IT availability needs. As the pioneer of commercial disaster recovery in the 1970s, we believe our specialization in information availability solutions, together with our vast experience, technology expertise, resource management capabilities, vendor neutrality and diverse service offerings, have uniquely positioned us to help meet customers varied needs in an environment in which businesses are critically dependent on the availability of IT. Our comprehensive portfolio of services extends from always-ready standby services to high availability advanced recovery services and always-on production and managed services. This includes planning and provisioning of enterprise cloud computing and SaaS platforms. Additionally, we provide business continuity management software and consulting services to help customers design, implement and maintain plans to protect their central business systems. To serve our more than 8,000 customers, we have approximately 5,000,000 square feet of data center and operations space at over 90 facilities in ten countries. Since inception, we have helped customers recover from unplanned interruptions resulting from major disasters including hurricane Sandy in 2012, the Gulf Coast hurricanes in 2008, widespread flooding in the UK in 2007, hurricane Katrina and Gulf Coast hurricanes in 2005, Florida hurricanes in 2004, the Northeast U.S. blackout in 2003, and the terrorist attacks of September 11, 2001.

We provide the following four categories of services: recovery services, managed services, consulting services and business continuity management software. The combination of all of these services provides our customers with a complete set of IT operations and information availability management solutions.

Although high availability and recovery services remain as important revenue generating services, including our recently introduced managed recovery program (MRP), managed services, consulting services and business continuity management software increasingly account for a greater percentage of new sales. Because advanced recovery and managed services are often unique to individual customers and utilize a greater proportion of dedicated (versus shared) resources, they typically require modestly more capital expenditures. Cloud solutions, however, are changing industry economics to allow for lower-cost, partially dedicated solutions.

Recovery Services: We help customers maintain access to the information and computer systems needed to run their businesses by providing cost-effective solutions to keep IT systems operational and secure in the event of an unplanned business disruption. These business disruptions can range from man-made events (e.g., power outages, telecommunications disruptions and acts of terrorism) to natural disasters (e.g., floods, hurricanes and earthquakes). We offer a complete range of recovery services tailored to application uptime requirements. These requirements are typically based on the criticality of the supported business processes. Some of these solutions can be delivered using processors, servers, storage devices, networks and other resources and infrastructure that are subscribed to by multiple customers. Recovery services range from basic standby infrastructure recovery services, workforce continuity services, and mobile recovery options to advanced recovery or high availability solutions. Managed recovery services represent a growing area, with industry regulations and the growing complexity of heterogeneous environments (i.e., cloud, virtual, physical) fueling demand. Our MRP offering in which AS personnel lead planning, set-up, maintenance, testing and execution of a recovery solution addresses key customer needs, including on their own premises. Our ability to provide MRP on the customers premises provides value to enterprises that have made investments to execute their recovery requirements on-site. Demand has also increased for cloud-based recovery services.

Managed Services: We provide IT infrastructure and production services that customers use to run their businesses on a day-to-day basis. These services range from co-located IT infrastructure (e.g., we provide data center space, power, cooling and network connectivity) to fully managed infrastructure services (e.g., we fully manage the daily operation of a customer s IT infrastructure). Managed services help customers augment their IT resources and skills without having to hire full-time internal IT staff and make capital investments in infrastructure. In addition to managed hosting services for physical infrastructures, cloud hosting as well as managed services solutions spanning mixed physical and virtual environments are becoming more commonplace. In 2010, we launched enterprise-grade cloud services and have augmented

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these with high availability, multi-site solutions and private cloud options in 2011. Geographically, we deliver cloud services out of the U.S., Canada and Great Britain and a self-service cloud option out of Ireland.

Consulting Services: We offer consulting services to help customers solve critical business availability and IT infrastructure problems. Our six primary practice areas are information lifecycle governance, data protection, cloud, business continuity management, disaster recovery cost optimization and data center outsourcing. Current capabilities include enterprise resiliency, technology architecture, infrastructure operations and operational risk, taken to market through vertical practices focused in financial services, healthcare, manufacturing, energy and outsourcing.

Business Continuity Management Software: We provide customized software that facilitates business continuity, with automated business continuity management (BCM) systems and incident management modules for more than 1,500 customers. There are strong growth prospects driven by customers lack of internal IT expertise, the required familiarity with the regulatory environment and the growing demand for centralization of BCM planning and governance.

Availability Services operates across the UK and in Europe, delivering a very similar set of services as in the Americas. With locations in the UK, Ireland, France, Sweden, Belgium and Luxembourg, we have considerable ability to support customers from the European Union. In addition, we have Indian operations which provide workforce continuity services out of three locations.

Other

K-12 Education: We provide administrative information software solutions and related implementation and support services for K-12 school districts and private schools throughout the United States. Our software and technology services help school districts improve the efficiency of their operations and use Web-based technologies to serve their constituents. We offer a fully integrated suite of products for student information, learning management, special education, financial and human resource activities.

Public Sector: PS provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, utilities and public sector institutions as well as nonprofits. More than 115 million citizens in North America live in municipalities that rely on our products and services. Our public administration solutions support a range of specialized enterprise resource planning and administrative processes for functions such as accounting, human resources, payroll, utility billing, land management and managed IT services. Public safety and justice agencies use our solutions to manage emergency dispatch operations, citizen and incident records, mobile computing in the field, and the operation of courts and jails. Our e-Government solutions help local governments to use the Internet and wireless technologies to serve their constituents. In December 2010, we sold our Public Sector U.K. operation.

Acquisitions

To complement our organic growth, we have a highly disciplined program to identify, evaluate, execute and integrate acquisitions. Generally, we seek to acquire businesses that broaden our existing product lines and service offerings by adding complementary products and service offerings and by expanding our geographic reach. During 2012, we spent approximately $40 million in cash to acquire two businesses. The following table lists the businesses we acquired in 2012:

Acquired Company/Business	Date Acquired	Description
Syntesys	01/05/12	A European SWIFT service bureau and network of business and technical experts dedicated to serving the SWIFT community.
XcitekSolutionsPlus, LLC (XSP)	12/21/12	A leading provider of end-to-end, automated corporate actions solutions.

Product Development

We continually support, upgrade and enhance our systems and develop new products to meet the needs of our customers for operational efficiency and resilience and to leverage advances in technology.

Our expenditures for software development during the years ended December 31, 2011 and 2012, including amounts that were capitalized, totaled approximately $190 million and $185 million, respectively. In 2011 and 2012, software development expenses were 4% and 4%, respectively, of revenue from software and processing solutions. These amounts do not include routine software support costs, nor do they include costs incurred in performing certain customer-funded development projects in the ordinary course of business.

Marketing

Most of our FS solutions are marketed throughout North America and Western Europe and many are marketed worldwide, including Asia Pacific, Central and Eastern Europe, the Middle East, Africa and Latin America. Our AS solutions are marketed primarily in North America and Europe. Our K-12 and PS solutions are marketed in North America. Our revenue from sales outside the United States during the years ended December 31, 2010, 2011 and 2012 totaled approximately $1.47 billion, $1.61 billion and $1.54 billion, respectively.

Brand and Intellectual Property

We own registered marks for the SUNGARD name and own or have applied for trademark registrations for many of our services and software products.

To protect our proprietary services and software, we rely upon a combination of copyright, patent, trademark and trade secret law, confidentiality restrictions in contracts with employees, customers and others, software security measures, and registered copyrights and patents. We also have established policies requiring our personnel and representatives to maintain the confidentiality of our proprietary property. We have a number of patents and patent applications pending as well as a few registrations of our copyrights. We will continue to apply for software and business method patents on a case-by-case basis and will continue to monitor ongoing developments in the evolving software and business method patent field (see ITEM 1A RISK FACTORS).

Competition

Because most of our computer services and software solutions are specialized and technical in nature, most of the niche areas in which we compete have a relatively small number of significant competitors. Some of our existing competitors and some potential competitors have substantially greater financial, technological and marketing resources than we have.

Financial Systems. In our FS business, we compete with numerous other data processing and software vendors that may be broadly categorized into two groups. The first group is comprised of specialized financial systems companies that are much smaller than we are. The second group is comprised of large computer services companies whose principal businesses are not in the financial systems area, some of which are also active acquirors. We also face competition from the internal processing and IT departments of our customers and prospects. The key competitive factors in marketing financial systems are the accuracy and timeliness of processed information provided to customers, features and adaptability of the software, level and quality of customer support, degree of responsiveness, level of software development expertise, total cost of ownership and return on investment. We believe that we compete effectively with respect to each of these factors and that our leadership, reputation and experience in this business are important competitive advantages.

Availability Services. In our AS business, the greatest source of competition for recovery and advanced recovery services is in-house dedicated solutions that the enterprise develops and maintains internally instead of purchasing from a services provider. The declining cost of infrastructure has made these solutions more accessible, yet the growing complexity of IT environments driven by cloud and virtualization has increased the challenge of sustaining in-house business continuity programs. Historically, the single largest commercial competitor for recovery and advanced recovery services has been IBM Corporation, which, like us, currently

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provides the full continuum of information availability services. We also face moderate competition from specialized vendors, including hardware manufacturers, data-replication and virtualization software companies, outsourcers, managed hosting companies; IT services companies and telecommunications companies. Competition among managed services, including cloud and data center service providers, is fragmented across various competitor types, such as major telecommunication providers, IT outsourcers, niche cloud vendors, real estate investment trusts and regional colocation providers. We compete effectively with respect to the key competitive dimensions in the information availability industry, namely economies of scale, quality of infrastructure, scope and quality of services, including breadth of supported hardware platforms and network capacity, level and quality of customer support, level of technical expertise, vendor neutrality, and price. We are positioned with important competitive advantages including our experience, reliability and reputation as an innovator in information availability solutions, our proven track record, our financial stability and our ability to provide the entire portfolio of information availability services as a single vendor solution.

Employees

As of December 31, 2012, we had approximately 17,000 employees. Our success depends partly on our continuing ability to retain and attract skilled technical, sales and management personnel. While skilled personnel are in high demand and competition exists for their talents, we have been able to retain and attract highly qualified personnel (see ITEM 1A RISK FACTORS).

ITEM 1A. RISK FACTORS

Certain of the matters we discuss in this Report may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, or a expressions which concern our strategy, plans or 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:

- global economic and market conditions;
- the condition of the financial services industry, including the effect of any further consolidation among financial services firms;
- our high degree of debt-related leverage;
- 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 broker/dealer operations;

the ability to retain and attract customers and key personnel;

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- risks relating to the foreign countries where we transact business;
- the integration and performance of acquired businesses;
- 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;
- a material weakness in our internal controls; and
- unanticipated changes in our income tax provision or the enactment of new tax legislation, issuance of regulations or relevant judicial decisions.

The factors described in this paragraph and other factors that may affect our business or future financial results, as and when applicable, are discussed in our filings with the United States Securities and Exchange Commission (SEC), including this Report. We assume no obligation to update any written or oral forward-looking statements made by us or on our behalf as a result of new information, future events or other factors.

Risks Related to Our Indebtedness

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our debt obligations.

As a result of being acquired on August 11, 2005 by a consortium of private equity investment funds, we are highly leveraged and our debt service requirements are significant.

Our high degree of debt-related leverage could have important consequences, including:

- making it more difficult for us to make payments on our debt obligations;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our senior secured credit facilities, are at variable rates of interest;
- restricting us from making acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; and

- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our senior secured credit agreement and the indentures relating to our senior notes due 2018 and 2020 and senior subordinated notes due 2019. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our senior secured credit agreement and the indentures governing our senior notes due 2018 and 2020 and senior subordinated notes due 2019 contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;

- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

In addition, under the senior secured credit agreement, under certain circumstances, we are required to satisfy and maintain specified financial ratios and other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those ratios and tests. A breach of any of these covenants could result in a default under the senior secured credit agreement. Upon an event of default under the senior secured credit agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit.

If we were unable to repay those amounts, the lenders under the senior secured credit agreement could proceed against the collateral granted to them to secure that indebtedness. We have pledged a significant portion of our assets as collateral under the senior secured credit agreement and the senior secured notes due 2014, to the extent required by the indenture governing these notes. If the lenders under the senior secured credit agreement accelerate the repayment of borrowings, we may not have sufficient assets to repay the senior secured credit facilities and the senior notes, as well as our unsecured indebtedness.

Risks Related to Our Business

Our business depends largely on the economy and financial markets, and a slowdown or downturn in the economy or financial markets could adversely affect our business and results of operations.

When there is a slowdown or downturn in the economy, a drop in stock market levels or trading volumes, or an event that disrupts the financial markets, our business and financial results may suffer for a number of reasons. Customers may react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their IT spending. In addition, customers may curtail or discontinue trading operations, delay or cancel IT projects, or seek to lower their costs by renegotiating vendor contracts. Also, customers with excess IT resources may choose to take their information availability solutions in-house rather than obtain those solutions from us. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers to lower cost solutions. If any of these circumstances remain in effect for an extended period of time, there could be a material adverse effect on our financial results. Because our financial performance tends to lag behind fluctuations in the economy, our recovery from any particular downturn in the economy may not occur until after economic conditions have generally improved.

Our business depends to a significant degree on the financial services industry, and a weakening of, or further consolidation in, or new regulations affecting, the financial services industry could adversely affect our business and results of operations.

Because our customer base is concentrated in the financial services industry, our business is largely dependent on the health of that industry. When there is a general downturn in the financial services industry, or if our customers in that industry experience financial or business problems, including bankruptcies, our business and financial results may suffer. If financial services firms continue to consolidate, there could be a material adverse effect on our business and financial results. When a customer merges with a firm using its own solution or another vendor s solution, it could decide to consolidate on a non-SunGard system, which could have an adverse effect on our financial results.

To the extent newly adopted regulations negatively impact the business, operations or financial condition of our customers, our business and financial results could be adversely affected. We could be required to invest a significant amount of time and resources to comply with additional regulations or to modify the manner in which we provide products and services to our customers; and such regulations could limit how much we can charge for our services. We may not be able to update our existing products and services, or develop new ones at all or in a timely manner, to satisfy our customers needs. Any of these events, if realized, could have a material adverse effect on our business and financial results.

Catastrophic events may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.

Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. The potential for a direct impact is due primarily to our significant investment in our infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. Despite our preparations, a security breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for customers, disruptions to our operations, or damage to our important facilities. The same disasters or circumstances that may lead to our customers requiring access to our availability services may negatively impact our own ability to provide such services. Our three largest availability services facilities are particularly important, and a major disruption at one or more of those facilities could disrupt or otherwise impair our ability to provide services to our availability services customers. If any of these events happen, we may be exposed to unexpected liability, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results.

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

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

Because the sales cycle for our software is typically lengthy and unpredictable, our results may fluctuate from period to period.

Our operating results may fluctuate from period to period and be difficult to predict in a particular period due to the timing and magnitude of software sales. We offer a number of our software solutions on a license basis, which means that the customer has the right to run the software on its own computers. The customer usually makes a significant up-front payment to license software, which we generally recognize as revenue when the license contract is signed and the software is delivered. The size of the up-front payment often depends on a number of factors that are different for each customer, such as the number of customer locations, users or accounts. As a result, the sales cycle for a software license may be lengthy and take unexpected turns. Thus, it is difficult to predict when software sales will occur or how much revenue they will generate. Since there are few incremental costs associated with software sales, our operating results may fluctuate from quarter to quarter and year to year due to the timing and magnitude of software sales.

Rapid changes in technology and our customers businesses could adversely affect our business and financial results.

Our business may suffer if we do not successfully adapt our products and services to changes in technology and changes in our customers businesses. These changes can occur rapidly and at unpredictable intervals and we may not be able to respond adequately. If we do not successfully update and integrate our products and services to adapt to these changes, or if we do not successfully develop new products and services needed by our customers to keep pace with these changes, then our business and financial results may suffer. Our ability to keep up with technology and business changes is subject to a number of risks and we may find it difficult or costly to, among other things:

- update our products and services and to develop new products fast enough to meet our customers needs;
- make some features of our products and services work effectively and securely over the Internet;
- integrate more of our FS solutions;
- update our products and services to keep pace with business, regulatory and other developments in the financial services industry, where many of our customers operate; and
- update our services to keep pace with advancements in hardware, software and telecommunications technology.

Some technological changes, such as advancements that have facilitated the ability of our AS customers to develop their own internal solutions, may render some of our products and services less valuable or eventually obsolete. In addition, because of ongoing, rapid technological changes, the useful lives of some technology assets have become shorter and customers are therefore replacing these assets more often. As a result, our customers are increasingly expressing a preference for contracts with shorter terms, which could make our revenue less predictable in the future.

Customers taking their information availability solutions in-house or leveraging inexpensive shared cloud-based solutions may create greater pressure on our organic revenue growth rate.

Our AS solutions allow customers to leverage our technology expertise and process-IP, resource management capabilities and substantial infrastructure investments. Technological advances in recent years have significantly reduced the cost and the complexity of developing in-house solutions. Some customers, especially among the very largest having significant IT resources, prefer to develop and maintain their own in-house availability solutions, which can result in a loss of revenue from those customers. If this trend continues or worsens, there will be continued pressure on our organic revenue growth rate. Also, cloud-based solutions are often perceived as inherently redundant and highly available. This is a misconception, as high availability is only provided when expressly engineered into a cloud environment. However, this belief along with the opportunity to leverage inexpensive cloud infrastructure for shared recovery options can, over time, become a more significant competitive threat especially in the area of availability solutions for less critical applications.

The trend toward information availability solutions utilizing more single customer dedicated resources likely will lower our overall operating margin rate over time.

In the information availability services industry, especially among our more sophisticated customers, there is preference for solutions that utilize some level of dedicated resources, such as blended advanced recovery services and managed services. The primary reason for this is that adding dedicated resources, although more costly, provides greater control, increases security, reduces data loss and facilitates quicker responses to business interruptions. Advanced recovery services often result in greater use of dedicated resources with a modest decrease in operating margin rate. Managed services require significant dedicated resources and, therefore, have an appropriately lower operating margin rate.

Our securities brokerage operations are highly regulated and are riskier than our other businesses.

Domestic and foreign regulatory and self-regulatory organizations, such as the SEC, the Financial Industry Regulatory Authority, and the (U.K.) Financial Services Authority can, among other things, fine, censure, issue cease-and-desist orders against, and suspend or expel a broker-dealer or its officers or employees for failure to comply with the many laws and regulations that govern brokerage activities. Such sanctions may arise out of currently-conducted activities or those conducted in prior periods. Our ability to comply with these laws and regulations is largely dependent on our establishment, maintenance, and enforcement of an effective brokerage compliance program. Failure to establish, maintain, and enforce proper brokerage compliance procedures, even if unintentional, could subject us to significant losses, lead to disciplinary or other actions, and tarnish our reputation. Regulations affecting the brokerage industry may change, which could adversely affect our financial results.

We are exposed to certain risks relating to the execution services provided by our brokerage operations to our customers and counterparties, which include other broker-dealers, active traders, hedge funds, asset managers, and other institutional and non-institutional clients. These risks include, but are not limited to, customers or counterparties failing to pay for or deliver securities, trading errors, the inability or failure to settle trades, and trade execution system failures. In our other businesses, we generally can disclaim liability for trading losses that may be caused by our software, but in our brokerage operations, we may not be able to limit our liability for trading losses or failed trades even when we are not at fault. As a result, we may suffer losses that are disproportionately large compared to the relatively modest profit contributions of our brokerage operations.

If we fail to comply with government regulations in connection with our business or providing technology services to certain financial institutions, our business and results of operations may be adversely affected.

Because we act as a third-party service provider to financial institutions and provide mission-critical applications for many financial institutions that are regulated by one or more member agencies of the Federal Financial Institutions Examination Council (FFIEC), we are subject to examination by the member agencies of the FFIEC. More specifically, we are a Multi-Regional Data Processing Servicer of the FFIEC because we provide mission critical applications for financial institutions from several data centers located in different geographic regions. As a result, the FFIEC conducts periodic reviews of certain of our operations in order to identify existing or potential risks associated with our operations that could adversely affect the financial institutions to whom we provide services, evaluate our risk management systems and controls, and determine our compliance with applicable laws that affect the services we provide to financial institutions. In addition to examining areas such as our management of technology, data integrity, information confidentiality and service availability, the reviews also assess our financial stability. Our incurrence of significant debt in connection with the LBO increases the risk of an FFIEC agency review determining that our financial stability has been weakened. A sufficiently unfavorable review from the FFIEC could result in our financial institution customers not being allowed to use our technology services, which could have a material adverse effect on our business and financial condition.

If we fail to comply with any regulations applicable to our business, we may be exposed to unexpected liability and/or governmental proceedings, our customers may leave, our reputation may be tarnished, and there could be a material adverse effect on our business and financial results. In addition, the future enactment of more restrictive laws or rules on the federal or state level, or, with respect to our international operations, in foreign jurisdictions on the national, provincial, state or other level, could have an adverse impact on business and financial results.

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If we are unable to retain or attract customers, our business and financial results will be adversely affected.

If we are unable to keep existing customers satisfied, sell additional products and services to existing customers or attract new customers, then our business and financial results may suffer. A variety of factors could affect our ability to successfully retain and attract customers, including the level of demand for our products and services, the level of customer spending for information technology, the level of competition from customers that develop their own solutions internally and from other vendors, the quality of our customer service, our ability to update our products and develop new products and services needed by customers, and our ability to integrate and manage acquired businesses. Further, the markets in which we operate are highly competitive and we may not be able to compete effectively. Our services revenue, which has been largely recurring in nature, comes from the sale of our products and services under fixed-term contracts. We do not have a unilateral right to extend these contracts when they expire. Revenue from our broker/dealer businesses is not subject to minimum or ongoing contractual commitments on the part of brokerage customers. If customers cancel or refuse to renew their contracts, or if customers reduce the usage levels or asset values under their contracts, there could be a material adverse effect on our business and financial results.

If we fail to retain key employees, our business may be harmed.

Our success depends on the skill, experience and dedication of our employees. If we are unable to retain and attract sufficiently experienced and capable personnel, especially in product development, sales and management, our business and financial results may suffer. For example, if we are unable to retain and attract a sufficient number of skilled technical personnel, our ability to develop high quality products and provide high quality customer service may be impaired. Experienced and capable personnel in the technology industry remain in high demand, and there is continual competition for their talents. When talented employees leave, we may have difficulty replacing them, and our business may suffer. There can be no assurance that we will be able to successfully retain and attract the personnel that we need.

We are subject to the risks of doing business internationally.

A portion of our revenue is generated outside the United States, primarily from customers located in Europe. Over the past few years we have expanded our operations in certain emerging markets in Asia, Africa, Europe, the Middle East and South America. Because we sell our services outside the United States, our business is subject to risks associated with doing business internationally. Accordingly, our business and financial results could be adversely affected due to a variety of factors, including:

- changes in a specific country s or region s political and cultural climate or economic condition;
- unexpected or unfavorable changes in foreign laws and regulatory requirements;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in foreign countries;
- trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the U.S. Department of Commerce and fines, penalties or suspension or revocation of export privileges;
- the effects of applicable and potentially adverse foreign tax law changes;
- significant adverse changes in foreign currency exchange rates;

longer accounts receivable cycles;

managing a geographically dispersed workforce; and

difficulties associated with repatriating cash in a tax-efficient manner.

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In foreign countries, particularly in those with developing economies, certain business practices may exist that are prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act and other anti-corruption laws. Although our policies and procedures require compliance with these laws and are designed to facilitate compliance with these laws, our employees, contractors and agents may take actions in violation of applicable laws or our policies. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business and reputation.

Our acquisitions may not be successful and we may not be able to successfully integrate and manage acquired businesses.

Generally, we seek to acquire businesses that broaden our existing product lines and service offerings and expand our geographic reach. There can be no assurance that our acquisitions will be successful or that we will be able to identify suitable acquisition candidates and successfully complete acquisitions. In addition, we may finance any future acquisition with debt, which would increase our overall levels of indebtedness and related interest costs. If we are unable to successfully integrate and manage acquired businesses, then our business and financial results may suffer. It is possible that the businesses we have acquired and businesses that we acquire in the future may perform worse than expected, be subject to an adverse litigation outcome or prove to be more difficult to integrate and manage than expected. If that happens, there may be a material adverse effect on our business and financial results for a number of reasons, including:

- we may have to devote unanticipated financial and management resources to acquired businesses;
- we may not be able to realize expected operating efficiencies or product integration benefits from our acquisitions;
- we may have to write off goodwill or other intangible assets; and
- we may incur unforeseen obligations or liabilities (including assumed liabilities not fully indemnified by the seller) in connection with acquisitions.

We could lose revenue due to fiscal funding or termination for convenience clauses in certain customer contracts, especially in our K-12 and PS businesses.

Certain of our customer contracts, particularly those with governments and school districts, may be partly or completely terminated by the customer due to budget cuts or sometimes for any reason at all. These types of clauses are often called fiscal funding or termination for convenience clauses. If a customer exercises one of these clauses, the customer would be obligated to pay for the services we performed up to the date of exercise, but would not have to pay for any further services. In addition, governments and school districts may require contract terms that differ from our standard terms. While we have not been materially affected by exercises of these clauses or other unusual terms in the past, we may be in the future. If customers that collectively represent a substantial portion of our revenue were to invoke the fiscal funding or termination for convenience clauses of their contracts, our future business and results of operations could be adversely affected.

The private equity firms that acquired the Company (Sponsors) control us and may have conflicts of interest with us.

Investment funds associated with or designated by the Sponsors indirectly own, through their ownership in the Parent Companies, a substantial portion of our capital stock. As a result, the Sponsors have control over our decisions to enter into any corporate transaction regardless of whether noteholders believe that any such transaction is in their own best interests. For example, the Sponsors could cause us to make acquisitions or pay dividends that increase the amount of indebtedness that is secured or that is senior to our senior subordinated notes or to sell assets.

Additionally, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. One or more of the

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Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Sponsors continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

If we are unable to protect our proprietary technologies and defend infringement claims, we could lose one of our competitive advantages and our business could be adversely affected.

Our success depends in part on our ability to protect our proprietary products and services and to defend against infringement claims. If we are unable to do so, our business and financial results may suffer. To protect our proprietary technology, we rely upon a combination of copyright, patent, trademark and trade secret law, confidentiality restrictions in contracts with employees, customers and others, software security measures, and registered copyrights and patents. Despite our efforts to protect the proprietary technology, unauthorized persons may be able to copy, reverse engineer or otherwise use some of our technology. It also is possible that others will develop and market similar or better technology to compete with us. Furthermore, existing patent, copyright and trade secret laws may afford only limited protection, and the laws of certain countries do not protect proprietary technology as well as United States law. For these reasons, we may have difficulty protecting our proprietary technology against unauthorized copying or use. If any of these events happens, there could be a material adverse effect on the value of our proprietary technology and on our business and financial results. In addition, litigation may be necessary to protect our proprietary technology. This type of litigation is often costly and time-consuming, with no assurance of success.

We may be sued for violating the intellectual property rights of others.

The software industry is characterized by the existence of a large number of trade secrets, copyrights and the growing number of issued patents, as well as frequent litigation based on allegations of infringement or other violations of intellectual property rights. We may unknowingly violate the intellectual property rights of others. Some of our competitors or other third parties may have been more aggressive than us in applying for or obtaining patent rights for innovative proprietary technologies both in the United States and internationally. In addition, we use a limited amount of open source software in our products and may use more open source software in the future. Because open source software is developed by numerous independent parties over whom we exercise no supervision or control, allegations of infringement for using open source software are possible. Although we monitor our use and our suppliers use of open source software to avoid subjecting our products to conditions we do not intend, the terms of many open source licenses have not been interpreted by United States or other courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products.

As a result of all of these factors, there can be no assurance that in the future third parties will not assert infringement claims against us and preclude us from using a technology in our products or require us to enter into royalty and licensing arrangements on terms that are not favorable to us, or force us to engage in costly infringement litigation, which could result in us paying monetary damages or being forced to redesign our products to avoid infringement. Additionally, our licenses and service agreements with our customers generally provide that we will defend and indemnify them for claims against them relating to our alleged infringement of the intellectual property rights of third parties with respect to our products or services. We might have to defend or indemnify our customers to the extent they are subject to these types of claims. Any of these claims may be difficult and costly to defend and may lead to unfavorable judgments or settlements, which could have a material adverse effect on our reputation, business and financial results. For these reasons, we may find it difficult or costly to add or retain important features in our products and services.

At present, we are vigorously defending a number of patent infringement cases. While we do not believe we have a potential liability for damages or royalties from any known current legal proceedings or claims related to the infringement of patent or other intellectual property rights that would individually or in the aggregate materially adversely affect our financial condition and operating results, the results of such legal proceedings cannot be predicted with certainty. Should we fail to prevail in any of the matters related to infringement of patent or other intellectual property rights of others or should several of these matters be resolved against us in the same reporting period, it could have a material adverse effect on our business and financial results.

Defects, design errors or security flaws in our products could harm our reputation and expose us to potential liability.

Most of our products are very complex software systems that are regularly updated. No matter how careful the design and development, complex software often contains errors and defects when first introduced and when major new updates or enhancements are released. If errors or defects are discovered in our current or future products, we may not be able to correct them in a timely manner, if at all. In our development of updates and enhancements to our products, we may make a major design error that makes the product operate incorrectly or less efficiently.

In addition, certain of our products include security features that are intended to protect the privacy and integrity of customer data. Despite these security features, our products and systems, and our customers systems may be vulnerable to break-ins and similar problems caused by third parties, such as hackers bypassing firewalls and misappropriating confidential information. Such break-ins or other disruptions could jeopardize the security of information stored in and transmitted through our computer systems and those of our customers, subject us to liability and tarnish our reputation. We may need to expend significant capital resources in order to eliminate or work around errors, defects, design errors or security problems. Any one of these problems in our products may result in the loss of or a delay in market acceptance of our products, the diversion of development resources, a lower rate of license renewals or upgrades and damage to our reputation, and in turn may increase service and warranty costs.

A material weakness in our internal controls could have a material adverse affect on us.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Further, the complexities of our quarter- and year-end closing processes increase the risk that a weakness in internal control over financial reporting may go undetected. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC, any one of which could adversely affect our business prospects.

In connection with our assessment of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 as of December 31, 2011, we identified a material weakness related to our accounting for deferred income taxes. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis. To remediate the material weakness, we developed and implemented a remediation plan. As a result of the remedial actions completed, as described in Item 9A of this Report, we have concluded that we have remediated the material weakness in accounting for deferred income taxes as of December 31, 2012.

Unanticipated changes in our income tax provision or the enactment of new tax legislation, issuance of regulations or relevant judicial decisions could affect our profitability or cash flow.

We are subject to income taxes in the United States and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. We regularly are under examination by tax authorities. Although we believe our income tax provision is reasonable, the final determination of our tax liability could be materially different from our historical income tax provisions, which could have a material effect on our financial position, results of operations or cash flows. In addition, tax-law amendments in the U.S. and other jurisdictions could significantly impact how U.S. multinational corporations are taxed. Although we cannot predict whether or in what form such legislation will pass, if enacted it could have a material adverse effect on our business and financial results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease space, primarily for availability services facilities, data centers, sales offices, customer support offices and administrative offices, in many locations worldwide. We also own some of our computer and office facilities. Our principal facilities include our leased Availability Services facilities in Philadelphia, Pennsylvania (592,000 square feet), Carlstadt, New Jersey (661,000 square feet), and Hounslow, England (195,000 square feet) and include our financial systems application service provider centers in Voorhees, New Jersey; Burlington, Massachusetts; Hopkins, Minnesota; Salem, New Hampshire; Ridgefield, New Jersey; and Wayne, Pennsylvania. We believe that our leased and owned facilities are adequate for our present operations.

Item 3. 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. Information with respect to this item may be found in Note 15 of the Notes to Consolidated Financial Statements in this Report, which information is incorporated into this Item 3 by reference.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of March 1, 2013, there were 376 holders of record of each of Class A common stock and Class L common stock of SCC, and there was one holder of record of common stock of SunGard.

See ITEM 7-LIQUIDITY AND CAPITAL RESOURCES COVENANT COMPLIANCE for a description of restrictions on our ability to pay dividends.

ITEM 6. SELECTED FINANCIAL DATA

SunGard Capital Corp.

	2008	2009	2010	2011	2012
			(in millions)		
Income Statement Data [(1)]					
Revenue	$ 4,795	$ 4,752	$ 4,437	$ 4,440	**$ 4,263**
Operating income (loss)	537	(684)	204	337	**74**
Loss from continuing operations	(142)	(1,181)	(414)	(71)	**(397)**
Income (loss) from discontinued operations	(100)	64	(156)	(80)	**331**
Net loss	(242)	(1,117)	(570)	(151)	**(66)**
Cash Flow Data					
Cash flow from continuing operations	N/A[(2)]	N/A[(2)]	$ 601	$ 606	**$ 645**
Cash flow from discontinued operations	N/A[(2)]	N/A[(2)]	120	72	**(401)**
Cash flow from operations	$ 384	$ 640	$ 721	$ 678	**$ 244**
Balance Sheet Data					
Total assets	$ 15,778	$ 13,980	$ 12,968	$ 12,550	**$ 10,018**
Total short-term and long-term debt	8,875	8,315	8,055	7,829	**6,662**
Equity	2,869	1,914	1,452	1,375	**614**

SunGard Capital Corp. II

	2008	2009	2010	2011	2012
			(in millions)		
Income Statement Data [(1)]					
Revenue	$ 4,795	$ 4,752	$ 4,437	$ 4,440	**$ 4,263**
Operating income (loss)	537	(684)	204	337	**74**
Loss from continuing operations	(142)	(1,182)	(414)	(69)	**(397)**
Income (loss) from discontinued operations	(100)	64	(156)	(80)	**331**
Net loss	(242)	(1,118)	(570)	(149)	**(66)**
Cash Flow Data					
Cash flow from continuing operations	N/A[(2)]	N/A[(2)]	$ 601	$ 606	**$ 645**
Cash flow from discontinued operations	N/A[(2)]	N/A[(2)]	120	72	**(401)**

Cash flow from operations	$ 385	$ 640	$ 721	$ 678	**$ 244**
Balance Sheet Data					
Total assets	$ 15,778	$ 13,980	$ 12,968	$ 12,550	**$ 10,018**
Total short-term and long-term debt	8,875	8,315	8,055	7,829	**6,662**
Stockholders equity	3,011	2,026	1,567	1,433	**688**

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SunGard Data Systems Inc.

	2008	2009	2010	2011	2012
			(in millions)		
Income Statement Data [1]					
Revenue	$ 4,795	$ 4,752	$ 4,437	$ 4,440	**$ 4,263**
Operating income (loss)	537	(684)	204	337	**74**
Loss from continuing operations	(142)	(1,182)	(414)	(69)	**(397)**
Income (loss) from discontinued operations	(100)	64	(156)	(80)	**331**
Net loss	(242)	(1,118)	(570)	(149)	**(66)**
Cash Flow Data					
Cash flow from continuing operations	N/A[2]	N/A[2]	$ 601	$ 606	**$ 645**
Cash flow from discontinued operations	N/A[2]	N/A[2]	120	72	**(401)**
Cash flow from operations	$ 385	$ 639	$ 721	$ 678	**$ 244**
Balance Sheet Data					
Total assets	$ 15,778	$ 13,980	$ 12,968	$ 12,550	**$ 10,018**
Total short-term and long-term debt	8,875	8,315	8,055	7,829	**6,662**
Stockholder s equity	3,063	2,067	1,607	1,461	**716**

(1) Included in the 2008 loss from continuing operations are intangible asset write-offs of $67 million and foreign currency losses and unused alternative financing commitment fees associated with the acquisition of GL TRADE S.A. of $17 million. Included in the 2008 income from discontinued operations is a goodwill impairment charge of $128 million.

Included in the 2009 loss from continuing operations is a goodwill impairment charge of $1.13 billion and intangible asset write-offs of $35 million.

Included in the 2010 loss from continuing operations is a goodwill impairment charge of $205 million and a loss on the extinguishment of debt of $58 million, including tender and call premiums of $39 million, associated with the early retirement of $1.6 billion senior notes due 2013 and euro denominated term loans. Included in the 2010 loss from discontinued operations is a goodwill impairment charge of $123 million and a loss on disposal of discontinued operations of $94 million.

Included in the 2011 loss from continuing operations are goodwill impairment charges of $48 million related to prior-year periods which have been corrected in 2011 and an income tax benefit of $48 million reflecting amortization of the deferred tax liability which benefit would have been reflected in prior years in the statement of comprehensive income. Included in the 2011 income (loss) from discontinued operations is $135 million of deferred tax expense related to the book-over-tax basis difference of a Higher Education (HE) subsidiary that is classified as held for sale at December 31, 2011 and a goodwill impairment charge of $3 million.

Included in the 2012 loss from continuing operations is a goodwill impairment charge of $385 million and a loss on extinguishment of debt of $82 million, including tender and call premiums of $48 million, due primarily to the early extinguishments of the senior notes due 2015 and the senior subordinated notes due 2015, and the partial repayment of term loans in January and December 2012. Included in the 2012 income from discontinued operations are gains on the sale of discontinued operations of $571 million.

See Notes 1, 2, 5 and 6 of Notes to Consolidated Financial Statements.

(2) The split of cash flow from continuing operations and cash flow from discontinued operations is not available for 2008 and 2009 due to the sales of HE in 2011 and SunGard Global Services France in 2012.

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Item 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are one of the world s leading software and technology services companies. We provide software and technology services to financial services, education and public sector organizations. We also provide disaster recovery services, managed services, information availability consulting services and business continuity management software. We serve approximately 25,000 customers in more than 70 countries. Our high quality software solutions, excellent customer support and specialized technology services result in strong customer retention rates across all of our business segments and create long-term customer relationships.

We operate our business in three segments: Financial Systems (FS), Availability Services (AS) and Other, which is comprised of K-12 Education and Public Sector (PS). Our FS segment primarily serves financial services companies, corporate and government treasury departments and energy companies. Our AS segment serves IT-dependent companies across virtually all industries. Our Other segment, which is approximately 5% of our total revenue, primarily serves state and local governments, not-for-profit organizations and K-12 school districts and private schools throughout the U.S.

SunGard Data Systems Inc. (SunGard) was acquired on August 11, 2005 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 (the LBO).

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). SCCII and SCC are collectively referred to as the Parent Companies. All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. The use of we , our , us and similar terms is meant to refer to each of SCC, SCCII and SunGard.

FS provides mission-critical software and technology services to virtually every type of financial services institution, including buy-side and sell-side institutions, third-party administrators, wealth managers, retail banks, insurance companies, corporate treasuries and energy trading firms. Our broad range of complementary software solutions and associated technology services help financial services institutions automate the business processes associated with trading, managing portfolios and accounting for investment assets.

AS provides disaster recovery services, managed IT services, information availability consulting services and business continuity management software to more than 8,000 customers in North America and Europe. With approximately five million square feet of data center and operations space, AS assists IT organizations across virtually all industry and government sectors to prepare for and recover from emergencies by helping them minimize their computer downtime and optimize their uptime. Through direct sales and channel partners, AS helps organizations have uninterrupted access to the information systems so that they can continue to transact business.

Our Other segment provides software and technology services designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, public and private schools, utilities, nonprofits, and other public sector institutions.

In 2012, the difficult economy resulted in cautious customer buying patterns, particularly in the established markets. In FS, this has resulted in fewer new license sales, which in turn drove lower professional services revenue. Offsetting this, processing revenues were fairly stable and license renewals were strong. In addition, in certain product lines, particularly within the emerging markets, we have consistently acquired new customers

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which in turn resulted in additional professional services revenue. In AS, our managed recovery program, managed service offerings, and cloud solutions helped to offset a contraction in traditional recovery services revenue.

In this environment, we are managing carefully to protect our profit and improve our profit margins. We are specifically taking steps to exit lower margin or slower growing business lines. We are thoughtfully managing spending and shifting our investments into faster growing products and regions. This has resulted in improved cash flow, reduced debt and greater value to our shareholders.

Use of Estimates and Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires us to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Those estimates and judgments are based on historical experience, future expectations and other factors and assumptions we believe to be reasonable under the circumstances. We review our estimates and judgments on an ongoing basis and revise them when necessary. Actual results may differ from the original or revised estimates. A summary of our significant accounting policies is contained in Note 1 of Notes to Consolidated Financial Statements. A description of the most critical policies and those areas where estimates have a relatively greater effect in the financial statements follows. Management has discussed the critical accounting policies described below with our audit committee.

Intangible Assets and Purchase Accounting

Purchase accounting requires that all assets and liabilities be recorded at fair value on the acquisition date, including identifiable intangible assets separate from goodwill. Identifiable intangible assets include customer base (which includes customer contracts and relationships), software and trade name. Goodwill represents the excess of cost over the fair value of net assets acquired.

The estimated fair values and useful lives of identifiable intangible assets are based on many factors, including estimates and assumptions of future operating performance and cash flows of the acquired business, the nature of the business acquired, the specific characteristics of the identified intangible assets, and our historical experience and that of the acquired business. The estimates and assumptions used to determine the fair values and useful lives of identified intangible assets could change due to numerous factors, including product demand, market conditions, technological developments, economic conditions and competition. In connection with our determination of fair values, we may engage independent appraisal firms to assist us with the valuation of intangible (and certain tangible) assets acquired and certain assumed obligations.

We periodically review carrying values and useful lives of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Factors that could indicate an impairment include significant underperformance of the asset as compared to historical or projected future operating results, or significant negative industry or economic trends. When we determine that the carrying value of an asset may not be recoverable, the related estimated future undiscounted cash flows expected to result from the use and eventual disposition of the asset are compared to the carrying value of the asset. If the sum of the estimated future undiscounted cash flows is less than the carrying amount, we record an impairment charge based on the difference between the carrying value of the asset and its fair value, which we estimate based on discounted expected future cash flows. In determining whether an asset is impaired, we make assumptions regarding recoverability of costs, estimated future cash flows from the asset, intended use of the asset and other relevant factors. If these estimates or their related assumptions change, we may be required to record non-cash impairment charges for these assets.

GAAP requires the Company to perform a goodwill impairment test annually and test more frequently when negative conditions or a triggering event arise. In September 2011, the Financial Accounting Standards Board

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(FASB) issued amended guidance that simplified how entities test goodwill for impairment. After an assessment of certain qualitative factors, if it is determined to be more likely than not that the fair value of a reporting unit is less than its carrying amount, entities must perform the quantitative analysis of the goodwill impairment test. Otherwise, the quantitative test(s) become optional. As allowed under the amended guidance, the Company chose not to assess the qualitative factors of its reporting units and, instead, performed the quantitative test.

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

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates that reflect the risks associated with achieving those cash flows. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors including the reporting unit s recent performance, performance of the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions are based on an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. For the July 1, 2012 impairment test, the discount rates used were between 10% and 12% and the perpetual growth rates used were between 3% and 4%.

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

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

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

The Company has one other reporting unit, whose goodwill balance was $299 million as of December 31, 2012, where the excess of the estimated fair value over the carrying value of the reporting unit was less than 15% of the carrying value. A one hundred basis point decrease in the perpetual growth rate or a one hundred basis point increase in the discount rate would not cause this reporting unit to fail step one and require a step-two analysis. However, if this unit fails to achieve expected performance levels in the near term or experiences a downturn in the business below current expectations, goodwill could be impaired.

The Company s remaining reporting units, whose goodwill balances in aggregate total $3.7 billion at December 31, 2012, each had estimated fair values which exceeded the carrying value of the reporting unit by at least 15% as of the July 1, 2012 impairment test.

In 2009, we recorded an adjustment to the state income tax rate used to calculate the deferred income tax liabilities associated with the intangible assets at the LBO date which resulted in reductions to our deferred tax liability and goodwill balances of approximately $114 million. During 2011, we determined that the 2009 adjustment was incorrect and reversed it, thereby increasing the December 31, 2011 deferred tax liability and goodwill balances each by approximately $100 million for continuing operations and $14 million for assets (liabilities) related to discontinued operations. As a result of this correction, we recorded a non-cash goodwill impairment charge of $48 million, of which $36 million related to the impairment charge in 2009 and $12 million related to the impairment charge in 2010, and recorded a non-cash goodwill impairment charge of $3 million in discontinued operations that related to the 2010 impairment charge. In addition, we recorded an income tax benefit of $48 million, of which $35 million related to prior periods, reflecting the amortization of the deferred income tax liability which would have been reflected in the statement of comprehensive income had the 2009 adjustment not been made. Had we recorded the goodwill impairment charges in the correct periods, the impairment charge for 2009 would have been $1.162 billion, and the impairment charge in 2010 would have been $217 million. We assessed the impact of correcting these errors in 2011 and do not believe that these amounts are material to any prior period financial statements, nor is the correction of these errors material to the 2011 financial statements. As a result, we have not restated any prior period amounts.

Based on the results of our July 1, 2010 step-one tests, we determined that the carrying values of our combined PS and K-12 Education reporting units, our Public Sector United Kingdom (PS UK) reporting unit, which has since been sold and is included in discontinued operations, and our Higher Education Managed Services (HE MS) reporting unit, which was sold in January 2012 and is included in discontinued operations, were in excess of their respective fair values and a step-two test was required for each of these reporting units. The primary driver for the decline in the fair value of the reporting units compared to the prior year is the reduction in the perpetual growth rate assumption used for each of these three reporting units, stemming from the disruption in the global financial markets, particularly the markets which these three reporting units serve. Furthermore, there was a decline in the cash flow projections for the PS and K-12 Education, and PS UK reporting units compared to those used in the 2009 goodwill impairment test as a result of decline in the overall outlook for these two reporting units. Additionally, the discount rate assumption used for the PS UK reporting unit was higher than the discount rate used in the 2009 impairment test.

A one percentage point increase in the perpetual growth rate or a one percentage point decrease in the discount rate would have resulted in our HE MS reporting unit having a fair value in excess of carrying value and a step-two test would not have been required.

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

In completing the step-two tests to determine the implied fair value of goodwill and therefore the amount of impairment, we first determined the fair value of the tangible and intangible assets and liabilities. Based on the testing performed, we determined that the carrying value of goodwill exceeded its implied fair value for each of the three reporting units and recorded a non-cash goodwill impairment charge of $328 million, of which $205 million is presented in continuing operations and $123 million in discontinued operations.

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Revenue Recognition

We generate revenue from the following sources: (1) services revenue, which includes revenue from processing services, software maintenance and support, software rentals, recovery and managed services, professional services and broker/dealer fees; and (2) software license fees, which result from contracts that permit the customer to use a SunGard product at the customer s site.

The following criteria must be met in determining whether revenue may be recorded: persuasive evidence of a contract exists; services have been provided; the price is fixed or determinable; and collection is reasonably assured.

Services revenue is recorded as the services are provided based on the fair value of each element. Most AS services revenue consists of fixed monthly fees based upon the specific computer configuration or business process for which the service is being provided. When recovering from an interruption, customers generally are contractually obligated to pay additional fees, which typically cover the incremental costs of supporting customers during recoveries. FS services revenue includes monthly fees, which may include a fixed minimum fee and/or variable fees based on a measure of volume or activity, such as the number of accounts, trades or transactions, users or the number of hours of service.

For fixed-fee professional services contracts, services revenue is recorded based upon proportional performance, measured by the actual number of hours incurred divided by the total estimated number of hours for the project. Changes in the estimated costs or hours to complete the contract and losses, if any, are reflected in the period during which the change or loss becomes known.

License fees result from contracts that permit the customer to use a SunGard software product at the customer s site. Generally, these contracts are multiple-element arrangements since they usually include professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee is fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. When there are significant program modifications or customization, installation, systems integration or related services, the professional services and license revenue are combined and recorded based upon proportional performance, measured in the manner described above. Revenue is recorded when billed if customer payments are extended beyond normal billing terms, or at acceptance when there is significant acceptance, technology or service risk. Revenue also is recorded over the longest service period in those instances where the software is bundled together with post-delivery services and there is not sufficient evidence of the fair value of each undelivered service element.

With respect to software related multiple-element arrangements, sufficient evidence of fair value is defined as vendor specific objective evidence (VSOE). If there is no VSOE of the fair value of the delivered element (which is usually the software) but there is VSOE of the fair value of each of the undelivered elements (which are usually maintenance and professional services), then the residual method is used to determine the revenue for the delivered element. The revenue for each of the undelivered elements is set at the fair value of those elements using VSOE of the price paid when each of the undelivered elements is sold separately. The revenue remaining after allocation to the undelivered elements (i.e., the residual) is allocated to the delivered element.

VSOE supporting the fair value of maintenance is based on the optional renewal rates for each product and is typically 18% to 20% of the software license fee per year. VSOE supporting the fair value of professional services is based on the standard daily rates charged when those services are sold separately.

In some software related multiple-element arrangements, the maintenance or services rates are discounted. In these cases, a portion of the software license fee is deferred and recognized as the maintenance or services are performed based on VSOE of the services.

From time to time we enter into arrangements with customers who purchase non-software related services from us at the same time, or within close proximity, of purchasing software (non-software multiple-element arrangements). Each element within a non-software multiple-element arrangement is accounted for as a separate unit of accounting provided the following criteria are met: the delivered services have value to the customer on a standalone basis; and, for an arrangement that includes a general right of return relative to the delivered services, delivery or performance of the undelivered service is considered probable and is substantially controlled by us. Where the criteria for a separate unit of accounting are not met, the deliverable is combined with the undelivered element(s) and treated as a single unit of accounting for the purposes of allocation of the arrangement consideration and revenue recognition.

For our non-software multiple-element arrangements, we allocate revenue to each element based on a selling price hierarchy at the arrangement inception. The selling price for each element is based upon the following selling price hierarchy: VSOE, then third-party evidence (TPE), then best estimated selling price (BESP). The total arrangement consideration is allocated to each separate unit of accounting for each of the non-software deliverables using the relative selling prices of each unit based on this hierarchy. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or meeting of any specified performance conditions.

To determine the selling price in non-software multiple-element arrangements, we establish VSOE of the selling price using the price charged for a deliverable when sold separately. Where VSOE does not exist, TPE is established by evaluating similar competitor products or services in standalone arrangements with similarly situated customers. If we are unable to determine the selling price because VSOE or TPE doesn t exist, we determine BESP for the purposes of allocating the arrangement by considering pricing practices, margin, competition, and geographies in which we offer our products and services.

Unbilled receivables are created when services are performed or software is delivered and revenue is recognized in advance of billings. Deferred revenue is created when billing occurs in advance of performing services or when all revenue recognition criteria have not been met.

We believe that our revenue recognition practices comply with the complex and evolving rules governing revenue recognition. Future interpretations of existing accounting standards, new standards or changes in our business practices could result in changes in our revenue recognition accounting policies that could have a material effect on our consolidated financial results.

Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are calculated based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the enacted income tax rates expected to be in effect during the years in which the temporary differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded only when such benefits are more likely than not of being sustained. Considerable judgment is required in assessing and estimating these amounts and differences between the actual outcome of these future tax consequences and our estimates could have a material effect on our consolidated financial results.

Accounting for Stock-Based Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the appropriate service period. Fair value for stock options is computed using the Black-Scholes pricing model. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options, expected volatility of our stock price, and the number of awards expected to be forfeited. Since the Company is not publicly traded, the Company utilizes equity valuations based on (a) stock market valuations of public companies in comparable businesses, (b) recent transactions involving comparable companies and (c) any other factors deemed relevant (see Note 7). In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our consolidated financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recognized. Our ability to recognize a benefit for this deferred tax asset will be ultimately determined based on the actual value of the stock option upon exercise or restricted stock unit upon distribution. If the actual value is lower than the fair value determined on the date of grant, then there could be income tax expense for the portion of the deferred tax asset that cannot be realized, which could have a material effect on our consolidated financial results.

Results of Operations

We evaluate our performance using both GAAP and non-GAAP measures. Our primary non-GAAP measure is Internal Adjusted EBITDA, whose corresponding GAAP measure is income from continuing operations before income taxes (see Note 13 of Notes to Consolidated Financial Statements). Internal Adjusted EBITDA is defined as operating income excluding the following items:

- depreciation and amortization,
- amortization of acquisition-related intangible assets,
- goodwill impairment,
- severance and facility closure charges,
- stock compensation,
- management fees, and
- certain other costs.

We believe Internal Adjusted EBITDA is an effective tool to measure our operating performance since it excludes non-cash items and certain variable charges. We use Internal Adjusted EBITDA extensively to measure both SunGard and its reporting segments within the Company and also to our board of directors.

While Internal Adjusted EBITDA is useful for analysis purposes, it should not be considered as an alternative to our reported GAAP results. Also, Internal Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. Internal Adjusted EBITDA is similar, but not identical, to adjusted EBITDA as defined in the Credit Agreement (as defined below) for purposes of our debt covenants.

During 2010, we sold our PS UK operation which is presented as discontinued operations. In January 2012, we sold our Higher Education business which is also presented as discontinued operations.

Except as otherwise noted, all explanations below exclude the impacts from changes in currency translation, which we refer to as constant currency, a non-GAAP measure. We believe presenting our results on a constant currency basis is meaningful for assessing how our underlying businesses have performed due to the fact that we have international operations that are material to our overall operations. As a result, total revenues and expenses are affected by changes in the U.S. Dollar against international currencies. To present this constant currency information, current period results for entities reporting in currencies other than U.S. Dollars are converted to U.S. Dollars at the average exchange rate used in the prior year period rather than the actual exchange rates in effect during the current year period. In each of the tables below, we present the percent change based on actual, unrounded results in reported currency and in constant currency. Also, percentages may not add due to rounding.

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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 discussions provided are applicable to each of SCC, SCCII and SunGard unless otherwise noted. Also, the following discussion includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements and related footnotes and the discussion above of certain risks and uncertainties (see ITEM 1A RISK FACTORS) that could cause future operating results to differ materially from historical results or the expected results indicated by forward looking statements.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

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

						Constant Currency		
	Year Ended December 31, 2011		Year Ended December 31, 2012		Percent Increase (Decrease) 2012 vs. 2011	Year Ended December 31, 2012		Percent Increase (Decrease) 2012 vs. 2011
(in millions)		percent of revenue		percent of revenue			percent of revenue	
Financial Systems (FS)								
Services	$ 2,445	55%	$ 2,370	56%	(3)%	$ 2,403	56%	(2)%
License and resale fees	259	6%	244	6%	(6)%	251	6%	(3)%
Total products and services	2,704	61%	2,614	61%	(3)%	2,654	62%	(2)%
Reimbursed expenses	72	2%	40	1%	(45)%	40	1%	(44)%
Total	$ 2,776	63%	$ 2,654	62%	(4)%	$ 2,694	62%	(3)%
Availability Services (AS)								
Services	$ 1,438	32%	$ 1,383	32%	(4)%	$ 1,394	32%	(3)%
License and resale fees	2	%	3	%	(15)%	3	%	(14)%
Total products and services	1,440	32%	1,386	32%	(4)%	1,397	32%	(3)%
Reimbursed expenses	20	%	19	%	(3)%	20	%	%
Total	$ 1,460	33%	$ 1,405	33%	(4)%	$ 1,417	33%	(3)%
Other (1)								
Services	$ 173	4%	$ 173	4%	%	$ 173	4%	%
License and resale fees	28	1%	28	1%	2%	28	1%	2%
Total products and services	201	5%	201	5%	%	201	5%	%
Reimbursed expenses	3	%	3	%	(12)%	3	%	(12)%
Total	$ 204	5%	$ 204	5%	%	$ 204	5%	%
Total Revenue								
Services	$ 4,056	91%	$ 3,926	92%	(3)%	$ 3,970	92%	(2)%
License and resale fees	289	7%	275	6%	(5)%	282	7%	(3)%
Total products and services	4,345	98%	4,201	99%	(3)%	4,252	99%	(2)%
Reimbursed expenses	95	2%	62	1%	(35)%	63	1%	(34)%

Total	$ 4,440	100%	$ 4,263	100%	(4)%	$ 4,315	100%	(3)%

(1) Other includes our PS and K-12 Education businesses.

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Revenue:

Total SunGard reported revenue decreased $177 million, or 4%, in 2012 compared to 2011. On a constant currency basis, revenue decreased $125 million, or 3%. Approximately $56 million of the $125 million decrease, or 1.3 points of the three percentage points of decrease, was due to a decrease in revenue as we intentionally exited certain lower margin services in our broker/dealer business (the Broker/Dealer). These revenues were generally pass through fees to stock exchanges, as mentioned below.

Our revenue is highly diversified by customer and product. During each of the past three fiscal years, no single customer has accounted for more than 3% of total revenue. On average for the past three fiscal years, services revenue has been approximately 91% of total revenue. About 80% of services revenue is highly recurring as a result of multi-year contracts and is generated from software-related services including software maintenance and support, processing and rentals; and recovery and managed services. The remaining services revenue includes professional services, which are mainly generated from implementation and consulting services in connection with the sale of our products; and broker/dealer fees, which are largely correlated with trading volumes. On a constant currency basis, services revenue decreased to $3.97 billion from $4.06 billion, representing approximately 92% of total revenue in 2012, an increase of 1% from 2011. The revenue decrease of $86 million was mainly due to a $54 million decrease in AS recovery services, a $53 million decrease in FS and AS professional services revenue, an $8 million decrease in FS software rental revenue and a $7 million decrease in broker/dealer fee revenue of which the Broker/Dealer s portion resulted in a decrease of $23 million, partially offset by a $16 million increase in AS managed services revenue, a $13 million increase from FS acquisitions and a $9 million increase in FS processing revenue.

Professional services revenue was $598 million and $648 million in 2012 and 2011, respectively, and are discussed in more detail below. Revenue from total broker/dealer fees was $157 million and $164 million in 2012 and 2011, respectively.

Reported revenue from license and resale fees includes software license revenue of $241 million and $252 million, respectively. On a constant currency basis, software license revenue decreased $4 million, or 2%. Reimbursed expense revenue decreased $32 million due to the decline in revenue in the Broker/Dealer.

Financial Systems segment:

FS reported revenue was $2.65 billion in 2012 compared to $2.78 billion in 2011, a decrease of 4%. On a constant currency basis, revenue decreased $82 million, or 3%. Two percentage points of the decrease, or $56 million, was related to lower revenue from the Broker/Dealer discussed above. Professional services revenue decreased $47 million, or 8%, due primarily to successful completion of projects during 2011 and relatively lower demand in 2012 driven by fewer new license sales, and was offset in part by a $5 million increase from acquisitions. Software rental revenue decreased $8 million, or 2%, due primarily to attrition. Broker/dealer fee revenue (excluding the Broker/Dealer) increased $16 million, or 12%, due primarily to increased trading activity during 2012. Processing revenue increased $9 million, or 1%, due mainly to the impact of new business signed in 2011, higher volumes and rate increases in 2012 and $5 million due to acquisitions. Reported revenue from software license revenue was $229 million, a decrease of $11 million from 2011. On a constant currency basis, software license revenue decreased $4 million, or 2%.

Availability Services segment:

AS reported revenue decreased $55 million, or 4%, in 2012 from the prior year. On a constant currency basis, revenue decreased 3%. In North America, which accounts for over 75% of our AS business, revenue decreased 4% where decreases of $54 million in recovery services (RS) and $6 million in professional services revenue exceeded growth of $16 million in managed services (MS) revenue. Revenue in Europe, primarily from our U.K. operations, was unchanged, where an increase in MS revenue was offset by a decrease in RS revenue.

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Our RS revenue has been declining due to customers shifting from traditional backup and recovery solutions to either in-house solutions or disk-, cloud-based or managed recovery solutions. Separately, in MS, demand has been increasing for outsourced management of IT operations and applications. We expect these trends to continue in the future.

Other segment:

Reported revenue and constant currency revenue were unchanged at $204 million in 2012. Professional services revenue decreased $2 million and processing revenue increased $2 million. Revenue from license and resale fees included software license revenue of $10 million in 2012, a $1 million increase from the prior year.

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

						Constant Currency		
	Year Ended December 31, 2011		**Year Ended December 31, 2012**		**Percent Increase (Decrease) 2012 vs. 2011**	**Year Ended December 31, 2012**		**Percent Increase (Decrease) 2012 vs. 2011**
(in millions)		**percent of revenue**		**percent of revenue**			**percent of revenue**	
Revenue								
Financial Systems	$ 2,776	63%	$ 2,654	62%	(4)%	$ 2,694	62%	(3)%
Availability Services	1,460	33%	1,405	33%	(4)%	1,417	33%	(3)%
Other	204	5%	204	5%	%	204	5%	%
Total Revenue	$ 4,440	100%	$ 4,263	100%	(4)%	$ 4,315	100%	(3)%
Costs and Expenses								
Cost of sales and direct operating (excluding depreciation)	$ 1,848	42%	$ 1,740	41%	(6)%	$ 1,759	41%	(5)%
Sales, marketing and administration	1,108	25%	1,039	24%	(6)%	1,055	24%	(5)%
Product development and maintenance	393	9%	353	8%	(10)%	367	8%	(7)%
Depreciation and amortization	271	6%	287	7%	6%	290	7%	7%
Amortization of acquisition related intangible assets	435	10%	385	9%	(11)%	387	9%	(11)%
Goodwill impairment	48	1%	385	9%	702%	385	9%	702%
Total Costs and Expenses	$ 4,103	92%	$ 4,189	98%	2%	$ 4,243	98%	3%
Internal Adjusted EBITDA								
Financial Systems [(1)]	$ 720	25.9%	$ 738	27.8%	2%	$ 738	27.4%	2%
Availability Services [(1)]	508	34.8%	480	34.2%	(6)%	484	34.2%	(5)%
Other [(1)]	63	31.2%	66	32.5%	5%	66	32.5%	5%
Corporate	(70)	(1.6)%	(44)	(1.0)%	38%	(44)	(1.0)%	37%
Total Internal Adjusted EBITDA	1,221	27.5%	1,240	29.1%	2%	1,244	28.8%	2%
Reconciliation of Internal Adjusted EBITDA to Operating Income								
Depreciation and amortization	(271)	(6.1)%	(287)	(6.7)%	(6)%	(290)	(6.7)%	(7)%
Amortization of acquisition related intangible assets	(435)	(9.8)%	(385)	(9.0)%	11%	(387)	(9.0)%	11%
Goodwill impairment	(48)	(1.1)%	(385)	(9.0)%	(702)%	(385)	(8.9)%	(702)%
Severance and facility closure costs	(65)	(1.5)%	(50)	(1.2)%	23%	(51)	(1.2)%	22%

Stock compensation expense		(33)	(0.7)%		(38)	(0.9)%	(15)%		(38)	(0.9)%	(15)%
Management fees		(12)	(0.3)%		(14)	(0.3)%	(15)%		(14)	(0.3)%	(15)%
Other costs [2]		(20)	(0.4)%		(7)	(0.2)%	60%		(7)	(0.2)%	60%
Total Operating Income	$	337	7.6%	$	74	1.7%	(78)%	$	72	1.7%	(79)%

(1) Percent of revenue is calculated as a percent of revenue from FS, AS and Other, respectively.

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(2) Other costs include expenses related to strategic initiatives, currency transaction losses, costs to shut down certain services in our Broker/Dealer business (defined above) and certain other costs.

Operating Income:

Our total reported operating margin was 1.7% in 2012 compared to 7.6% in 2011. The most significant factor impacting the 5.9 margin point decrease is the $385 million goodwill impairment charge related to AS NA in 2012, whereas 2011 included a goodwill impairment of $48 million. The net impact of these charges was a 7.8 margin point decrease in 2012. The more significant factors impacting the remaining 1.9 margin point improvement are the following:

- 1.1 margin point increase, or $47 million, from the decrease in amortization of acquisition-related intangible assets;

- 0.6 margin point increase from the improvement in the FS internal adjusted EBITDA margin;

- 0.6 margin point increase, or $26 million, from the decrease in corporate expenses resulting from decreases of $20 million of employment-related expenses (excluding severance) and $7 million of advertising expenses;

- 0.3 margin point increase, or $14 million, from lower severance and corporate executive transition costs of $22 million offset in part by an $8 million increase in expenses to exit facilities; and

- 0.3 margin point increase, or $12 million, from the decrease in expenses related to strategic initiatives, currency transaction losses and costs incurred in 2011 due to the exit from the Broker/Dealer;

partially offset by

- 0.4 margin point decrease, or $18 million, from the increase in depreciation and amortization primarily resulting from a shift in AS investments to shorter-lived assets over the last two years while capital expenditures in total have declined; and

- 0.4 margin point decrease from the decrease in the AS internal adjusted EBITDA margin, which excludes the impact of severance.

Excluding the severance charges discussed above, FS improved its total operating margin by 0.6 points due mainly to expense management primarily from reduced external services fees and consulting expenses. Also excluding the severance charges, degradation of total margin by AS of 0.4 points was due primarily to the decrease in recovery services and professional services revenue, partially offset by an increase in revenue from managed services and the decrease in equipment expense.

Across the company, we have several programs designed to continually identify cost savings and productivity improvements. These programs serve to both improve our profitability and help fund our investments. The interplay of savings and investments may result in higher or lower costs in any given quarter. Moreover, short term charges required to secure our long term savings may impact our results in any particular quarter.

Segment Internal Adjusted EBITDA:

Financial Systems segment:

The most important factors affecting the FS Internal Adjusted EBITDA margin are:

the level of customer IT spending and its impact on the overall demand for professional services and software license sales,

the rate and value of contract renewals, new contract signings and contract terminations,

the overall condition of the financial services industry and the effect of any further consolidation among financial services firms, the level of trading volumes, and

the operating margins of recently acquired businesses, which tend to be lower at the outset and improve over a number of years.

More specifically, the FS Internal Adjusted EBITDA margin was 27.4% and 25.9% in 2012 and 2011, respectively. The more significant factors impacting the 1.5 margin point improvement are the 0.5 margin point increase, or $14 million, from the decrease in external services fees; the 0.4 margin point increase, or $12 million, from the decrease in consultant expense; the 0.3 margin point increase, or $9 million, from the increase in costs capitalized as software assets; the 0.3 margin point increase, or $8 million, from the decrease in facilities costs (excluding lease exit costs); and the 0.2 margin point increase, or $5 million, from the decrease in communications costs; partially offset by the 0.6 margin point decrease from increases in incentive compensation and employment-related taxes and benefits; and the 0.2 margin point decrease from acquired businesses.

Availability Services segment:

The most important factors affecting the AS Internal Adjusted EBITDA margin are:

the rate and value of contract renewals, new contract signings and contract terminations,

the timing and magnitude of equipment and facilities expenditures,

the level and success of new product offerings, and

the trend toward availability solutions utilizing more dedicated resources.

More specifically, the AS Internal Adjusted EBITDA margin was 34.2% and 34.8% in 2012 and 2011, respectively, a decrease of 0.6 margin points. In North America, RS, which typically uses shared resources, decreased the overall AS margin by 1.7 margin points in 2012 due primarily to a $54 million decrease in higher-margin recovery services revenue, partially offset by a $20 million decrease in equipment expense. Professional services decreased the overall AS margin by 0.3 margin points in 2012 due primarily to a $1 million increase in employment-related expenses on $6 million of lower revenue. Also in North America, decreases in advertising expenses of $4 million, external services fees of $3 million and employment-related expenses of $3 million helped the margin in 2012 by 0.7 margin points. MS helped the margin in 2012 by 0.6 margin points due primarily to a $16 million increase in typically lower margin managed services revenue, which uses dedicated resources, partially offset by a $4 million increase in employment-related expenses. The overall AS margin was helped by Europe in 2012 by 0.4 margin points due primarily to a $5 million decrease in employment-related expenses.

Other segment:

The most important factors affecting the margin of our Other segment are:

the rate and value of contract renewals, new contract signings and contract terminations,

the level of government and school district funding, and

the level of customer IT spending and its impact on the overall demand for professional services and software license sales.

The Internal Adjusted EBITDA margin was 32.5% and 31.2% for 2012 and 2011, respectively. The margin increased 1.3 margin points due primarily to a $2 million increase in costs capitalized as software assets.

Costs and Expenses:

Total costs increased to 98% of revenue in 2012 from 92% of 2011 revenue. Excluding the goodwill impairment charges of $385 million and $48 million in 2012 and 2011, respectively, total costs as a percentage of total revenue were 89% in 2012 compared to 91% in 2011, and decreased $198 million.

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Cost of sales and direct operating expenses (excluding depreciation) as a percentage of total revenue were 41% in 2012 and 42% in 2011, respectively, and decreased $88 million. Of the $88 million decrease, $45 million is due to a decrease in reimbursed expenses relating to the exit from certain services of our Broker/Dealer business as discussed above, and a $23 million decrease in AS equipment costs associated with increased self-maintenance, favorable price negotiations and improved network cost projects; partially offset by an $8 million increase from FS acquisitions.

Sales, marketing and administration expenses as a percentage of total revenue were 24% and 25% in 2012 and 2011, respectively, and decreased $53 million. Decreases in sales, marketing and administration expenses were primarily due to decreases of $34 million of corporate employment-related expenses mainly as a result of executive transition costs incurred in the second quarter of 2011 and other severance actions taken in 2011 and early 2012; $20 million of external services fees; and $15 million of advertising expense and related costs mainly resulting from cost savings initiatives; partially offset by a $5 million increase in stock compensation. Despite these reductions, we continue to make targeted sales investments to improve our growth potential as part of our global strategy.

Because AS product development and maintenance costs are insignificant, it is more meaningful to measure product development and maintenance expenses as a percentage of revenue excluding AS. Product development and maintenance expense was 12% and 13% of revenue excluding AS in 2012 and 2011, respectively, and decreased $27 million. The decrease in expense is primarily related to a $9 million increase in FS costs capitalized as software assets and a $5 million decrease in consulting expenses. The software capitalization costs reflect specific investments that we are making to improve the functionality of our software in response to customer needs.

Depreciation and amortization was 7% and 6% of total revenue in 2012 and 2011, respectively, and increased $19 million due mainly to a shift in AS investments to shorter-lived assets over the last two years despite a decline in total capital expenditures. Amortization of acquisition-related intangible assets was 9% and 10% of total revenue in 2012 and 2011, and decreased $48 million. The decrease is due primarily to the $47 million impact of software assets that were fully amortized in 2011 and $7 million of impairment charges in 2011, partially offset by the impact of acquired businesses. 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 related to the software and customer base assets that were impaired.

We recorded non-cash goodwill impairment charges of $385 million and $48 million in 2012 and 2011, respectively. These impairments are described in the Use of Estimates and Critical Accounting Policies section above.

Interest expense was $428 million and $524 million in 2012 and 2011, respectively. The decrease in interest expense was due primarily to the repayment in January 2012 of $1.22 billion of our outstanding term loans as a result of the sale of HE, the early extinguishment in April 2012 of the 2015 Notes (as defined below) and interest rate decreases resulting from the expiration of interest rate swaps in each of February 2011 and 2012.

The loss on extinguishment of debt was $82 million and $3 million in 2012 and 2011, respectively. The increase was due primarily to the early extinguishments of the senior notes due 2015 and the senior subordinated notes due 2015, and the partial repayment of term loans in January and December 2012.

The effective income tax rates for 2012 and 2011 were a tax benefit of 9% and 62%, respectively. The Company s effective tax rate fluctuates from period to period due to changes in the mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between U.S. GAAP and local tax laws, and certain one-time items including tax rate changes, benefit of foreign taxes, net of a U.S. foreign tax credit, and adjustments related to the repatriation of unremitted earnings of foreign subsidiaries. The effective tax rates for 2012 and 2011 were also impacted by the goodwill impairment charges, which are largely nondeductible.

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Income (loss) from discontinued operations, net of tax, was $331 million in 2012 and $(80) million in 2011. During 2012, we recorded a combined gain on the sales of businesses of $571 million. During 2011, we recorded $135 million of deferred income tax expense related to the book-over-tax basis difference in a subsidiary of our HE business. See Note 2 of Notes to Consolidated Financial Statements for further discussion.

Income (loss) attributable to the non-controlling interest represents accreted dividends on SCCII s cumulative preferred stock. The amount of accreted dividends was $251 million and $225 million in 2012 and 2011, respectively. The increase is due to compounding.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

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

						Constant Currency		
	Year Ended December 31, 2010		Year Ended December 31, 2011		Percent Increase (Decrease) 2011 vs. 2010	Year Ended December 31, 2011		Percent Increase (Decrease) 2011 vs. 2010
(in millions)		percent of revenue		percent of revenue			percent of revenue	
Financial Systems (FS)								
Services	$ 2,396	54%	$ 2,445	55%	2%	$ 2,398	55%	%
License and resale fees	257	6%	259	6%	1%	250	6%	(3)%
Total products and services	2,653	60%	2,704	61%	2%	2,648	61%	%
Reimbursed expenses	101	2%	72	2%	(29)%	72	2%	(29)%
Total	$ 2,754	62%	$ 2,776	63%	1%	$ 2,720	62%	(1)%
Availability Services (AS)								
Services	$ 1,452	33%	$ 1,438	32%	(1)%	$ 1,419	33%	(2)%
License and resale fees	3	%	3	%	1%	3	%	%
Total products and services	1,455	33%	1,441	32%	(1)%	1,422	33%	(2)%
Reimbursed expenses	14	%	20	%	40%	19	%	35%
Total	$ 1,469	33%	$ 1,461	33%	(1)%	$ 1,441	33%	(2)%
Other [(1)]								
Services	$ 175	4%	$ 173	4%	(1)%	$ 173	4%	(1)%
License and resale fees	35	1%	27	1%	(21)%	27	1%	(21)%
Total products and services	210	5%	200	5%	(5)%	200	5%	(5)%
Reimbursed expenses	4	%	3	%	(17)%	3	%	(17)%
Total	$ 214	5%	$ 203	5%	(5)%	$ 203	5%	(5)%
Total Revenue								
Services	$ 4,023	91%	$ 4,056	91%	1%	$ 3,990	91%	(1)%
License and resale fees	295	7%	289	7%	(2)%	280	6%	(5)%
Total products and services	4,318	97%	4,345	98%	1%	4,270	98%	(1)%
Reimbursed expenses	119	3%	95	2%	(20)%	94	2%	(21)%

Total	$ 4,437	100%	$ 4,440	100%	%	$ 4,364	100%	(2)%

(1) Other includes our PS and K-12 businesses.

Revenue:

Total SunGard reported revenue was $4.44 billion in 2011, an increase of $3 million from 2010. On a constant currency basis, revenue decreased $73 million, or 2%. Approximately $104 million of the $73 million decrease, or 2.4 points of the two percentage points of decrease, was due to a decrease in revenue from the Broker/Dealer.

On a constant currency basis, services revenue decreased to $3.99 billion from $4.02 billion, representing approximately 91% of total revenue in both 2011 and 2010. The revenue decrease was mainly due to a $77 million decrease in broker/dealer fees by the Broker/Dealer and a $59 million decrease in RS, partially offset by increases of $41 million from FS acquisitions, $38 million in FS processing revenue and $27 million in MS.

Professional services revenue was $634 million and $629 million in 2011 and 2010, respectively. The change was due to an increase in FS, partially offset by decreases in AS and Other. Revenue from total broker/dealer fees was $164 million and $217 million in 2011 and 2010, respectively.

Reported revenue from license and resale fees included software license revenue of $252 million and $255 million, respectively. On a constant currency basis, software license revenue decreased $13 million, or 5%. Reimbursed expense revenue decreased $25 million due to the decline in revenue in the Broker/Dealer.

Financial Systems segment:

FS reported revenue was $2.78 billion in 2011 compared to $2.75 billion in 2010, an increase of 1%. On a constant currency basis, revenue decreased $34 million, or 1%. Year over year, revenue was impacted by four percentage points, or $104 million, from lower Broker/Dealer revenue as discussed above. Processing revenue increased $38 million, or 5%, due mainly to increases in transaction volumes and additional hosted services and an increase of $8 million from acquired businesses. Professional services revenue increased $13 million from acquired businesses and increased $4 million, or 1%, due primarily to implementation, consulting and project work associated with new and expanded customer relationships sold in the past twelve months. Software rental revenue decreased $6 million, or 2%, due primarily to customer attrition. Reported revenue from license and resale fees included software license revenue of $240 million, an increase of $3 million compared to 2010. On a constant currency basis, software license revenue decreased $7 million, or 3%.

Availability Services segment:

AS reported revenue decreased $8 million, or 1%, in 2011 from the prior year. On a constant currency basis, revenue decreased 2%. In North America, which accounts for over 75% of our AS business, revenue decreased 4% with decreases of $59 million in RS and $9 million in professional services revenue exceeding a $27 million increase in MS revenue. Revenue in Europe, primarily from our U.K. operations, increased $9 million, or 3%, where an increase in managed services revenue was partially offset by a decrease in recovery services revenue, and included a $1.5 million increase from a business acquired in 2010.

Other segment:

Reported revenue and constant currency revenue from our Other segment both decreased $11 million, or 5%, in 2011 from 2010. Professional services revenue decreased $4 million. Revenue from license and resale fees included software license revenue of $9 million in 2011, a $6 million decrease from the prior year.

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

						Constant Currency		
	Year Ended December 31, 2010	percent of revenue	Year Ended December 31, 2011	percent of revenue	Percent Increase (Decrease) 2011 vs. 2010	Year Ended December 31, 2011	percent of revenue	Percent Increase (Decrease) 2011 vs. 2010
(in millions)								
Revenue								
Financial Systems	$ 2,754	62%	$ 2,776	63%	1%	$ 2,720	62%	(1)%
Availability Services	1,469	33%	1,461	33%	(1)%	1,441	33%	(2)%
Other	214	5%	203	5%	(5)%	203	5%	(5)%
Total Revenue	$ 4,437	100%	$ 4,440	100%	%	$ 4,364	100%	(2)%
Costs and Expenses								
Cost of sales and direct operating (excluding depreciation)	$ 1,895	43%	$ 1,848	42%	(2)%	$ 1,815	42%	(4)%
Sales, marketing and administration	1,057	24%	1,108	25%	5%	1,085	25%	3%
Product development and maintenance	350	8%	393	9%	12%	379	9%	8%
Depreciation and amortization	278	6%	271	6%	(2)%	267	6%	(4)%
Amortization of acquisition related intangible assets	448	10%	435	10%	(3)%	432	10%	(4)%
Goodwill impairment	205	5%	48	1%	(77)%	48	1%	(77)%
Total Costs and Expenses	$ 4,233	95%	$ 4,103	92%	(3)%	$ 4,026	92%	(5)%
Internal Adjusted EBITDA								
Financial Systems (1)	$ 708	25.7%	$ 720	25.9%	2%	$ 721	26.5%	2%
Availability Services (1)	527	35.9%	508	34.8%	(3)%	501	34.8%	(5)%
Other (1)	69	32.4%	63	31.2%	(8)%	63	31.2%	(8)%
Corporate	(64)	(1.4)%	(70)	(1.6)%	(11)%	(70)	(1.6)%	(11)%
Total Internal Adjusted EBITDA	1,240	28.0%	1,221	27.5%	(2)%	1,215	27.9%	(2)%
Reconciliation of Internal Adjusted EBITDA to Operating Income								
Depreciation and amortization	(278)	(6.3)%	(271)	(6)%	(2)%	(267)	(6)%	(4)%
Amortization of acquisition related intangible assets	(448)	(10.1)%	(435)	(9.8)%	3%	(432)	(9.9)%	4%
Goodwill impairment	(205)	(4.6)%	(48)	(1.1)%	77%	(48)	(1.1)%	77%
Severance and facility closure costs	(30)	(0.7)%	(65)	(1.5)%	(122)%	(65)	(1.5)%	(122)%
Stock compensation expense	(29)	(0.7)%	(33)	(0.7)%	(12)%	(33)	(0.8)%	(12)%
Management fees	(16)	(0.4)%	(12)	(0.3)%	25%	(12)	(0.3)%	25%
Other costs (2)	(30)	(0.7)%	(20)	(0.4)%	34%	(20)	(0.5)%	34%
Total Operating Income	$ 204	4.6%	$ 337	7.6%	65%	$ 338	7.7%	65%

(1) Percent of revenue is calculated as a percent of revenue from FS, AS and Other, respectively.

(2) Other costs include expenses related to strategic initiatives, currency transaction losses, costs to shut down certain services of the Broker/Dealer business (defined above) and certain other costs.

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Operating Income:

Our total reported operating margin was 7.7% in 2011 compared to 4.6% in 2010. The most significant factor impacting the 3.1 margin point increase is the $205 million non-cash goodwill impairment charge related to our PS and K-12 businesses, which are included in Other, in 2010, whereas 2011 included a non-cash goodwill impairment of $48 million. The net impact of these charges was a 3.5 margin point increase in 2011. The more significant factors impacting the remaining 0.4 margin point decrease are the following:

- 0.8 margin point decrease, or $36 million, from the increase in restructuring costs including increases in severance and corporate executive transition of $33 million and a $3 million increase in expenses to exit facilities;
- 0.5 margin point decrease from the decrease in the AS margin, which excludes the impact of severance;
- 0.3 margin point decrease, or $13 million, from the decrease in software license fee revenue; and
- 0.2 margin point decrease, or $7 million, from the increase in corporate costs;

partially offset by

- 0.5 margin point increase from the lower activity level of the Broker/Dealer;
- 0.4 margin point increase, or $16 million, from the decrease in amortization of acquisition-related intangible assets;
- 0.2 margin point increase, or $11 million, from the decrease in depreciation and amortization due primarily to certain AS leased facility improvements becoming fully depreciated; and
- 0.2 margin point increase, or $10 million, from the decrease in expenses related to strategic initiatives, currency transaction losses and costs incurred by the Broker/Dealer to shutdown its professional trading business in 2011.

Segment Internal Adjusted EBITDA:

Financial Systems segment:

The FS Internal Adjusted EBITDA margin was 26.5% and 25.7% in 2011 and 2010, respectively. The more significant factors impacting the 0.8 margin point improvement are the 1.6 margin point improvement from the decreased activity level of the Broker/Dealer; the 0.5 margin point improvement, or $12 million, from the decrease in consultant expense; and the 0.1 margin point improvement, or $2 million, from the decrease in facilities costs (excluding lease exit costs). These increases in the operating margin were partially offset by the 1.2 margin point improvement, or $33 million, from the increase in employment-related costs (excluding severance) resulting from business expansion, merit increases and increased software development and maintenance expenses, the 0.5 margin point improvement from acquired businesses and the 0.2 margin point improvement, or $7 million, from the decrease in license fees.

Availability Services segment:

The AS Internal Adjusted EBITDA margin was 34.8% and 35.9% in 2011 and 2010, respectively, a decrease of 1.1 margin points. The overall AS margin was decreased by 0.8 margin points from increased expenses in North America in 2011 resulting from increased employment-related expenses of $9 million (excluding severance) primarily related to developing new products, and segment advertising costs of $6 million.

Professional services had a 0.3 margin point decrease on the overall AS margin in 2011 due primarily to a $2 million decrease in employment-related expenses on $8 million of lower revenue. RS had a 0.3 margin point decrease on the overall AS margin in 2011 due primarily to a $59 million decrease in higher margin recovery services revenue, partially offset by a $22 million decrease in equipment expense. Software had a 0.5 margin point impact on the overall AS margin in 2011 due primarily to reduced employment-related expenses of $7 million. MS helped the overall AS margin in 2011 by 0.1 margin points due primarily to a $27 million increase in revenue, partially offset by an $11 million increase in employment-related expenses and a $6 million increase in facilities costs. Europe helped the overall AS margin in 2011 by 0.1 margin points due primarily to a $9 million increase in revenue and a $2 million decrease in equipment expense, partially offset by a $4 million increase in facilities and a $2 million increase in employment-related expenses (excluding severance).

Other segment:

The Internal Adjusted EBITDA margin from our Other segment was 31.2% and 32.4% for 2011 and 2010, respectively. The more significant factors impacting the 1.2 margin point decrease are the 1.3 margin point impact, or $3 million, from the decrease in costs capitalized as software assets.

Costs and Expenses:

Total costs decreased to 92% of revenue in 2011 from 95% of 2010 revenue. Excluding the goodwill impairment charges of $48 million and $205 million in 2011 and 2010, respectively, total costs as a percentage of total revenue were 91% of revenue in each of 2011 and 2010, and decreased $49 million.

Cost of sales and direct operating expenses (excluding depreciation) as a percentage of total revenue were 42% in 2011 and 43% in 2010, and decreased $80 million. Impacting the comparison of 2011 compared to 2010 is a $110 million decrease in costs of the Broker/Dealer which includes a $95 million decrease in reimbursed expenses; a $21 million decrease in AS equipment expense, primarily resulting from renegotiation of maintenance contracts, and a $4 million decrease in AS employment-related expenses, which includes a $6 million decrease in severance. These expense decreases were partially offset by an increase in FS employment-related expenses, including a $3 million increase in severance; a $23 million increase from acquired businesses; and a $10 million increase in AS facilities costs, mainly utilities, expansions of certain facilities that occurred in the second half of 2010 and a new facility added during the second quarter of 2010.

Sales, marketing and administration expenses as a percentage of total revenue were 25% and 24% in 2011 and 2010, respectively, and increased $28 million. Increases in sales, marketing and administration expenses were primarily due to increases of $18 million of corporate employment-related expenses mainly as a result of executive transition costs incurred in the second quarter of 2011 and other severance actions taken in 2011; an $11 million increase resulting from acquired businesses; and a $6 million increase in AS advertising expenses. These increases were partially offset by decreases of a combined $7 million of FS and AS facilities costs and the $5 million decrease in Broker/Dealer shut-down costs noted above.

Because AS product development and maintenance costs are insignificant, it is more meaningful to measure product development and maintenance expenses as a percentage of revenue excluding AS. Product development and maintenance expense was 13% and 12% of revenue excluding AS, respectively, and increased $28 million. The increase is primarily related to an increase in FS employment-related expenses to maintain and enhance our existing software products in response to customer needs. Included in the increase in employment-related expenses is a $4 million increase in severance.

Depreciation and amortization was 6% of total revenue in each of 2011 and 2010, but decreased $11 million due primarily to certain AS leased facility improvements becoming fully depreciated during 2010.

Amortization of acquisition-related intangible assets was 10% of total revenue in each of 2011 and 2010, but decreased $16 million due primarily to the impact of software that was fully amortized in 2010, partially offset by the impact of acquired businesses. During 2011, we recorded impairment charges of our customer base and software assets of $3 million and $4 million, respectively. During 2010, we recorded impairment charges of our customer base and software assets of $1 million and $2 million, respectively. These impairments are the result of reduced cash flow projections related to the software and customer base assets that were impaired.

We recorded goodwill impairment charges of $48 million and $205 million in 2011 and 2010, respectively. These impairments are described in the Use of Estimates and Critical Accounting Policies section above.

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Interest expense was $524 million and $638 million in 2011 and 2010, respectively. The decrease in interest expense was due primarily to interest rate decreases mainly due to the expiration of certain of our interest rate swaps and the refinancing of the senior notes due 2013, as well as decreased term loan borrowings resulting from prepayments that occurred in December 2010.

The loss on extinguishment of debt in 2010 was due to the early extinguishments of our $1.6 billion of senior notes due in 2013 and our euro-denominated term loans. The loss included $39 million of tender and call premiums.

Other income was $7 million in 2010, and included $4 million in foreign currency transaction gains related to our euro-denominated term loans.

The effective income tax rates for 2011 and 2010 were a tax benefit of 62% and 14%, respectively, due to certain unusual items. The rate in 2011 includes the impact of tax rate changes, the benefits of foreign taxes, net of U.S. foreign tax credit, and an adjustment associated with the future repatriation of unremitted earnings of certain non-U.S. subsidiaries, partially offset by the nondeductible goodwill impairment charge. The reported benefit in 2010 includes nondeductible goodwill impairment charges and a $45 million charge for recording deferred income taxes on unremitted earnings of certain non-U.S. subsidiaries which were no longer considered to be permanently reinvested, partially offset by a $13 million benefit due primarily to the impact of state tax rate changes on deferred tax assets and liabilities.

Loss from discontinued operations, net of tax, was $80 million in 2011 and $156 million in 2010. During 2011, discontinued operations included our European consulting business which was sold in 2012 and our HE business, which was sold in January 2012. During 2010, discontinued operations includes our European consulting business, our HE business and our PS UK business which was sold in 2010. The results of our PS UK operation included an impairment charge, net of tax, of $91 million and a loss on disposal of approximately $94 million which included the write-off of the currency translation adjustment (CTA) which is included as a separate component of equity. Also in 2010, we recorded a goodwill impairment charge of $32 million related to HE MS. See Note 1 of Notes to Consolidated Financial Statements for further discussion.

Accreted dividends on SCCII s cumulative preferred stock were $225 million and $191 million in 2011 and 2010, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII through December 31, 2011.

Liquidity and Capital Resources:

At December 31, 2012, our liquidity was $1.40 billion, comprised of cash and cash equivalents of $546 million, a decrease of $327 million from December 31, 2011, and capacity under our revolving credit facility of $857 million. Approximately $248 million of cash and cash equivalents at December 31, 2012 was held by our wholly owned non-U.S. subsidiaries. While available to fund operations and strategic investment opportunities abroad, most of these funds cannot be repatriated for use in the United States without incurring additional tax costs and, in a few cases, are in countries with currency restrictions. Our re-evaluation during the fourth quarter of 2012 of amounts permanently reinvested has no impact on these additional tax costs or our ability to repatriate these funds. Also, approximately $72 million of cash and cash equivalents at December 31, 2012 relates to our broker/dealer operations and is not readily available for general corporate use.

Cash flow from continuing operations was $645 million in 2012 compared to cash flow from continuing operations of $606 million in 2011. Improving cash flow from continuing operations was the following:

- $51 million of lower interest payments in 2012;

- a $42 million increase in cash earned from operations, defined as operating income adjusted for certain noncash expenses and the cash portion of other income (expense); and

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- $25 million more cash provided by working capital due primarily to a one-time benefit in 2012 from exiting certain lower margin services of the Broker/Dealer, partially offset by timing of payment of accounts payable and recognizing in 2012 a portion of our deferred revenue in excess of new sales;

partially offset by

- by a $79 million increase in income tax payments, net of refunds.

Cash flow from continuing operations in 2011 was $606 million compared to $601 million in 2010. Lower interest payments of $143 million in 2011, principally resulting from the expiration of interest rate swaps and interest rate reductions from refinancing the senior notes due 2013, was mostly offset by lower operating earnings before interest and taxes and less cash provided by working capital.

Net cash used by continuing operations in investing activities was $297 million in 2012 and $315 million in 2011. During 2012, we spent $40 million for two acquisitions, as compared to $35 million for five acquisitions during 2011. Capital expenditures for continuing operations were $260 million in 2012 and $276 million in 2011. Net cash used by continuing operations in investing activities was $376 million in 2010. During 2010, we spent $82 million for four acquisitions and $298 million for capital expenditures.

In 2012, net cash used by continuing operations in financing activities was $2.04 billion, which included the following:

- repayment of $1.22 billion of term loans resulting from the sale of HE;
- $1.02 billion to repurchase and optionally redeem $1 billion of senior subordinated notes due 2015;
- a $724 million preferred stock dividend;
- $527 million to redeem the 10.625% senior notes due 2015; and
- $217 million of optional prepayments of term loans;

partially offset by

- the issuance of $1 billion of senior subordinated notes due 2019; and
- a $720 million term loan to fund the dividend.

In 2011, net cash used by continuing operations in financing activities was $253 million, which included $239 million of debt payments. In 2010, net cash used by continuing operations in financing activities was $344 million, which included the repurchase and optional redemption of our senior notes due 2013 along with the associated premiums and $265 million of term loan prepayments, and the issuance of $900 million of senior notes due 2018 and $700 million of senior notes due 2020 (net of associated fees). We also increased our borrowings under our accounts receivable securitization program by $63 million in 2010.

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As a result of the LBO (August 11, 2005), we are highly leveraged. See Note 5 of Notes to Consolidated Financial Statements which contains a full description of our debt. Total debt outstanding as of December 31, 2012 was $6.66 billion, which consists of the following (in millions):

	December 31, 2012
Senior Secured Credit Facilities:	
Secured revolving credit facility due November 29, 2016	$
Tranche A due February 28, 2014, effective interest rate of 1.96%	**207**
Tranche B due February 28, 2016, effective interest rate of 4.35%	**1,719**
Tranche C due February 28, 2017, effective interest rate of 4.17%	**908**
Tranche D due January 31, 2020, effective interest rate of 4.50%	**720**
Total Senior Secured Credit Facilities	**3,554**
Senior Secured Notes due 2014 at 4.875%, net of discount of $4	**246**
Senior Notes due 2018 at 7.375%	**900**
Senior Notes due 2020 at 7.625%	**700**
Senior Subordinated Notes due 2019 at 6.625%	**1,000**
Secured accounts receivable facility, at 3.71%	**250**
Other, primarily foreign bank debt, acquisition purchase price and capital lease obligations	**12**
Total debt	**6,662**
Short-term borrowings and current portion of long-term debt	**(63)**
Long-term debt	**$ 6,599**

Senior Secured Credit Facilities

We have an $880 million revolving credit facility, of which $857 million was available for borrowing after giving effect to $23 million of outstanding letters of credit as of December 31, 2012.

As more fully discussed in Note 2 of Notes to Consolidated Financial Statements, in January 2012, we completed the sale of HE. The net cash proceeds from the HE sale of $1.22 billion were applied on a pro-rata basis to repay a portion of our term loans, including $396 million of tranche A, $689 million of tranche B and $137 million of incremental term loans.

On March 2, 2012, we amended the Amended and Restated Credit Agreement dated as of August 11, 2005, as amended and restated from time to time (Credit Agreement) to, among other things, extend the maturity date of $908 million in aggregate principal amount of tranche A and incremental term loans from February 28, 2014 to February 28, 2017 (tranche C), extend the maturity of our $880 million revolving credit facility commitments from May 11, 2013 to November 29, 2016, and amend certain covenants and other provisions in order to, among other things, permit the potential spin-off of the Availability Services business. The revolving credit facility commitments and tranche C each have springing maturities which are described in the Credit Agreement filed with SunGard s Form 8-K dated March 7, 2012.

On December 17, 2012, we amended our Credit Agreement to, among other things, allow for the issuance of a $720 million term loan (tranche D), permit incremental credit extensions under the restated credit agreement

in an amount up to $750 million; and modify certain covenants and other provisions in order to, among other

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things, permit additional restricted payments to be made with the net proceeds of the tranche D term loan and available cash in an aggregate amount not to exceed $750 million. Tranche D has certain springing maturities which are described in the Credit Agreement filed with SunGard s Form 8-K dated December 20, 2012.

On December 31, 2012, we voluntarily prepaid $48 million of the tranche A term loan and the entire outstanding incremental term loan balance of $169 million.

On March 8, 2013, SunGard amended and restated its Credit Agreement to, among other things, (i) issue an additional term loan of $2,200 million (tranche E) maturing on March 8, 2020, the proceeds of which were used to (a) repay in full the $1,719 million tranche B term loan and (b) repay $481 million of the tranche C term loan; (ii) replace the $880 million of revolving commitments with $850 million of new revolving commitments, which will mature on March 8, 2018; and (iii) modify certain covenants and other provisions in order to, among other things (x) modify (and in the case of the term loan facility, remove) the financial maintenance covenants included therein and (y) permit the Company to direct the net cash proceeds of permitted dispositions otherwise requiring a prepayment of term loans to the prepayment of specific tranches of term loans at the Company s sole discretion. The interest rate on tranche E is LIBOR plus 3% with a 1% LIBOR floor, which at March 8, 2013 was 4.00%. SunGard is required to repay installments in quarterly principal amounts of 0.25% of its funded tranche E principal amount through the maturity date, at which time the remaining aggregate principal balance is due. Tranche E and the new revolving credit commitments are subject to certain springing maturities which are described in the Credit Agreement.

Senior and Senior Subordinated Notes

On November 16, 2010, we issued $900 million aggregate principal amount of 7.375% senior notes due 2018 and $700 million aggregate principal amount of 7.625% senior notes due 2020. The net proceeds, together with other cash, were used to retire the former $1.6 billion 9.125% senior notes that would have been due 2013.

On April 2, 2012, we redeemed for $527 million plus accrued and unpaid interest to the redemption date, all of our outstanding $500 million 10.625% senior notes due 2015 under the Indenture dated as of September 29, 2008.

On November 1, 2012, we issued $1 billion aggregate principal amount of 6.625% senior subordinated notes due 2019 (senior subordinated notes due 2019) and used a portion of the net proceeds from this offering to repurchase approximately $490 million of our $1 billion 10.25% senior subordinated notes due 2015 (existing senior subordinated notes). On December 3, 2012, we redeemed the remaining existing senior subordinated notes. We paid a $21 million premium to extinguish the existing senior subordinated notes.

The senior subordinated notes due 2019 contain registration rights by which we have agreed to use our reasonable best efforts to register with the U.S. Securities & Exchange Commission notes having substantially identical terms. We will use our reasonable best efforts to cause the exchange offer to be completed or, if required, to have one or more shelf registration statements declared effective within 360 days after the issue date of the senior subordinated notes due 2019.

If we fail to satisfy this obligation (a registration default), the annual interest rate on the senior subordinated notes due 2019 will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year. The applicable interest rate will revert to the original level upon the earlier of curing the registration default or November 1, 2014.

Secured Accounts Receivable Facility

In March 2009, we entered into a syndicated three-year secured accounts receivable facility. The facility limit was $317 million, which consisted of a term loan commitment of $181 million and a revolving commitment

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of $136 million. Advances may be borrowed and repaid under the revolving commitment with no impact on the facility limit. The term loan commitment may be repaid at any time at our option, but will result in a permanent reduction in the facility limit. On September 30, 2010, we entered into an Amended and Restated Credit and Security Agreement related to our receivables facility. Among other things, the amendment (a) increased the borrowing capacity under the facility from $317 million to $350 million, (b) increased the term loan component from $181 million to $200 million, (c) extended the maturity date to September 30, 2014, (d) removed the 3% LIBOR floor and set the interest rate to one-month LIBOR plus 3.5%, which at December 31, 2012 was 3.71%, and (e) amended certain terms.

In connection with the sale of our HE business, the participating HE subsidiaries were removed from the receivables facility, effective as of October 3, 2011. As a result, we permanently reduced the maximum revolving commitment amount to $90 million for a combined total amount available for borrowing of $290 million.

On December 19, 2012, we entered into a Second Amended and Restated Credit and Security Agreement to, among other things, extend the maturity date to December 19, 2017 and reduce the aggregate commitments from $290 million to $275 million.

At December 31, 2012, $200 million was drawn against the term loan commitment and $50 million was drawn against the revolving commitment, which was repaid on January 2, 2013. At December 31, 2012, $519 million of accounts receivable secured the borrowings under the receivables facility.

The receivables facility includes a fee on the unused portion of 0.75% per annum and contains certain covenants. We are required to satisfy and maintain specified facility performance ratios, financial ratios and other financial condition tests.

Interest Rate Swaps

We use interest rate swap agreements to manage the amount of our floating rate debt in order to reduce our exposure to variable rate interest payments associated with the senior secured credit facilities. We pay a stream of fixed interest payments for the term of the swap, and in turn, receive variable interest payments based on one-month LIBOR or three-month LIBOR (0.21% and 0.31%, respectively, at December 31, 2012). The net receipt or payment from the interest rate swap agreements is included in interest expense. A summary of our interest rate swaps at December 31, 2012 follows (in millions):

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

Contractual Obligations

At December 31, 2012, our contractual obligations follow (in millions):

	Total	**2013**	**2014**	**2015**	**2016 2017**	**Thereafter**
Short-term and long-term debt (1)	$ 6,662	$ 63	$ 461	$ 8	$ 2,844	$ 3,286
Interest payments (2)	1,987	357	346	338	519	427
Operating leases	994	178	163	132	211	310
Purchase obligations (3)	223	141	50	27	5	
	$ 9,866	$ 739	$ 1,020	$ 505	$ 3,579	$ 4,023

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(1) The senior notes due 2014 are recorded at $246 million as of December 31, 2012, reflecting the remaining unamortized discount. The $4 million discount at December 31, 2012 will be amortized and included in interest expense over the remaining periods to maturity.

(2) Interest payments consist of interest on both fixed-rate and variable-rate debt. Variable-rate debt consists primarily of the tranche A secured term loan facility ($207 million at 1.96%), the tranche B term loan facility ($1.22 billion at 3.84%), the tranche C term loan facility ($508 million at 3.96%), the tranche D term loan facility ($720 million at 4.50%), and the secured accounts receivable facility ($250 million at 3.71%), each as of December 31, 2012. See Note 5 of Notes to Consolidated Financial Statements.

(3) Purchase obligations include our estimate of the minimum outstanding obligations under noncancelable commitments to purchase goods or services.

On a pro forma basis as of December 31, 2012, taking into account the March 8, 2013 Credit Agreement amendment, our contractual obligations are as follows (in millions):

	Total	2013	2014	2015	2016-2017	Thereafter
Short-term and long-term debt [(1)]	$ 6,662	$ 80	$ 483	$ 30	$ 688	$ 5,381
Interest payments [(2)]	2,320	356	347	339	660	618
Operating leases	994	178	163	132	211	310
Purchase obligations [(3)]	223	141	50	27	5	
	$ 10,199	$ 755	$ 1,043	$ 528	$ 1,564	$ 6,309

At December 31, 2012, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $6 million, of which $3 million is included in other long-term debt. We also have outstanding letters of credit and bid bonds that total approximately $36 million.

We expect our cash on hand, cash flows from operations, availability under our revolving credit facility and our accounts receivable 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.

Depending on market conditions, SunGard, its Sponsors and their affiliates may from time to time repurchase debt securities issued by SunGard, in privately negotiated or open market transactions, by tender offer or otherwise.

Covenant Compliance

Our senior secured credit facilities and the indentures governing our senior notes due 2018 and 2020 and our senior subordinated notes due 2019 contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur additional indebtedness or issue certain preferred shares,
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments,
- make certain investments,

sell certain assets,

create liens,

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets, and

enter into certain transactions with our affiliates.

In addition, pursuant to the Principal Investor Agreement by and among our Holding Companies and the Sponsors, we are required to obtain approval from certain Sponsors prior to the declaration or payment of any dividend by us or any of our subsidiaries (other than dividends payable to us or any of our wholly owned subsidiaries).

Under the senior secured credit agreement, we are required to satisfy and maintain specified financial ratios and other financial condition tests. As of December 31, 2012, we are in compliance with all financial and nonfinancial covenants. While we believe that we will remain in compliance, our continued ability to meet those financial ratios and tests can be affected by events beyond our control, and there is no assurance that we will continue to meet those ratios and tests.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure used to determine our compliance with certain covenants contained in the indentures governing the senior notes due 2018 and 2020 and senior subordinated notes due 2019 and in our senior secured credit agreement. Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and our senior secured credit agreement. We believe that including supplementary information concerning Adjusted EBITDA is appropriate to provide additional information to investors to demonstrate compliance with our financing covenants.

A breach of covenants in our senior secured credit agreement that are tied to ratios based on Adjusted EBITDA could result in a default and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under our indentures. Additionally, under our 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.

Adjusted EBITDA does not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Adjusted EBITDA in the indentures allows us to add back certain noncash, extraordinary or unusual charges that are deducted in calculating net income (loss). However, these are expenses that may recur, vary greatly and are difficult to predict. Further, our debt instruments require that Adjusted EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year. Adjusted EBITDA is similar, but not identical, to Internal Adjusted EBITDA used to measure our performance (see Note 13 of Notes to Consolidated Financial Statements).

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The following is a reconciliation for SunGard of income (loss) from continuing operations, which is a GAAP measure of our operating results, to Adjusted EBITDA as defined in our debt agreements (in millions). The terms and related calculations are defined in the credit agreement.

	2010	2011	2012
Income (loss) from continuing operations	$ (414)	$ (69)	$ (397)
Interest expense, net	636	521	427
Taxes	(69)	(118)	(38)
Depreciation and amortization	726	706	672
EBITDA	879	1,040	664
Goodwill impairment charge	205	48	385
Purchase accounting adjustments (a)	13	11	9
Non-cash charges (b)	36	34	39
Restructuring and other (c)	55	94	63
Acquired EBITDA, net of disposed EBITDA (d)	9	1	3
Pro forma expense savings related to acquisitions (e)	2		
Loss on extinguishment of debt (f)	58	3	82
Adjusted EBITDA senior secured credit facilities, senior notes due 2018 and 2020 and senior subordinated notes due 2019	$ 1,257	$ 1,231	$ 1,245

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

(b) Non-cash charges include stock-based compensation (see Note 9 of Notes to Consolidated Financial Statements) and loss on the sale of assets.

(c) Restructuring and other charges include severance and related payroll taxes, reserves to consolidate certain facilities, strategic initiative expenses, certain other expenses associated with acquisitions made by the Company, 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.

(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 includes in 2010 the loss on extinguishment of $1.6 billion of senior notes due in 2013 and the write-off of deferred financing fees related to the refinancing of a portion of our U.S. Dollar-denominated term loans and retirement of $100 million of pound Sterling-denominated term loans. Loss on extinguishment of debt includes in 2012 the write-off of deferred financing fees associated with the January 2012 repayment of $1.22 billion of our US$-denominated term loans, the April 2012 retirement of $500 million, 10.625% senior notes due 2015, the December 2012 retirement of $1 billion, 10.25% senior subordinated notes due 2015 and the December 2012 repayment of $217 million of US$-denominated term loans.

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Our covenant requirements and actual ratios for the year ended December 31, 2012 are as follows:

	Covenant Requirements	Actual Ratios
Senior secured credit facilities (1)		
Minimum Adjusted EBITDA to consolidated interest expense ratio	2.10x	3.53x
Maximum total debt to Adjusted EBITDA	5.75x	4.75x
Senior notes due 2018 and 2020 and senior subordinated notes due 2019 (2)		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	3.51x

(1) Our senior secured credit facility requires us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 2.10x for the four-quarter period ended December 31, 2012 and increasing to 2.20x at 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 accounts receivable facility. Beginning with the four-quarter period ending December 31, 2011, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 5.75x and decreasing over time to 5.50x by June 30, 2015, 5.25x by June 30, 2016 and to 4.75x by March 31, 2017. 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) Our 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. This exception includes our ability to incur up to an aggregate principal amount of $5.75 billion under credit facilities (inclusive of amounts outstanding under our senior credit facilities from time to time. As of December 31, 2012, we had $3.55 billion outstanding under our term loan facilities and available commitments of $857 million under our 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 2018 and 2020 and the Senior Subordinated Notes due 2019 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 accounts receivable facility.

ITEM 7A. 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, substantially all having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At December 31, 2012, we had total debt of $6.66 billion, including $3.80 billion of variable rate debt. We entered into interest rate swap agreements which fixed the interest rates for $900 million of our variable rate debt. Swap agreements expiring in May 2013 have a notional value of $500 million and effectively fix the variable portion of our interest rates at 1.99%. Swap agreements expiring in February 2017 with a notional value of $400 million effectively fix our interest rates at 0.69%. Our remaining variable rate debt of $2.90 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 $29 million per year. Upon the expiration of the $500 million interest rate swap agreement in May 2013, a 1% change in interest rates would result in an incremental change in interest of approximately $5 million per year, or a total of $34 million. Upon the expiration of the $400 million interest rate swap agreement in February 2017, a 1% change in interest rates would result in an incremental change in interest of approximately $4 million, or a total of $38 million. See Note 5 of Notes to Consolidated Financial Statements.

During 2012, approximately 36% of our revenue was from customers outside the United States with approximately 76% of this revenue coming from customers located in the United Kingdom, Continental Europe and Canada. Only a portion of the revenue from customers outside the United States is denominated in other currencies, the majority being pound Sterling and Euros. Revenue and expenses of our foreign operations are generally denominated in their respective local currencies. We continue to monitor our exposure to currency exchange rates and we enter into currency hedging transactions from time to time to mitigate certain currency exposures.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SunGard Capital Corp.

SunGard Capital Corp. II

SunGard Data Systems Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of SunGard Capital Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in equity and of cash flows present fairly, in all material respects, the financial position of SunGard Capital Corp. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 20, 2013

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of SunGard Capital Corp. II:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in stockholders equity and of cash flows present fairly, in all material respects, the financial position of SunGard Capital Corp. II and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 20, 2013

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of SunGard Data Systems Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in stockholder s equity and of cash flows present fairly, in all material respects, the financial position of SunGard Data Systems Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 20, 2013

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SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

	December 31, 2011	**December 31, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 546**
Trade receivables, less allowance for doubtful accounts of $38 and $30	794	**781**
Earned but unbilled receivables	140	**119**
Prepaid expenses and other current assets	117	**224**
Clearing broker assets	213	**6**
Assets related to discontinued operations	1,350	
Total current assets	3,481	**1,676**
Property and equipment, less accumulated depreciation of $1,296 and $1,509	893	**874**
Software products, less accumulated amortization of $1,431 and $1,649	554	**411**
Customer base, less accumulated amortization of $1,254 and $1,481	1,574	**1,367**
Other assets, less accumulated amortization of $22 and $27	144	**132**
Trade name	1,019	**1,019**
Goodwill	4,885	**4,539**
Total Assets	$ 12,550	**$ 10,018**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**$ 63**
Accounts payable	59	**32**
Accrued compensation and benefits	291	**297**
Accrued interest expense	92	**41**
Other accrued expenses	261	**234**
Clearing broker liabilities	179	**4**
Deferred revenue	862	**836**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,076	**1,507**
Long-term debt	7,819	**6,599**
Deferred and other income taxes	1,123	**1,127**
Other long-term liabilities	76	**95**
Total liabilities	11,094	**9,328**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	28	**26**
Class L common stock subject to a put option	47	**45**
Class A common stock subject to a put option	6	**5**
Stockholders equity:		
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $5,383 million and $6,154 million; 50,000,000 shares authorized, 28,842,773 and 29,027,610 shares issued		
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 259,589,718 and 261,251,822 shares issued		
Capital in excess of par value	2,768	**2,483**
Treasury stock, 387,638 and 541,886 shares of Class L common stock; and 3,492,925 and 4,880,305 shares of Class A common stock	(39)	**(50)**

Accumulated deficit	(3,346)	**(3,391)**
Accumulated other comprehensive income (loss)	(46)	**(3)**
Total SunGard Capital Corp. stockholders equity (deficit)	(663)	**(961)**
Noncontrolling interest in preferred stock of SCCII	2,038	**1,575**
Total equity	1,375	**614**
Total Liabilities and Equity	$ 12,550	**$ 10,018**

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

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SunGard Capital Corp.

Consolidated Statements of Comprehensive Income

(In millions)

	Year ended December 31,		
	2010	2011	**2012**
Revenue:			
Services	$ 4,024	$ 4,056	**$ 3,926**
License and resale fees	294	289	**275**
Total products and services	4,318	4,345	**4,201**
Reimbursed expenses	119	95	**62**
Total revenue	4,437	4,440	**4,263**
Costs and expenses:			
Cost of sales and direct operating (excluding depreciation)	1,895	1,848	**1,740**
Sales, marketing and administration	1,057	1,108	**1,039**
Product development and maintenance	350	393	**353**
Depreciation and amortization	278	271	**287**
Amortization of acquisition-related intangible assets	448	435	**385**
Goodwill impairment charges	205	48	**385**
Total costs and expenses	4,233	4,103	**4,189**
Operating income (loss)	204	337	**74**
Interest income	2	3	**1**
Interest expense and amortization of deferred financing fees	(638)	(524)	**(428)**
Loss on extinguishment of debt	(58)	(3)	**(82)**
Other income (expense)	7		
Income (loss) from continuing operations before income taxes	(483)	(187)	**(435)**
Benefit from (provision for) income taxes	69	116	**38**
Income (loss) from continuing operations	(414)	(71)	**(397)**
Income (loss) from discontinued operations, net of tax	(156)	(80)	**331**
Net income (loss)	(570)	(151)	**(66)**
Income attributable to the noncontrolling interest (including $3 million, $- million and $1 million in temporary equity)	(191)	(225)	(251)
Net income (loss) attributable to SunGard Capital Corp.	(761)	(376)	(317)
Other comprehensive income (loss):			
Foreign currency translation	(41)	(26)	**33**
Less: foreign currency translation reclassified into income	109		
Foreign currency translation, net	68	(26)	33
Unrealized gain (loss) on derivative instruments	(49)	(16)	**(1)**

Less: gain (loss) on derivatives reclassified into income	85	34	**14**
Less: income tax benefit (expense)	(12)	(9)	**(3)**
Net unrealized gain (loss) on derivative instruments, net of tax	24	9	10
Other comprehensive income (loss), net of tax	92	(17)	**43**
Comprehensive income (loss)	(478)	(168)	**(23)**
Comprehensive income (loss) attributable to the non controlling interest	(191)	(225)	(251)
Comprehensive income (loss) attributable to SunGard Capital Corp.	$ (669)	$ (393)	$ (274)

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)

	Year ended December 31,		
	2010	2011	**2012**
Cash flow from operations:			
Net income (loss)	$ (570)	$ (151)	**$ (66)**
Income (loss) from discontinued operations	(156)	(80)	**331**
Income (loss) from continuing operations	(414)	(71)	**(397)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	726	706	**672**
Goodwill impairment charge	205	48	**385**
Deferred income tax provision (benefit)	(83)	(155)	**(79)**
Stock compensation expense	29	33	**38**
Amortization of deferred financing costs and debt discount	43	40	**36**
Loss on extinguishment of debt	58	3	**82**
Other noncash items	3	2	**(1)**
Accounts receivable and other current assets	25	75	**51**
Accounts payable and accrued expenses	27	(35)	**(129)**
Clearing broker assets and liabilities, net	18	(14)	**33**
Deferred revenue	(36)	(26)	**(46)**
Cash flow from (used in) continuing operations	601	606	**645**
Cash flow from (used in) discontinued operations	120	72	**(401)**
Cash flow from (used in) operations	721	678	**244**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(82)	(35)	**(40)**
Cash paid for property and equipment and software	(298)	(276)	**(260)**
Other investing activities	4	(4)	**3**
Cash provided by (used in) continuing operations	(376)	(315)	**(297)**
Cash provided by (used in) discontinued operations	116	(11)	**1,758**
Cash provided by (used in) investment activities	(260)	(326)	**1,461**
Financing activities:			
Cash received from issuance of common stock	1	3	
Cash received from issuance of preferred stock		3	
Cash received from borrowings, net of fees	1,633	1	**1,715**
Cash used to repay debt	(1,924)	(239)	**(2,946)**
Premium paid to retire debt	(41)		**(48)**
Dividends paid			**(724)**
Cash used to purchase treasury stock	(12)	(9)	**(22)**
Other financing activities	(1)	(12)	**(14)**
Cash provided by (used in) continuing operations	(344)	(253)	**(2,039)**
Cash provided by (used in) discontinued operations			

Cash provided by (used in) financing activities	(344)	(253)	**(2,039)**
Effect of exchange rate changes on cash	(3)	(4)	**7**
Increase (decrease) in cash and cash equivalents	114	95	**(327)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2010, $33; 2011, $23; 2012, $6	664	778	**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2010, $23; 2011, $6; 2012, $-	$ 778	$ 873	**$ 546**

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

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SunGard Capital Corp.

Consolidated Statement of Changes in Equity

(In millions)

	Temporary Equity Subject to a put option			Permanent Equity							
				Common Stock				Treasury Stock Common Stock			
				Number of Shares issued			Capital in Excess of	Shares			
	Class L	Class A	Noncontrolling Interest	Class L	Class A	Par Value	Par Value	Class L	Class A	Par Value	Amount
Balances at December 31, 2009	$ 88	$ 11	$ 51	29	258	$	$ 2,678		2	$	$ (27)
Net income (loss)			3								
Foreign currency translation including the impact of the sale of a business of $109											
Net unrealized gain on derivative instruments (net of tax expense of $12)											
Stock compensation expense							31				
Issuance of common and preferred stock	(1)						1				
Purchase of treasury stock							(1)		1		(7)
Expiration of put option	(8)	(1)	(4)				10				
Transfer intrinsic value of vested restricted stock units to temporary equity	8	1	4				(13)				
Other							(3)				
Balances at December 31, 2010	87	11	54	29	258		2,703		3		(34)
Net income (loss)											
Foreign currency translation											
Net unrealized gain on derivative instruments (net of tax expense of $9)											
Stock compensation expense							35				
Issuance of common and preferred stock	(1)		1		2		6				
Purchase of treasury stock	(1)						(1)				(5)
Expiration of put option	(50)	(6)	(35)				58				
Transfer intrinsic value of vested restricted stock units to temporary equity	12	1	8				(21)				
Other							(12)				
Balances at December 31, 2011	47	6	28	29	260		2,768		3		(39)
Net income (loss)			**1**								
Foreign currency translation											
Net unrealized gain on derivative instruments (net of tax expense of $3)											
Stock compensation expense							**38**				
Issuance of common and preferred stock	**(1)**		**(1)**		**1**		**1**				
Dividends declared ($72.80 per preferred share)			**(3)**				**(300)**				
Purchase of treasury stock	**(1)**						**(4)**	**1**	**2**		**(11)**
Expiration of put option	**(18)**	**(2)**	**(9)**				**24**				
Transfer intrinsic value of vested restricted stock units to temporary equity	**18**	**1**	**10**				**(30)**				
Other							**(14)**				
Balances at December 31, 2012	**$ 45**	**$ 5**	**$ 26**	**29**	**261**	**$**	**$ 2,483**	**1**	**5**	**$**	**$ (50)**

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

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SunGard Capital Corp.

Consolidated Statement of Changes in Equity (continued)

(In millions)

	Permanent Equity				
		Income (Loss)			
	Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Noncontrolling interest	Total
Balances at December 31, 2009	$ (2,209)	$ (79)	$ (42)	$ 1,593	$ 1,914
Net income (loss)	(761)			188	(573)
Foreign currency translation including the impact of the sale of a business of $109		68			68
Net unrealized gain on derivative instruments (net of tax expense of $12)			24		24
Stock compensation expense					31
Issuance of common and preferred stock					1
Purchase of treasury stock				(3)	(11)
Expiration of put option				3	13
Transfer intrinsic value of vested restricted stock units to temporary equity					(13)
Other				1	(2)
Balances at December 31, 2010	(2,970)	(11)	(18)	1,782	1,452
Net income (loss)	(376)			225	(151)
Foreign currency translation		(26)			(26)
Net unrealized gain on derivative instruments (net of tax expense of $9)			9		9
Stock compensation expense					35
Issuance of common and preferred stock				1	7
Purchase of treasury stock				(2)	(8)
Expiration of put option				32	90
Transfer intrinsic value of vested restricted stock units to temporary equity					(21)
Other					(12)
Balances at December 31, 2011	(3,346)	(37)	(9)	2,038	1,375
Net income (loss)	**(317)**			**251**	**(66)**
Foreign currency translation		**33**			**33**
Net unrealized gain on derivative instruments (net of tax expense of $3)			**10**		**10**
Stock compensation expense					**38**
Issuance of common and preferred stock					**1**
Dividends declared ($72.80 per preferred share)	**272**			**(714)**	**(742)**
Purchase of treasury stock				**(6)**	**(21)**
Expiration of put option				**6**	**30**
Transfer intrinsic value of vested restricted stock units to temporary equity					**(30)**
Other					**(14)**
Balances at December 31, 2012	**$ (3,391)**	**$ (4)**	**$ 1**	**$ 1,575**	**$ 614**

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)

	December 31, 2011	**December 31, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 546**
Trade receivables, less allowance for doubtful accounts of $38 and $30	794	**781**
Earned but unbilled receivables	140	**119**
Prepaid expenses and other current assets	117	**224**
Clearing broker assets	213	**6**
Assets related to discontinued operations	1,350	
Total current assets	3,481	**1,676**
Property and equipment, less accumulated depreciation of $1,296 and $1,509	893	**874**
Software products, less accumulated amortization of $1,431 and $1,649	554	**411**
Customer base, less accumulated amortization of $1,254 and $1,481	1,574	**1,367**
Other assets, less accumulated amortization of $22 and $27	144	**132**
Trade name	1,019	**1,019**
Goodwill	4,885	**4,539**
Total Assets	$ 12,550	**$ 10,018**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**63**
Accounts payable	59	**32**
Accrued compensation and benefits	291	**297**
Accrued interest expense	92	**41**
Other accrued expenses	261	**231**
Clearing broker liabilities	179	**4**
Deferred revenue	862	**836**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,076	**1,504**
Long-term debt	7,819	**6,599**
Deferred and other income taxes	1,123	**1,127**
Other long-term liabilities	76	**76**
Total liabilities	11,094	**9,306**
Commitments and contingencies		
Preferred stock subject to a put option	23	**24**
Stockholders equity:		
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $2,046 million and $1,581 million; 14,999,000 shares authorized, 9,984,091 and 10,048,018 issued		
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and oustanding		

Capital in excess of par value	3,785	**3,492**
Treasury stock, 134,215 and 187,576 shares	(18)	**(30)**
Accumulated deficit	(2,288)	**(2,771)**
Accumulated other comprehensive income (loss)	(46)	**(3)**
Total stockholders equity	1,433	**688**
Total Liabilities and Stockholders Equity	$ 12,550	**$ 10,018**

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

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SunGard Capital Corp. II

Consolidated Statements of Comprehensive Income

(In millions)

	Year ended December 31,		
	2010	**2011**	**2012**
Revenue:			
Services	$ 4,024	$ 4,056	**$ 3,926**
License and resale fees	294	289	**275**
Total products and services	4,318	4,345	**4,201**
Reimbursed expenses	119	95	**62**
Total revenue	4,437	4,440	**4,263**
Costs and expenses:			
Cost of sales and direct operating (excluding depreciation)	1,895	1,848	**1,740**
Sales, marketing and administration	1,057	1,108	**1,039**
Product development and maintenance	350	393	**353**
Depreciation and amortization	278	271	**287**
Amortization of acquisition-related intangible assets	448	435	**385**
Goodwill impairment charges	205	48	**385**
Total costs and expenses	4,233	4,103	**4,189**
Operating income (loss)	204	337	**74**
Interest income	2	3	**1**
Interest expense and amortization of deferred financing fees	(638)	(524)	**(428)**
Loss on extinguishment of debt	(58)	(3)	**(82)**
Other income (expense)	7		
Income (loss) from continuing operations before income taxes	(483)	(187)	**(435)**
Benefit from (provision for) income taxes	69	116	**38**
Income (loss) from continuing operations	(414)	(71)	**(397)**
Income (loss) from discontinued operations, net of tax	(156)	(80)	**331**
Net income (loss)	(570)	(151)	**(66)**
Other comprehensive income (loss):			
Foreign currency translation	(41)	(26)	**33**
Less: foreign currency translation reclassified into income	109		
Foreign currency translation, net	68	(26)	33
Unrealized gain (loss) on derivative instruments	(49)	(16)	**(1)**
Less: gain (loss) on derivatives reclassified into income	85	34	**14**
Less: income tax benefit (expense)	(12)	(9)	**(3)**
Net unrealized gain (loss) on derivative instruments, net of tax	24	9	10

Comprehensive income (loss)	$ (478)	$ (168)	**$ (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)

	Year ended December 31,		
	2010	2011	**2012**
Cash flow from operations:			
Net income (loss)	$ (570)	$ (151)	**$ (66)**
Income (loss) from discontinued operations	(156)	(80)	**331**
Income (loss) from continuing operations	(414)	(71)	**(397)**
Reconciliation of net income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	726	706	**672**
Goodwill impairment charge	205	48	**385**
Deferred income tax provision (benefit)	(83)	(155)	**(79)**
Stock compensation expense	29	33	**38**
Amortization of deferred financing costs and debt discount	43	40	**36**
Loss on extinguishment of debt	58	3	**82**
Other noncash items	3	2	**(1)**
Accounts receivable and other current assets	25	75	**51**
Accounts payable and accrued expenses	27	(35)	**(129)**
Clearing broker assets and liabilities, net	18	(14)	**33**
Deferred revenue	(36)	(26)	**(46)**
Cash flow from (used in) continuing operations	601	606	**645**
Cash flow from (used in) discontinued operations	120	72	**(401)**
Cash flow from (used in) operations	721	678	**244**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(82)	(35)	**(40)**
Cash paid for property and equipment and software	(298)	(276)	**(260)**
Other investing activities	4	(4)	**3**
Cash provided by (used in) continuing operations	(376)	(315)	**(297)**
Cash provided by (used in) discontinued operations	116	(11)	**1,758**
Cash used in investment activities	(260)	(326)	**1,461**
Financing activities:			
Cash received from issuance of preferred stock		3	
Cash received from borrowings, net of fees	1,633	1	**1,715**
Cash used to repay debt	(1,924)	(239)	**(2,946)**
Premium paid to retire debt	(41)		**(48)**
Dividends paid			**(724)**
Cash used to purchase treasury stock	(4)	(4)	**(12)**
Other financing activities	(8)	(14)	**(24)**
Cash provided by (used in) continuing operations	(344)	(253)	**(2,039)**
Cash provided by (used in) discontinued operations			

Cash provided by (used in) financing activities	(344)	(253)	**(2,039)**
Effect of exchange rate changes on cash	(3)	(4)	**7**
Increase (decrease) in cash and cash equivalents	114	95	**(327)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2010, $33; 2011, $23; 2012, $6	664	778	**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2010, $23; 2011, $6; 2012, $-	$ 778	$ 873	**$ 546**

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

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SunGard Capital Corp. II

Consolidated Statement of Changes in Stockholders Equity

(In millions)

	Temporary Equity Preferred Stock subject to a put option	Preferred Stock Number of Shares issued	Preferred Stock Par Value	Permanent Equity Common Stock Number of Shares issued	Permanent Equity Common Stock Par Value	Capital in Excess of Par Value
Balances at December 31, 2009	$ 38	10	$		$	$ 3,724
Net income (loss)						
Foreign currency translation including the impact of the sale of a business of $109						
Net unrealized gain on derivative instruments (net of tax expense of $12)						
Stock compensation expense						31
Purchase of treasury stock						
Transfer intrinsic value of vested restricted stock units to temporary equity	4					(4)
Expiration of put option	(4)					4
Other	(1)					(8)
Balances at December 31, 2010	37	10				3,747
Net income (loss)						
Foreign currency translation						
Net unrealized gain on derivative instruments (net of tax expense of $9)						
Stock compensation expense						35
Issuance of preferred stock	1					2
Purchase of treasury stock						
Transfer intrinsic value of vested restricted stock units to temporary equity	8					(8)
Expiration of put option	(23)					23
Other						(14)
Balances at December 31, 2011	23	10				3,785
Net income (loss)						
Foreign currency translation						
Net unrealized gain on derivative instruments (net of tax expense of $3)						
Stock compensation expense						**38**
Dividends declared ($72.80 per preferred share)						**(330)**
Purchase of treasury stock						
Transfer intrinsic value of vested restricted stock units to temporary equity	**10**					**(10)**
Expiration of put option	**(9)**					**9**
Balances at December 31, 2012	**$ 24**	**10**	**$**		**$**	**$ 3,492**

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

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SunGard Capital Corp. II

Consolidated Statement of Changes in Stockholders Equity (continued)

(In millions)

	Permanent Equity					
	Treasury Stock (Preferred Stock)			Income (Loss)		
	Shares	**Amount**	**Retained Earnings (Accumulated Deficit)**	**Foreign Currency Translation**	**Net Unrealized Gain (Loss) on Derivative Instruments**	**Total**
Balances at December 31, 2009		$ (10)	$ (1,567)	$ (79)	$ (42)	$ 2,026
Net income (loss)			(570)			(570)
Foreign currency translation including the impact of the sale of a business of $109				68		68
Net unrealized gain on derivative instruments (net of tax expense of $12)					24	24
Stock compensation expense						31
Purchase of treasury stock		(4)				(4)
Transfer intrinsic value of vested restricted stock units to temporary equity						(4)
Expiration of put option						4
Other						(8)
Balances at December 31, 2010		(14)	(2,137)	(11)	(18)	1,567
Net income (loss)			(151)			(151)
Foreign currency translation				(26)		(26)
Net unrealized gain on derivative instruments (net of tax expense of $9)					9	9
Stock compensation expense						35
Issuance of preferred stock						2
Purchase of treasury stock		(4)				(4)
Transfer intrinsic value of vested restricted stock units to temporary equity						(8)
Expiration of put option						23
Other						(14)
Balances at December 31, 2011		(18)	(2,288)	(37)	(9)	1,433
Net income (loss)			(66)			(66)
Foreign currency translation				33		33
Net unrealized gain on derivative instruments (net of tax expense of $3)					10	10
Stock compensation expense						38
Dividends declared ($72.80 per preferred share)			(417)			(747)
Purchase of treasury stock		(12)				(12)
Transfer intrinsic value of vested restricted stock units to temporary equity						(10)
Expiration of put option						9
Balances at December 31, 2012	$	$ (30)	$ (2,771)	$ (4)	$ 1	$ 688

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)

	December 31, 2011	**December 31, 2012**
Assets		
Current:		
Cash and cash equivalents	$ 867	**$ 546**
Trade receivables, less allowance for doubtful accounts of $38 and $30	794	**781**
Earned but unbilled receivables	140	**119**
Prepaid expenses and other current assets	117	**224**
Clearing broker assets	213	**6**
Assets related to discontinued operations	1,350	
Total current assets	3,481	**1,676**
Property and equipment, less accumulated depreciation of $1,296 and $1,509	893	**874**
Software products, less accumulated amortization of $1,431 and $1,649	554	**411**
Customer base, less accumulated amortization of $1,254 and $1,481	1,574	**1,367**
Other assets, less accumulated amortization of $22 and $27	144	**132**
Trade name	1,019	**1,019**
Goodwill	4,885	**4,539**
Total Assets	$ 12,550	**$ 10,018**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 10	**$ 63**
Accounts payable	59	**32**
Accrued compensation and benefits	291	**297**
Accrued interest expense	92	**41**
Other accrued expenses	262	**234**
Clearing broker liabilities	179	**4**
Deferred revenue	862	**836**
Deferred income taxes	76	
Liabilities related to discontinued operations	246	
Total current liabilities	2,077	**1,507**
Long-term debt	7,819	**6,599**
Deferred and other income taxes	1,117	**1,120**
Other long-term liabilities	76	**76**
Total liabilities	11,089	**9,302**
Commitments and contingencies		
Stockholder s equity:		
Common stock, par value $.01 per share; 100 shares authorized, issued and outstanding		
Capital in excess of par value	3,793	**3,490**
Accumulated deficit	(2,286)	**(2,771)**
Accumulated other comprehensive income (loss)	(46)	**(3)**
Total stockholder s equity	1,461	**716**

Total Liabilities and Stockholder s Equity	$ 12,550	**$ 10,018**

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

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SunGard Data Systems Inc.

Consolidated Statements of Comprehensive Income

(In millions)

	Year Ended December 31,		
	2010	2011	**2012**
Revenue:			
Services	$ 4,024	$ 4,056	**$ 3,926**
License and resale fees	294	289	**275**
Total products and services	4,318	4,345	**4,201**
Reimbursed expenses	119	95	**62**
Total Revenue	4,437	4,440	**4,263**
Costs and expenses:			
Cost of sales and direct operating (excluding depreciation)	1,895	1,848	**1,740**
Sales, marketing and administration	1,057	1,108	**1,039**
Product development and maintenance	350	393	**353**
Depreciation and amortization	278	271	**287**
Amortization of acquisition-related intangible assets	448	435	**385**
Goodwill impairment charges	205	48	**385**
Total costs and expenses	4,233	4,103	**4,189**
Operating income (loss)	204	337	**74**
Interest income	2	3	**1**
Interest expense and amortization of deferred financing fees	(638)	(524)	**(428)**
Loss on extinguishment of debt	(58)	(3)	**(82)**
Other income (expense)	7		
Income (loss) from continuing operations before income taxes	(483)	(187)	**(435)**
Benefit from (provision for) income taxes	69	118	**38**
Income (loss) from continuing operations	(414)	(69)	**(397)**
Income (loss) from discontinued operations, net of tax	(156)	(80)	**331**
Net income (loss)	(570)	(149)	**(66)**
Other comprehensive income (loss):			
Foreign currency translation	(41)	(26)	**33**
Less: foreign currency translation reclassified into income	109		
Foreign currency translation, net	68	(26)	33
Unrealized gain (loss) on derivative instruments	(49)	(16)	**(1)**
Less: gain (loss) on derivatives reclassified into income	85	34	**14**
Less: income tax benefit (expense)	(12)	(9)	**(3)**
Net unrealized gain (loss) on derivative instruments, net of tax	24	9	10

Comprehensive income (loss)	$ (478)	$ (166)	**$ (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)

	Year ended December 31,		
	2010	2011	**2012**
Cash flow from operations:			
Net income (loss)	$ (570)	$ (149)	**$ (66)**
Income (loss) from discontinued operations	(156)	(80)	**331**
Income (loss) from continuing operations	(414)	(69)	**(397)**
Reconciliation of net income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	726	706	**672**
Goodwill impairment charge	205	48	**385**
Deferred income tax provision (benefit)	(84)	(156)	**(80)**
Stock compensation expense	29	33	**38**
Amortization of deferred financing costs and debt discount	43	40	**36**
Loss on extinguishment of debt	58	3	**82**
Other noncash items	3	2	**(1)**
Accounts receivable and other current assets	25	75	**51**
Accounts payable and accrued expenses	28	(36)	**(128)**
Clearing broker assets and liabilities, net	18	(14)	**33**
Deferred revenue	(36)	(26)	**(46)**
Cash flow from (used in) continuing operations	601	606	**645**
Cash flow from (used in) discontinued operations	120	72	**(401)**
Cash flow from (used in) operations	721	678	**244**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(82)	(35)	**(40)**
Cash paid for property and equipment and software	(298)	(276)	**(260)**
Other investing activities	4	(4)	**3**
Cash provided by (used in) continuing operations	(376)	(315)	**(297)**
Cash provided by (used in) discontinued operations	116	(11)	**1,758**
Cash used in investment activities	(260)	(326)	**1,461**
Financing activities:			
Cash received from borrowings, net of fees	1,633	1	**1,715**
Cash used to repay debt	(1,924)	(239)	**(2,946)**
Premium paid to retire debt	(41)		**(48)**
Dividends paid			**(724)**
Other financing activities	(12)	(15)	**(36)**
Cash provided by (used in) continuing operations	(344)	(253)	**(2,039)**
Cash provided by (used in) discontinued operations			
Cash provided by (used in) financing activities	(344)	(253)	**(2,039)**
Effect of exchange rate changes on cash	(3)	(4)	**7**
Increase (decrease) in cash and cash equivalents	114	95	**(327)**

Beginning cash and cash equivalents includes cash of discontinued operations: 2010, $33; 2011, $23; 2012, $6	664	778	**873**
Ending cash and cash equivalents includes cash of discontinued operations: 2010, $23; 2011, $6; 2012, $-	$ 778	$ 873	**$ 546**

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

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SunGard Data Systems Inc.

Consolidated Statement of Changes in Stockholder s Equity

(In millions)

	Common Stock				Accumulated Other Comprehensive Income (Loss)		
	Number of Shares issued	Par Value	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Foreign Currency Translatin	Net Unrealized Gain (Loss) on Derivative Instruments	Total
Balances at December 31, 2009		$	$ 3,755	$ (1,567)	$ (79)	$ (42)	$ 2,067
Net income (loss)				(570)			(570)
Foreign currency translation including the impact of the sale of a business of $109					68		68
Net unrealized gain on derivative instruments (net of tax expense of $12)						24	24
Stock compensation expense			31				31
Other			(13)				(13)
Balances at December 31, 2010			3,773	(2,137)	(11)	(18)	1,607
Net income (loss)				(149)			(149)
Foreign currency translation					(26)		(26)
Net unrealized gain on derivative instruments (net of tax expense of $9)						9	9
Stock compensation expense			35				35
Other			(15)				(15)
Balances at December 31, 2011			3,793	(2,286)	(37)	(9)	1,461
Net income (loss)				**(66)**			**(66)**
Foreign currency translation					**33**		**33**
Net unrealized gain on derivative instruments (net of tax expense of $3) and other						**10**	**10**
Dividend declared to Parent			**(327)**	**(419)**			**(746)**
Stock compensation expense			**38**				**38**
Other			**(14)**				**(14)**
Balances at December 31, 2012		**$**	**$ 3,490**	**$ (2,771)**	**$ (4)**	**$ 1**	**$ 716**

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

1. Basis of Presentation and Summary of Significant Accounting Policies:

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). SCC and SCCII are collectively referred to as the Parent Companies. All four of these companies were formed in 2005 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 are collectively referred to as the Company. The Holding Companies have no other operations beyond those of their ownership of SunGard.

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

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. The Company evaluates its estimates and judgments on an ongoing basis and revises them when necessary. Actual results may differ from the original or revised estimates.

The presentation of certain prior year amounts has been revised to conform to the current year presentation as discussed further in Notes 1 and 18.

Revenue Recognition

The Company generates revenue from the following sources: (1) services revenue, which includes revenue from processing services, software maintenance and support, software rentals, recovery and managed services, professional services and broker/dealer fees; and, (2) software license fees, which result from contracts that permit the customer to use a SunGard product at the customer s site.

The following criteria must be met in determining whether revenue may be recorded: persuasive evidence of a contract exists; services have been provided; the price is fixed or determinable; and collection is reasonably assured.

Services revenue is recorded as the services are provided based on the fair value of each element. Most AS services revenue consists of fixed monthly fees based upon the specific computer configuration or business process for which the service is being provided. When recovering from an interruption, customers generally are contractually obligated to pay additional fees, which typically cover the incremental costs of supporting customers during recoveries. FS services revenue includes monthly fees, which may include a fixed minimum fee and/or variable fees based on a measure of volume or activity, such as the number of accounts, trades or transactions, users or the number of hours of service.

For fixed-fee professional services contracts, services revenue is recorded based upon proportional performance, measured by the actual number of hours incurred divided by the total estimated number of hours for the project. Changes in the estimated costs or hours to complete the contract and losses, if any, are reflected in the period during which the change or loss becomes known.

License fees result from contracts that permit the customer to use a SunGard software product at the customer s site. Generally, these contracts are multiple-element arrangements since they usually provide for professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee is fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. When there are significant program modifications or customization, installation, systems integration or related services, the professional services and license revenue are combined and recorded based upon proportional performance, measured in the manner described above. Revenue is recorded when billed when customer payments are extended beyond normal billing terms, or at acceptance when there is significant acceptance, technology or service risk. Revenue also is recorded over the longest service period in those instances where the software is bundled together with post-delivery services and there is not sufficient evidence of the fair value of each undelivered service element.

With respect to software related multiple element arrangements, sufficient evidence of fair value is defined as vendor specific objective evidence (VSOE). If there is no VSOE of the fair value of the delivered element (which is usually the software) but there is VSOE of the fair value of each of the undelivered elements (which are usually maintenance and professional services), then the residual method is used to determine the revenue for the delivered element. The revenue for each of the undelivered elements is set at the fair value of those elements using VSOE of the price paid when each of the undelivered elements is sold separately. The revenue remaining after allocation to the undelivered elements (i.e., the residual) is allocated to the delivered element.

VSOE supporting the fair value of maintenance is based on the optional renewal rates for each product and is typically 18% to 20% of the software license fee per year. VSOE supporting the fair value of professional services is based on the standard daily rates charged when those services are sold separately.

In some software related multiple-element arrangements, the maintenance or services rates are discounted. In these cases, a portion of the software license fee is deferred and recognized as the maintenance or services are performed based on VSOE of the services.

From time to time, the Company enters into arrangements with customers that purchase non-software related services at the same time, or within close proximity, of purchasing software (non-software multiple-element arrangements). Each element within a non-software multiple-element arrangement is accounted for as a separate unit of accounting provided the following criteria are met: the delivered services have value to the customer on a standalone basis; and for an arrangement that includes a general right of return relative to the delivered services, delivery or performance of the undelivered service is considered probable and is substantially controlled by the Company. Where the criteria for a separate unit of accounting are not met, the deliverable is combined with the undelivered element(s) and treated as a single unit of accounting for the purposes of allocation of the arrangement consideration and revenue recognition.

For non-software multiple-element arrangements, the Company allocates revenue to each element based on a selling price hierarchy at the arrangement inception. The selling price for each element is based upon the following selling price hierarchy: VSOE, then third-party evidence (TPE), then best estimated selling price (BESP). The total arrangement consideration is allocated to each separate unit of accounting for each of the non-software deliverables using the relative selling prices of each unit based on this hierarchy. The Company limits the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or meeting of any specified performance conditions.

To determine the selling price in non-software multiple-element arrangements, the Company establishes VSOE of the selling price using the price charged for a deliverable when sold separately. Where VSOE does not exist, TPE is established by evaluating similar competitor products or services in standalone arrangements with similarly situated customers. If the Company is unable to determine the selling price because VSOE or TPE doesn t exist, it determines BESP for the purposes of allocating the arrangement by considering pricing practices, margin, competition and geographies in which it offers its products and services.

Unbilled receivables are created when services are performed or software is delivered and revenue is recognized in advance of billings. Deferred revenue is created when billing occurs in advance of performing services or when all revenue recognition criteria have not been met.

Cash and Cash Equivalents

Cash and cash equivalents consist of investments that are readily convertible into cash and have original maturities of three months or less.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. The Company sells a significant portion of its products and services to the financial services industry and could be affected by the overall condition of that industry. The Company believes that any credit risk associated with accounts receivable is substantially mitigated by the relatively large number of customer accounts and reasonably short collection terms. Accounts receivable are stated at estimated net realizable value, which approximates fair value. By policy, the Company places its available cash and short-term investments with institutions of high credit-quality and limits the amount of credit exposure to any one issuer.

Foreign Currency Translation

The functional currency of each of the Company s foreign operations is generally the local currency of the country in which the operation is located. All assets and liabilities are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates during the period.

Increases and decreases in net assets resulting from currency translation are reflected in stockholder s equity as a component of accumulated other comprehensive income (loss).

Legal Fees

Prior to December 31, 2012, legal fees expected to be incurred defending the Company in connection with an asserted claim were accrued when they were probable of being incurred and could be reasonably estimated. At December 31, 2012, the Company changed its policy to expense all legal costs in connection with an asserted claim as they are incurred as this policy was determined to be preferable.

Changes in accounting policies must be applied retrospectively in the financial statements. Retrospective application means that entity implements the change in accounting policy as though it had always been applied. However, the Company has concluded that the impact of applying the change on a retrospective basis was not material to the Company s financial statements. The impact of the change was recorded in the fourth quarter of 2012 and the new policy has been applied prospectively effective December 31, 2012.

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Property and Equipment

Property and equipment are recorded at cost and depreciated on the straight-line method over the estimated useful lives of the assets (three to eight years for equipment and ten to 40 years for buildings and improvements). Leasehold improvements are amortized ratably over their remaining lease term or useful life, if shorter. Depreciation and amortization of property and equipment in continuing operations was $231 million in 2010, $221 million in 2011 and $232 million in 2012.

Software Products

Software development costs are expensed as incurred and consist primarily of design and development costs of new products and significant enhancements to existing products incurred before the establishment of technological feasibility. Recoverable costs incurred subsequent to technological feasibility of new products and enhancements to existing products as well as costs incurred to purchase or to create and implement internal-use software, which includes software coding, installation, testing and certain data conversions, and software obtained through business acquisitions are capitalized and amortized over the estimated useful lives of the related products, generally three to twelve years (average life is eight years), using the straight-line method or the ratio of current revenue to current and anticipated revenue from such software, whichever provides the greater amortization. Amortization of all software products of continuing operations, including software acquired in business acquisitions and software purchased for internal use, aggregated to $250 million in 2010, $241 million in 2011 and $214 million in 2012. Software development expense of continuing operations was $158 million in 2010, $180 million in 2011 and $163 million in 2012. Capitalized development costs of continuing operations were $11 million in 2010, $10 million in 2011 and $22 million in 2012.

Purchase Accounting and Intangible Assets

Purchase accounting requires that all assets and liabilities be recorded at fair value on the acquisition date, including identifiable intangible assets separate from goodwill. Identifiable intangible assets include customer base (which includes customer contracts and relationships), software and trade name. Goodwill represents the excess of cost over the fair value of net assets acquired.

The estimated fair values and useful lives of identifiable intangible assets are based on many factors, including estimates and assumptions of future operating performance and cash flows of the acquired business, the nature of the business acquired, the specific characteristics of the identified intangible assets, and our historical experience and that of the acquired business. The estimates and assumptions used to determine the fair values and useful lives of identified intangible assets could change due to numerous factors, including product demand, market conditions, technological developments, economic conditions and competition. In connection with our determination of fair values, the Company may engage independent appraisal firms to assist with the valuation of intangible (and certain tangible) assets acquired and certain assumed obligations.

Customer Base Intangible Assets

Customer base intangible assets represent customer contracts and relationships obtained as a result of the LBO and as part of acquired businesses and are amortized using the straight-line method over their estimated useful lives, ranging from three to 18 years (average life is 13 years). Amortization of all customer base intangible assets of continuing operations aggregated to $238 million in 2010, $237 million in 2011 and $222 million in 2012.

Other Assets

Other assets consist primarily of deferred financing costs incurred in connection with debt issued in the LBO and amendments to our debt and other financing transactions (see Note 5), noncompetition agreements, long-term accounts receivable and long-term investments. Deferred financing costs are amortized over the term of the related debt. Noncompetition agreements are amortized using the straight-line method over their stated terms, ranging from three to five years.

Impairment Reviews for Long-Lived Assets

The Company periodically reviews carrying values and useful lives of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Factors that could indicate an impairment include significant underperformance of the asset as compared to historical or projected future operating results, or significant negative industry or economic trends. When the Company determines that the carrying value of an asset may not be recoverable, the related estimated future undiscounted cash flows expected to result from the use and eventual disposition of the asset are compared to the carrying value of the asset. If the sum of the estimated future undiscounted cash flows is less than the carrying amount, an impairment charge is recorded based on the difference between the carrying value of the asset and its fair value, which the Company estimates based on discounted expected future cash flows. In determining whether an asset is impaired, the Company makes assumptions regarding recoverability of costs, estimated future cash flows from the asset, intended use of the asset and other relevant factors. If these estimates or their related assumptions change, impairment charges for these assets may be required.

Future Amortization of Acquisition-Related Intangible Assets

Based on amounts recorded at December 31, 2012, total expected amortization of all acquisition-related intangible assets in each of the years ended December 31 follows (in millions):

2013	$ 339
2014	289
2015	233
2016	214
2017	206

Trade Name

The trade name intangible asset of $1,019 million at December 31, 2011 and 2012 represents the fair value of the SunGard trade name and is an indefinite-lived asset not subject to amortization. The Company performed its annual impairment test of the SunGard trade name in the third quarter and based on the results of this test, the fair value of the trade name exceeded its carrying value, resulting in no impairment of the trade name. As a result of lower long-term projections and from the sale of HE, future cash flows which drive the value of the trade name have decreased, and the amount by which the estimated fair value of the trade name exceeded its carrying value was lower in the current year impairment test compared to prior years. In addition to the projections, a critical assumption considered in the impairment test of the trade name is the implied royalty rate. A 50 basis point decrease in the assumed royalty rate would have resulted in an impairment of the trade name asset of approximately $108 million (100 basis point decrease would result in an impairment of approximately $336 million). A 100 basis point increase in the discount rate would result in an impairment of the trade name asset of approximately $5 million. Furthermore, to the extent that additional businesses are divested in the future, the cash flows supporting the trade name will continue to decline, which may result in impairment charges.

Goodwill

Continuing Operations

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

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

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates that reflect the risks associated with achieving those cash flows. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors including the reporting unit s recent performance, performance in the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions reflect an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. For the July 1, 2012 impairment test, the discount rates and perpetual growth rates used were between 10% and 12% and 3% and 4%, respectively.

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

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

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

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

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

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The Company has one other reporting unit, whose goodwill balance was $299 million at December 31, 2012, where the excess of the estimated fair value over the carrying value of the reporting unit was less than 15% of the carrying value as of the July 1, 2012 test date. A one hundred basis point decrease in the perpetual growth rate or a one hundred basis point increase in the discount rate would not cause this reporting unit to fail step one and require a step-two analysis. However, if this unit fails to achieve expected performance levels in the near term or experiences a downturn in the business below current expectations, goodwill could be impaired.

The Company s remaining reporting units, whose goodwill balances in aggregate total $3.7 billion at December 31, 2012, each had estimated fair values which exceeded the carrying value of the reporting unit by at least 15% as of the July 1, 2012 impairment test. Since the July 1 test date, there was no indication of any triggering events that would cause the Company to perform additional goodwill impairment tests.

In 2009, the Company recorded an adjustment to the state income tax rate used to calculate the deferred income tax liabilities associated with the intangible assets at the LBO date which resulted in reductions to the deferred tax liability and goodwill balances of approximately $114 million. During 2011 the Company determined that the 2009 adjustment was incorrect and has reversed it, thereby increasing the December 31, 2011 deferred tax liability and goodwill balances each by approximately $100 million for continuing operations and $14 million for assets (liabilities) held for sale. As a result of this correction, the Company recorded a goodwill impairment charge of $48 million in continuing operations, of which $36 million related to an impairment charge in 2009 and $12 million related to the impairment charge in 2010, and recorded a $3 million goodwill impairment charge in discontinued operations that related to the 2010 impairment charge. In addition, the Company recorded an income tax benefit of $48 million, of which $35 million related to prior periods, reflecting the amortization of the deferred income tax liability which would have been reflected in the statement of comprehensive income had the 2009 adjustment not been made. Had the Company recorded the goodwill impairment charges in the correct periods, the impairment charge in 2010 would have been $217 million recorded in continuing operations. The Company has assessed the impact of correcting these errors in 2011 and does not believe that these amounts are material to any prior period financial statements, nor is the correction of these errors material to the 2011 financial statements. As a result, the Company has not restated any prior period amounts.

Based on the results of the step one test for the July 1 annual impairment test for 2010, the Company determined that the combined carrying value of its PS and K-12 Education reporting unit was in excess of its fair value and a step-two test was required. In 2010, PS and K-12 were tested as a single reporting unit in contrast to 2012, when PS and K-12 were tested as separate reporting units. The primary driver for the decline in the fair value of the reporting unit compared to the prior year is the reduction in the perpetual growth rate assumption used for this reporting unit, stemming from the disruption in the global financial markets, particularly the markets which this reporting unit serves. Furthermore, there was a decline in the cash flow projections compared to those used in the 2009 goodwill impairment test, as a result of decline in the overall outlook for this reporting unit.

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

In completing the step-two test to determine the implied fair value of goodwill and therefore the amount of impairment, the Company first determined the fair value of the tangible and intangible assets and liabilities. Based on the testing performed, the Company determined that the carrying value of goodwill exceeded its implied fair value for this reporting unit and recorded a goodwill impairment charge of $205 million.

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

	Cost				Accumulated Impairment			
	FS	AS	Other	Subtotal	AS	Other	Subtotal	Net Balance
Balance at December 31, 2010	$ 3,450	$ 2,203	$ 534	$ 6,187	$ (1,126)	$ (205)	$ (1,331)	$ 4,856
2011 acquisitions	6			6				6
Adjustments related to the LBO and prior year acquisitions	42	38	11	91				91
Impairment charges					(36)	(12)	(48)	(48)
Effect of foreign currency translation	(18)	(2)		(20)				(20)
Balance at December 31, 2011	3,480	2,239	545	6,264	(1,162)	(217)	(1,379)	4,885
2012 acquisitions	**28**			**28**				**28**
Adjustments related to the LBO and prior year acquisitions	**(3)**	**(3)**	**(1)**	**(7)**				**(7)**
Impairment charges					**(385)**		**(385)**	**(385)**
Effect of foreign currency translation	**11**	**7**		**18**				**18**
Balance at December 31, 2012	**$ 3,516**	**$ 2,243**	**$ 544**	**$ 6,303**	**$ (1,547)**	**$ (217)**	**$ (1,764)**	**$ 4,539**

During 2011 the Company determined that a 2009 adjustment impacting goodwill and deferred income tax liability was incorrect and has reversed it, thereby increasing the goodwill and deferred tax liability balances associated with continuing operations each by approximately $100 million. The adjustment, which was not material to any prior period financial statements, is reflected in the Adjustments related to the LBO and prior year acquisitions line in 2011.

Discontinued Operations

Based on the results of the step-one test for the July 1 annual impairment test for 2010, the Company determined that the carrying values of its Public Sector United Kingdom (PS UK) reporting unit, which was sold in December 2010, and its Higher Education Managed Services (HE MS) reporting unit, which, along with the remainder of HE, was sold in January 2012, were in excess of their respective fair values and a step-two test was required for each of these reporting units. The primary driver for the decline in the fair value of each of the reporting units compared to the prior year is the reduction in the perpetual growth rate assumption used for each of these two reporting units, stemming from the disruption in the global financial markets, particularly the markets which these reporting units serve. Furthermore, there was a decline in the cash flow projections for the PS UK reporting unit, compared to those used in the 2009 goodwill impairment test, as a result of decline in the overall outlook for this reporting unit. Additionally, the discount rate assumption used for the PS UK reporting unit was higher than the discount rate used in the 2009 impairment test.

A one percentage point increase in the perpetual growth rate or a one percentage point decrease in the discount rate would have resulted in the HE MS reporting unit having a fair value in excess of carrying value and a step-two test would not have been required. Prior to completing the step-two tests, the Company first evaluated the long-lived assets, primarily the software, customer base and property and equipment, for impairment. In performing the impairment tests for long-lived assets, the Company estimated the undiscounted cash flows for the asset groups over the remaining useful lives of the reporting unit s primary asset and compared that to the carrying value of the asset groups. There was no impairment of the long-lived assets.

In completing the step-two tests to determine the implied fair value of goodwill and therefore the amount of impairment, the Company first determined the fair value of the tangible and intangible assets and liabilities.

Based on the testing performed, the Company determined that the carrying value of goodwill exceeded its implied fair value for each of the two reporting units and recorded a goodwill impairment charge of $123 million in discontinued operations.

Other Long-Term Liabilities

Other long-term liabilities consist of lease-leveling accruals, restoration liabilities and, at SCC, a $19 million dividend payable (see Note 7). In 2011, all lease-leveling accruals and restoration liabilities were included as other accrued expenses. The December 31, 2011 balance sheet has been revised to correctly present $76 million of these obligations as non-current. The impact of the revision was not material to the balance sheet.

Stock Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the appropriate service period. Fair value for stock options is computed using the Black-Scholes pricing model. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options, expected volatility of the Company s stock price, and the number of awards expected to be forfeited. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, the Company estimates the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on the consolidated financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recognized. The Company s ability to use the deferred tax asset is ultimately based on the actual value of the stock option upon exercise or restricted stock unit upon distribution. If the actual value is lower than the fair value determined on the date of grant, there could be an income tax expense for the portion of the deferred tax asset that cannot be used, which could have a material effect on the consolidated financial results.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded when it is not more likely than not that a deferred tax asset will be realized. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Considerable judgment is required in assessing and estimating these amounts and difference between the actual outcome of these future tax consequences and these estimates made could have a material impact on the consolidated results. The Company records interest related to unrecognized tax benefits in interest expenses and penalties in income tax expense.

Recent Accounting Pronouncements

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

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

On February 5, 2013, the FASB issued Accounting Standards Update No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The standard is intended to improve the reporting of reclassifications out of accumulated other comprehensive income of various components. The Update requires an entity to present, either parenthetically on the face of the financial statements or in the notes, significant amounts reclassified, from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The amendments in this Update are effective for annual and interim periods beginning after December 15, 2012. The Company will adopt this amendment for the March 31, 2013 interim period financial statements.

2. Acquisitions and Discontinued Operations:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings and expand its geographic reach. During 2012, the Company completed two acquisitions in its FS segment. Cash paid, net of cash acquired, was $39 million (see Note 17). In addition, the Company paid approximately $1 million related to deferred purchase price from prior year acquisitions.

During 2011, the Company paid $35 million for five acquisitions in its FS segment, and, in 2010, the Company paid a total of $82 million for three acquisitions in its FS segment and one in its AS segment.

The acquisitions discussed above for 2012, 2011 and 2010 were not material to the Company s operations, financial position or cash flows.

At December 31, 2012, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $6 million, of which $3 million is included in other long-term debt.

Discontinued Operations

In December 2010, the Company sold its PS UK business. In January 2012, the Company sold its Higher Education (HE) business and used the net cash proceeds (as defined in its senior secured credit agreement of $1.222 billion), which is the gross transaction value of $1.775 billion less an estimate of applicable taxes and fees, to repay a pro-rata portion of its outstanding term loans (see Note 5). In July 2012, the Company sold its FS subsidiary SunGard Global Services France for gross proceeds of 14 million.

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The results for the discontinued operations for the years ended December 31, 2010, 2011 and 2012 were as follows (in millions):

	Year ended December 31,		
	2010	2011	**2012**
Revenue	$ 735	$ 551	**$ 55**
Operating income (loss)	(20)	91	**(5)**
Gain (loss) on sale of business	(94)		**571**
Income (loss) before income taxes	(114)	91	**566**
Benefit from (provision for) income taxes	(42)	(171)	**(235)**
Income (loss) from discontinued operations, net of tax	$ (156)	$ (80)	**$ 331**

In 2010, the Company recorded $123 million of goodwill impairment charges, of which $91 million was related to PS UK and $32 million was related to HE MS, and a loss on disposal of approximately $94 million, including the write-off of the currency translation adjustment (CTA). In 2011, the Company recorded $135 million of deferred tax expense related to the book-over-tax basis difference in a HE subsidiary. Also in 2011, the Company increased goodwill by $14 million and recorded a $3 million goodwill impairment charge (see Goodwill discussion in Note 1). In 2012, the Company recorded a $563 million gain on the sale of the Higher Education business.

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

	December 31, 2011
Cash	$ 6
Accounts receivable, net	105
Prepaid expenses and other current assets	11
Deferred income taxes	3
Property and equipment, net	31
Software products, net	77
Customer base, net	188
Goodwill	929
Assets related to discontinued operations	$ 1,350
Accounts payable	$ 1
Accrued compensation and benefits	24
Other accrued expenses	16
Deferred revenue	106
Deferred income taxes	99
Liabilities related to discontinued operations	$ 246

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3. Clearing Broker Assets and Liabilities:

The Company has finished winding-down the operations of its stock loan and clearing services business, a low-margin business which required significant working capital. The wind-down of this business created a one-time benefit to cash flow from continuing operations. Also, as a result of the wind-down, the Company expects the balances of clearing broker assets and liabilities to remain at levels that approximate the level at December 31, 2012.

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

	December 31, 2011	**December 31, 2012**
Segregated customer cash	$ 23	**$ 3**
Securities borrowed	157	
Receivables from customers and other	33	**3**
Clearing broker assets	$ 213	**$ 6**
Payables to customers	$ 16	**$**
Securities loaned	145	
Payable to brokers and dealers	18	**4**
Clearing broker liabilities	$ 179	**$ 4**

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

4. Property and Equipment:

Property and equipment consisted of the following (in millions):

	December 31, 2011	**December 31, 2012**
Computer and telecommunications equipment	$ 993	**$ 1,093**
Leasehold improvements	845	**922**
Office furniture and equipment	148	**162**
Buildings and improvements	138	**143**
Land	17	**17**
Construction in progress	48	**46**
Total property and equipment cost	2,189	**2,383**
Accumulated depreciation and amortization	(1,296)	**(1,509)**
Total property and equipment, net	$ 893	**$ 874**

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5. Debt and Derivative Instruments:

Debt consisted of the following (in millions):

	December 31, 2011	December 31, 2012
Senior Secured Credit Facilities:		
Secured revolving credit facility due November 29, 2016 (A)	$	**$**
Tranche A due February 28, 2014, effective interest rate of 3.33% and 1.96% (A)	1,386	**207**
Tranche B due February 28, 2016, effective interest rate of 4.32% and 4.35% (A)	2,407	**1,719**
Tranche C due February 28, 2017, effective interest rate of 4.17% (A)		**908**
Tranche D due January 31, 2020, effective interest rate of 4.50% (A)		**720**
Incremental term loan at 3.78% (A)	479	
Total Senior Secured Credit Facilities	4,272	**3,554**
Senior Secured Notes due 2014 at 4.875%, net of discount of $8 and $4 (B)	242	**246**
Senior Notes due 2015 at 10.625%, net of discount of $3 (C)	497	
Senior Notes due 2018 at 7.375% (C)	900	**900**
Senior Notes due 2020 at 7.625% (C)	700	**700**
Senior Subordinated Notes due 2015 at 10.25% (C)	1,000	
Senior Subordinated Notes due 2019 at 6.625% (C)		**1,000**
Secured Accounts Receivable Facility, at 3.79% and 3.71% (D)	200	**250**
Other, primarily foreign bank debt, acquisition purchase price and capital lease obligations	18	**12**
Total debt	7,829	**6,662**
Short-term borrowings and current portion of long-term debt	(10)	**(63)**
Long-term debt	$ 7,819	**$ 6,599**

The Company was in compliance with all covenants at December 31, 2012. Below is a summary of SunGard s debt instruments.

(A) Senior Secured Credit Facilities

SunGard has an $880 million revolving credit facility, of which $857 million was available for borrowing after giving effect to $23 million of outstanding letters of credit as of December 31, 2012.

On March 2, 2012, SunGard amended its Amended and Restated Credit Agreement dated as of August 11, 2005, as amended and restated from time to time (Credit Agreement) to, among other things, extend the maturity date of approximately $908 million in aggregate principal amount of tranche A and incremental term loans from February 28, 2014 to February 28, 2017 (tranche C), extend the maturity of the $880 million revolving credit facility commitments from May 11, 2013 to November 29, 2016, and amend certain covenants and other provisions, in order to, among other things, permit the potential spin-off of AS. The revolving credit facility commitments and tranche C each have springing maturity provisions which are described in the Credit Agreement.

On December 17, 2012, SunGard amended its Credit Agreement to, among other things, allow for the issuance of a $720 million term loan (tranche D), permit incremental credit extensions under the restated credit agreement in an amount up to $750 million; and modify certain covenants and other provisions in order to, among other things, permit additional restricted payments to be made with the net proceeds of the tranche D term loan and available cash in an aggregate amount not to exceed $750 million. Tranche D has certain springing maturities which are described in the Credit Agreement.

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On December 31, 2012, SunGard voluntarily prepaid $48 million of its tranche A term loan and the entire outstanding incremental term loan balance of $169 million.

On March 8, 2013, SunGard amended and restated its Credit Agreement to, among other things, (i) issue an additional term loan of $2,200 million (tranche E) maturing on March 8, 2020, the proceeds of which were used to (a) repay in full the $1,719 million tranche B term loan and (b) repay $481 million of the tranche C term loan; (ii) replace the $880 million of revolving commitments with $850 million of new revolving commitments, which will mature on March 8, 2018; and (iii) modify certain covenants and other provisions in order to, among other things (x) modify (and in the case of the term loan facility, remove) the financial maintenance covenants included therein and (y) permit the Company to direct the net cash proceeds of permitted dispositions otherwise requiring a prepayment of term loans to the prepayment of specific tranches of term loans at the Company s sole discretion. The interest rate on tranche E is LIBOR plus 3% with a 1% LIBOR floor, which at March 8, 2013 was 4.00%. SunGard is required to repay installments in quarterly principal amounts of 0.25% of its funded tranche E principal amount through the maturity date, at which time the remaining aggregate principal balance is due. Tranche E and the new revolving commitments are subject to certain springing maturities which are described in the Credit Agreement.

Borrowings under the Credit Agreement bear interest at a rate equal to an applicable margin plus, at SunGard s option, one of the following:

- LIBOR based on the costs of funds for deposits in the currency of such borrowing for either 30, 60, 90 or 180 days, or
- a base rate that is the higher of:
  - the prime rate of JPMorgan Chase Bank, N.A. and
  - the federal funds rate plus one-half of 1%.

The applicable margin for borrowings under the various Credit Agreement tranches may change subject to attaining certain leverage ratios. In addition to paying interest on outstanding principal under the Credit Agreement, the Company pays a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments. The commitment fee rate is currently 0.625% per annum and may change subject to attaining certain leverage ratios. As of December 31, 2012, the effective interest rates and the effective interest rates adjusted for swaps (if applicable) are as follows:

	Effective interest rate	**Effective rate adjusted for swaps**
Revolving credit facility	3.21%	N/A
Tranche A	1.96%	N/A
Tranche B	3.87%	4.35%
Tranche C	3.96%	4.17%
Tranche D	4.50%	N/A

N/A: Not Applicable

All obligations under the Credit Agreement are fully and unconditionally guaranteed by SunGard Holdco LLC and by substantially all domestic, 100% owned subsidiaries, referred to, collectively, as Guarantors.

The Credit Agreement requires SunGard to prepay outstanding term loans, subject to certain exceptions, with 50% of annual excess cash flow (subject to attaining a certain leverage ratio) and proceeds from certain asset sales, casualty and condemnation events, other borrowings and certain financings under SunGard s secured accounts receivable facility. Any mandatory payments would be applied pro rata to the term loan lenders and to installments

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of the term loans in direct order of maturity. Pursuant to the terms of the Credit Agreement, SunGard made the following mandatory prepayments:

In January 2012, SunGard completed the sale of HE and used net cash proceeds (as defined in the Credit Agreement) of $1.22 billion to repay, on a pro-rata basis, $396 million, $689 million and $137 million of tranche A, tranche B and the incremental term loan, respectively. As a result of the prepayment, the Company incurred a loss on the extinguishment of debt of approximately $15 million.

In December 2010, the SunGard sold its PS UK operation for gross proceeds of £88 million ($138 million). SunGard used net cash proceeds to repay $96 million of U.S. dollar-denominated term loans, $3 million of pound sterling-denominated term loans and $2 million of euro-denominated term loans. In addition, and concurrent with these mandatory prepayments, other available cash was used to voluntarily repay the remaining $164 million balance outstanding on the euro-denominated term loans.

SunGard is required to repay installments on the tranche D term loan in quarterly principal amounts of 0.25% of its funded total principal amount through the maturity date, at which time the remaining aggregate principal balance is due, subject to certain springing maturity provisions. As a result of loan prepayments, SunGard is no longer required to make quarterly principal payments on the tranche A, tranche B, or tranche C term loans.

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, SunGard s (and most or all of its subsidiaries) ability to incur additional debt or issue preferred stock, pay dividends and distributions on or repurchase capital stock, create liens on assets, enter into sale and leaseback transactions, repay subordinated indebtedness, make investments, loans or advances, make capital expenditures, engage in certain transactions with affiliates, amend certain material agreements, change its lines of business, sell assets and engage in mergers or consolidations. In addition, under the Credit Agreement, SunGard is required to satisfy certain total leverage and interest coverage ratios.

SunGard uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the Credit Agreement. Each of these swap agreements is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. At December 31, 2012, one-month LIBOR was 0.21% and three-month LIBOR was 0.31%. The net receipt or payment from the interest rate swap agreements is included in interest expense. A summary of the Company s interest rate swaps at December 31, 2012 follows (in millions):

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

The interest rate swaps are included at estimated fair value as an asset or a liability in the consolidated balance sheet based on a discounted cash flow model using applicable market swap rates and certain assumptions. For 2010, 2011 and 2012, the Company included unrealized after-tax gains of $21 million, $17 million, and $3 million, respectively, in Other Comprehensive Income (Loss) related to the change in market value of the swaps. The market value of the swaps recorded in Other Comprehensive Income (Loss) may be recognized in the statement of operations if certain terms of the Credit Agreement change, are modified or if the loan is extinguished. The fair values of the swap agreements at December 31, 2011 and 2012 are $11 million and $5 million, respectively and are included in other accrued expenses. The effects of the interest rate swaps are reflected in the effective interest rate for the Credit Agreement loans in the components of the debt table above. The Company had no ineffectiveness related to its swap agreements as of December 31, 2012. The Company expects to reclassify in the next twelve months approximately $5 million from other comprehensive income (loss) into earnings related to the Company s interest rate swaps based on the borrowing rates at December 31, 2012.

(B) Senior Secured Notes due 2014

On January 15, 2004, SunGard issued $250 million of 4.875% senior unsecured notes due January 2014, which are subject to certain standard covenants. As a result of the LBO, these senior notes became collateralized on an equal and ratable basis with loans under the Credit Agreement and are guaranteed by all subsidiaries that guarantee the senior notes due 2018 and 2020 and senior subordinated notes due 2019. The senior secured notes due 2014 are recorded at $246 million as of December 31, 2012 reflecting the remaining unamortized discount of $4 million caused by the LBO that will continue to be amortized as interest expense over the remaining periods to maturity.

(C) Senior Notes due 2015, 2018 and 2020 and Senior Subordinated Notes due 2015 and 2019

In November 2010, SunGard issued $900 million of 7.375% senior notes due 2018 and $700 million of 7.625% of senior notes due 2020. The proceeds, together with other cash, were used to retire the former $1.6 billion 9.125% senior notes that would have been due 2013. As a result, the Company incurred a loss on the extinguishment of debt of approximately $57 million. The senior notes due 2018 and 2020 (i) rank equally in right of payment to all existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the senior notes due 2018 and 2020, (ii) are effectively subordinated in right of payment to all existing and future secured debt to the extent of the value of the assets securing such debt, and (iii) are structurally subordinated to all obligations of each subsidiary that is not a guarantor of the senior notes due 2018 and 2020. All obligations under the senior notes due 2018 and 2020 are fully and unconditionally guaranteed, subject to certain exceptions, by substantially all domestic, wholly owned subsidiaries of SunGard.

On April 2, 2012, SunGard redeemed for $527 million plus accrued and unpaid interest to the redemption date, all of its outstanding $500 million 10.625% senior notes due 2015 (2015 Notes) under the Indenture dated as of September 29, 2008 among SunGard, the guarantors named therein, and The Bank of New York Mellon, as trustee, as amended or supplemented from time to time. In conjunction with the redemption of the 2015 Notes, the Company incurred a $37 million loss on the extinguishment of debt which included a $27 million premium.

On November 1, 2012, SunGard issued $1 billion aggregate principal amount of 6.625% senior subordinated notes due 2019 (senior subordinated notes) and used a portion of the net proceeds from this offering to repurchase approximately $490 million of its $1 billion 10.25% senior subordinated notes due 2015 (existing 10.25% senior subordinated notes). On December 3, 2012, SunGard redeemed the remaining existing 10.25% senior subordinated notes. As a result of this transaction, the Company incurred a $29 million loss on the extinguishment of debt which included a $21 million premium.

The senior subordinated notes are unsecured senior subordinated obligations that are subordinated in right of payment to the existing and future senior debt, including the senior secured credit facilities, the senior secured notes due 2014 and the senior notes due 2018 and 2020. The senior subordinated notes (i) rank equally in right of payment to all future senior subordinated debt, (ii) are effectively subordinated in right of payment to all existing and future secured debt to the extent of the value of the assets securing such debt, (iii) are structurally subordinated to all obligations of each subsidiary that is not a guarantor of the senior subordinated notes, and (iv) rank senior in right of payment to all future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior subordinated notes.

The senior notes due 2018 and 2020 and senior subordinated notes are redeemable in whole or in part, at SunGard s option, at any time at varying redemption prices that generally include premiums, which are defined in the applicable indentures. In addition, upon a change of control, SunGard is required to make an offer to redeem all of the senior notes and senior subordinated notes at a redemption price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

The indentures governing the senior notes due 2018 and 2020 and senior subordinated notes contain a number of covenants that restrict, subject to certain exceptions, SunGard s ability and the ability of its restricted subsidiaries to incur additional debt or issue certain preferred shares, pay dividends on or make other distributions in respect of its capital stock or make other restricted payments, make certain investments, enter into certain types of transactions with affiliates, create liens securing certain debt without securing the senior notes due 2018 and 2020 or senior subordinated notes, as applicable, sell certain assets, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets and designate its subsidiaries as unrestricted subsidiaries.

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

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

If SunGard fails to satisfy this obligation (a registration default), the annual interest rate on the Senior Subordinated Notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year. The applicable interest rate on such Senior Subordinated Notes will revert to the original level upon the earlier of curing the registration default or November 1, 2014.

(D) Secured Accounts Receivable Facility

In March 2009, SunGard entered into a syndicated three-year secured accounts receivable facility. The facility limit was $317 million, which consisted of a term loan commitment of $181 million and a revolving commitment of $136 million. Advances may be borrowed and repaid under the revolving commitment with no impact on the facility limit. The term loan commitment may be repaid at any time at SunGard s option, but will result in a permanent reduction in the facility limit. On September 30, 2010, SunGard entered into an Amended and Restated Credit and Security Agreement related to its receivables facility. Among other things, the amendment (a) increased the borrowing capacity under the facility from $317 million to $350 million, (b) increased the term loan component from $181 million to $200 million, (c) extended the maturity date to September 30, 2014, (d) removed the 3% LIBOR floor and set the interest rate to one-month LIBOR plus 3.5%, which at December 31, 2012 was 3.71%, and (e) amended certain terms.

In connection with the sale of SunGard s HE business, the participating HE subsidiaries were removed from the receivables facility, effective as of October 3, 2011. As a result, SunGard permanently reduced the maximum revolving commitment amount to $90 million for a combined total amount available for borrowing of $290 million.

On December 19, 2012, SunGard entered into a Second Amended and Restated Credit and Security Agreement to, among other things, extend the maturity date to December 19, 2017 and reduce the aggregate commitments from $290 million to $275 million.

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At December 31, 2012, $200 million was drawn against the term loan commitment and $50 million was drawn against the revolving commitment. At December 31, 2012, $519 million of accounts receivables secured the borrowings under the receivables facility.

SunGard is subject to a fee on the unused portion of 0.75% per annum. The receivables facility contains certain covenants and SunGard is required to satisfy and maintain specified facility performance ratios, financial ratios and other financial condition tests.

Future Maturities

At December 31, 2012, the contractual future maturities of debt are as follows (in millions):

	Contractual	Pro Forma for March 8, 2013 Credit Agreement Amendment (unaudited)
thru 12/31		
2013	$ 63	$ 80
2014 [(1)]	461	483
2015	8	30
2016	1,729	32
2017	1,115	656
Thereafter	3,286	5,381

(1) Included are debt discounts of $4 million.

6. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2012 (in millions):

	Fair Value Measures Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents money market funds	$ 227	$	$	$ 227
Currency forward contracts		4		4
Total	$ 227	$ 4	$	$ 231
Liabilities				
Interest rate swap agreements and other	$	$ 4	$	$ 4

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

	Fair Value Measures Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents money market funds	$ 351	$	$	$ 351
Liabilities				

Interest rate swap agreements and other	$	$ 15	$	$ 15

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

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

The Company uses currency forward contracts to manage its exposure to fluctuations in costs caused by variations in Indian Rupee (INR) exchange rates. These INR forward contacts are designated as cash flow hedges. The fair value of these currency forward contracts is determined using currency exchange market rates, obtained from reliable, independent, third party banks, at the balance sheet date. This fair value of forward contracts is subject to changes in currency exchange rates. The Company has no ineffectiveness related to its use of currency forward contracts. The fair value of the INR forward contracts was an asset of $4 million at December 31, 2012 and a liability of $3 million at December 31, 2011.

Certain assets and liabilities are measured on a non-recurring basis and, in recent years, the only asset or liability to be measured on a non-recurring basis is goodwill where a step-two test was required. In 2012, goodwill with a carrying value of $914 million was written down to a fair value of $529 million due to the recognition of a $385 million impairment loss, which is reflected in continuing operations and discussed further in Note 1.

The fair value of goodwill is categorized in Level 3, fair value measurement using significant unobservable inputs, and is estimated by a combination of (i) discounted cash flows based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). This requires the use of various assumptions including projections of future cash flows, perpetual growth rates and discount rates.

The following table summarizes assets and liabilities measured at fair value on a non-recurring basis at December 31, 2012 (in millions):

	Fair Value Measures Using		
	Level 1	Level 2	Level 3
Assets			
Goodwill	$	$	$ 529

In 2010, goodwill with a carrying value of $888 million was written down to a fair value of $560 million due to the recognition of a $328 million impairment loss, of which $205 million is reflected in continuing operations and $123 million is reflected in discontinued operations as discussed further in Notes 1 and 2. If the Company had not recorded the incorrect adjustment to reduce goodwill and deferred income tax liabilities in 2009, the carrying value in 2010 of goodwill related to the reporting units that incurred the goodwill impairment would have been $12 million higher, resulting in an incremental $12 million impairment charge in 2010. The incremental goodwill impairment charge was recorded in 2011.

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

	Fair Value Measures Using		
	Level 1	Level 2	Level 3
Assets			
Goodwill	$	$	$ 560

Fair Value of Financial Instruments

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 (in millions):

	December 31, 2011		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 4,472	$ 4,372	**$ 3,803**	**$ 3,826**
Fixed rate debt	3,357	3,454	**2,859**	**3,023**

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, to the extent the underlying liability will be settled in cash, approximate carrying values because of the short-term nature of these instruments. The derivative financial instruments are carried at fair value. The fair value of the Company s floating rate and fixed rate long-term debt (Level 2) is determined using actual market quotes and benchmark yields received from independent vendors.

7. Preferred Stock

SCCII

SCCII has preferred and common stock outstanding at December 31, 2011 and 2012. The preferred stock is non-voting and ranks senior in right of payment to the common stock. Each share of preferred stock has a liquidation preference of $100 (the initial Class P liquidation preference) plus an amount equal to the accrued and unpaid dividends accruing at a rate of 11.5% per year of the initial Class P liquidation preference ($100 per share), compounded quarterly. Holders of preferred stock are entitled to receive cumulative preferential dividends to the extent a dividend is declared by the Board of Directors of SCCII at a rate of 11.5% per year of the initial Class P liquidation preference ($100 per share) payable quarterly in arrears. The aggregate amount of cumulative but undeclared preferred stock dividends at December 31, 2011 and 2012 was $1,061 million and $595 million, respectively ($107.76 and $60.31 per share, respectively).

Preferred shares and stock awards based in preferred shares are held by certain members of management. In the case of termination 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. Accordingly, these shares of preferred stock must be classified as temporary equity (between liabilities and stockholder s equity) on the balance sheet of SCCII.

In December 2012, SunGard borrowed $720 million (see Note 5) and used the net proceeds, along with available cash, to finance a preferred stock dividend of approximately $718 million, or $72.80 per preferred share (equivalent to $3.64 per Unit, as defined in Note 9). As a result of the dividend, under the terms of various equity award agreements and the SCC and SCCII Dividend Rights Plan, SCC was required to make dividend-equivalent cash payments of up to approximately $30 million to equity award holders. Of the $30 million, approximately $6 million was paid in December 2012 and the remaining balance will be paid over approximately five years, subject to vesting of the underlying equity awards. The total dividend and dividend-equivalents paid in 2012 was $724 million. In order to affect this transaction, SDS declared a dividend of approximately $747 million through holding companies ultimately to SCCII, which in turn declared a dividend of approximately $718 million to the holders of the preferred stock and a dividend of approximately $30 million, representing the amount of the dividend-equivalent cash payments, to SCC as the sole holder of the common stock. Also as a result of the dividend, all outstanding options on Units, except for the options with an exercise price of $4.50 per Unit, were modified to reduce the exercise price by $3.64 per Unit. There was no incremental stock compensation expense as a result of the dividend.

SCC

Preferred stock of SCCII is classified as Noncontrolling interest in the equity section or temporary equity on the balance sheet of SCC.

8. Common Stock

SCC has nine classes of common stock, Class L and Class A-1 through A-8. Class L common stock has identical terms as Class A common stock except as follows:

- Class L common stock has a liquidation preference: distributions by SCC are first allocated to Class L common stock up to its $81 per share liquidation preference plus an amount sufficient to generate a rate of return of 13.5% per annum, compounded quarterly (Class L Liquidation Preference). All holders of Common stock, as a single class, share in any remaining distributions pro rata based on the number of outstanding shares of Common stock; and

- each share of Class L common stock automatically converts into Class A common stock upon an initial public offering or other registration of the Class A common stock and is convertible into Class A common stock upon a majority vote of the holders of the outstanding Class L common stock upon a change in control or other realization events. If converted, each share of Class L common stock is convertible into one share of Class A common stock plus an additional number of shares of Class A common stock determined by dividing the Class L Liquidation Preference at the date of conversion by the adjusted market value of one share of Class A common stock as set forth in the certificate of incorporation of SCC.

In the case of termination 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. Accordingly, these common shares must be classified as temporary equity (between liabilities and equity) on the balance sheet of SCC.

9. Stock Option and Award Plans and Stock-Based Compensation:

The SunGard 2005 Management Incentive Plan (Plan) as amended from time to time was established to provide long-term equity incentives. The Plan authorizes the issuance of equity subject to awards made under the Plan for up to 70 million shares of Class A common stock and 7 million shares of Class L common stock of SCC and 2.5 million shares of preferred stock of SCCII.

Under the Plan, awards of time-based and performance-based options have been granted to purchase Units in the Parent Companies. Each Unit consists of 1.3 shares of Class A common stock and 0.1444 shares of Class L common stock of SCC and 0.05 shares of preferred stock of SCCII. The shares comprising a Unit are in the same proportion as the shares issued to all stockholders of the Parent Companies. Options for Units cannot be separately exercised for the individual classes of stock. Beginning in 2007, hybrid equity awards generally were granted under the Plan, which awards are composed of restricted stock units (RSUs) for Units in the Parent Companies and options to purchase Class A common stock in SCC. Currently, equity awards are granted for RSUs. All awards under the Plan are granted at fair market value on the date of grant.

Time-based options granted generally vest over four or five years with monthly or annual vesting depending on the timing of the grant. Performance-based options and RSUs are earned upon the attainment of certain annual

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or cumulative earnings goals based on Internal EBITA (defined as operating income before amortization of acquisition-related intangible assets, stock compensation expense and certain other items) or Internal Adjusted EBITDA (defined as operating income before amortization of acquisition-related intangible assets, stock compensation expense, depreciation and amortization and certain other items) targets for the Company, depending on the date of grant, during a specified performance period. For awards granted prior to May 2011, the performance period was generally five years. For awards granted after May 2011, the performance period is generally 12 or 18 months at the end of which a portion of what was earned vests and the remainder of what was earned vests monthly or annually over a period of years. Time-based and performance-based options can partially or fully vest upon a change of control and certain other termination events, subject to certain conditions, and expire ten years from the date of grant. Once vested, time-based and performance-based RSUs become payable in shares upon the first to occur of a change of control, separation from service without cause, or the date that is five years (ten years for certain performance-based RSUs) after the date of grant.

During the second quarter of 2010, the Company amended the terms of all unvested performance awards outstanding with performance periods after 2010 by reducing the performance targets for those periods to the budgeted Internal EBITA for the applicable year. All 280 award holders participated in the amendments, and there was no expense recognized as a result of the modification.

The total fair value of options that vested for 2010, 2011 and 2012 was $18 million, $8 million and $4 million, respectively. The total fair value of RSUs that vested for the years 2010, 2011 and 2012 was $13 million, $22 million and $36 million, respectively. At December 31, 2011 and 2012, approximately 1.6 million and 2.5 million RSUs, respectively, were vested.

The fair value of option Units granted in each year using the Black-Scholes pricing model and related assumptions follow:

	Year ended December 31,		
	2010	2011	2012
Weighted-average fair value on date of grant	$7.37	$9.76	$7.84
Assumptions used to calculate fair value:			
Volatility	36%	43%	43%
Risk-free interest rate	1.9%	1.6%	0.6%
Expected term	5.0 years	5.0 years	5.0 years
Dividends	zero	zero	zero

The fair value of Class A options granted in each year using the Black-Scholes pricing model and related assumptions follow:

	Year ended December 31, 2010
Weighted-average fair value on date of grant	$0.23
Assumptions used to calculate fair value:	
Volatility	156%
Risk-free interest rate	2.1%
Expected term	5.0 years
Dividends	zero

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Since the Company is not publicly traded, the Company utilizes equity valuations based on (a) stock market valuations of public companies in comparable businesses, (b) recent transactions involving comparable companies and (c) any other factors deemed relevant. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatilities are based

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on implied volatilities from market comparisons of certain publicly traded companies and other factors. The expected term of stock options granted is derived from historical experience and expectations and represents the period of time that stock options granted are expected to be outstanding. The requisite service period is generally four or five years from the date of grant.

For 2010, 2011 and 2012, the Company included stock compensation expense of $29 million, $33 million and $38 million, respectively, in sales, marketing and administration expenses (in continuing operations). In 2010 and 2011, the Company included stock compensation expense of $2 million in income (loss) from discontinued operations. At December 31, 2012, there is approximately $3 million and $63 million, respectively, of unearned non-cash stock-based compensation related to time-based options and RSUs that the Company expects to record as expense over a weighted average of 3.5 and 3.9 years, respectively. In addition, at December 31, 2012, there is approximately $6 million and $26 million, respectively, of unearned non-cash stock-based compensation related to performance-based options and RSUs that the Company could record as expense over a weighted average of 1.3 and 3.1 years, respectively, depending on the level of achievement of financial performance goals. Included in the performance award amounts above are approximately 67,000 option Units ($0.4 million), 43,000 class A options ($0.008 million) and 308,000 RSUs ($6 million) that were earned during 2010 and 2012, but that will vest monthly during 2013 through 2015. For time-based options and RSUs, compensation expense is recorded on a straight-line basis over the requisite service period of four or five years. For performance-based options and RSUs, recognition of compensation expense starts when the achievement of financial performance goals becomes probable and is recorded over the remaining service period.

The following table summarizes option/RSU activity:

	Units					
	Options (in millions)	Weighted-Average Exercise Price	RSUs (in millions)	Weighted-Average Grant Date Fair Value	Class A Options (in millions)	Weighted-Average Exercise Price
Outstanding at December 31, 2009	28.0	$ 16.46	5.0	$ 21.87	12.5	$ 1.86
Granted	0.2	21.32	2.3	21.23	2.0	0.25
Exercised / released	(0.7)	11.94	(0.1)	22.86		
Canceled	(1.3)	18.09	(0.8)	22.16	(2.1)	1.97
Outstanding at December 31, 2010	26.2	16.54	6.4	21.59	12.4	1.58
Granted	0.2	24.74	2.4	24.40		
Exercised / released	(2.0)	10.39	(0.3)	21.92		
Canceled	(4.2)	18.05	(0.9)	21.41	(2.4)	1.48
Outstanding at December 31, 2011	20.2	16.93	7.6	22.50	10.0	1.60
Granted	**0.2**	**20.67**	**2.9**	**20.62**		
Exercised / released	**(2.5)**	**11.11**	**(0.8)**	**21.57**		
Canceled	**(1.8)**	**19.04**	**(1.6)**	**21.61**	**(3.4)**	**1.40**
Outstanding at December 31, 2012	**16.1**	**14.01**[(1)]	**8.1**	**22.09**	**6.6**	**1.71**

(1) Weighted-average exercise price has been adjusted to reflect the reduction in the exercise price of all outstanding option units, other than options with an exercise price of $4.50 per Unit, by $3.64 per Unit at the date of the declaration of the preferred stock dividend (see Note 7).

Included in the table above are 2.0 million option Units (weighted-average exercise price of $14.82), 0.8 million RSUs (weighted-average grant-date fair value of $22.24) and 1.6 million Class A options (weighted-average exercise price of $1.90) that have not vested and for which the performance period has ended. These options and RSUs may be canceled in the future.

Shares available for grant under the 2005 plan at December 31, 2012 were approximately 28.5 million shares of Class A common stock and 3.1 million shares of Class L common stock of SunGard Capital Corp. and 1.2 million shares of preferred stock of SunGard Capital Corp. II.

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The total intrinsic value of options exercised during the years 2010, 2011 and 2012 was $7 million, $25 million and $22 million, respectively.

Cash proceeds received by SCC, including proceeds received by SCCII, from exercise of stock options was $1 million, $0.3 million and $0.2 million in 2010, 2011 and 2012, respectively. Cash proceeds received by SCCII from exercise of stock options were $0.4 million in 2010, $0.08 million in 2011 and $0.04 million in 2012. Cash proceeds received by SCC, including proceeds received by SCCII, from purchases of stock were $6 million in 2011. Cash proceeds received by SCCII from purchases of stock were $3 million in 2011.

The tax benefit from options exercised during 2010, 2011 and 2012 was $2 million, $9 million and $7 million, respectively. The tax benefit from release of RSUs during 2010, 2011 and 2012 was $0.8 million, $2 million and $6 million, respectively. The tax benefit is realized by SCC since SCC files as a consolidated group which includes SCCII and SunGard.

The following table summarizes information as of December 31, 2012 concerning options for Units and Class A shares that have vested and that are expected to vest in the future:

	Vested and Expected to Vest			Exercisable		
Exercise Price	**Number of Options Outstanding (in millions)**	**Weighted-average Remaining Life (years)**	**Aggregate Intrinsic Value (in millions)**	**Number of Options (in millions)**	**Weighted-average Remaining Life (years)**	**Aggregate Intrinsic Value (in millions)**
Units						
$4.50	0.86	1.7	$ 10	0.86	1.7	$ 10
14.36-21.10	12.47	3.1	25	12.00	2.9	25
Class A Shares						
0.21-0.44	1.94	7.0		1.27	6.9	
1.41	0.49	5.9		0.42	5.9	
2.22-3.06	2.31	5.3		2.18	5.3	

10. Savings Plans:

The Company and its subsidiaries maintain savings and other defined contribution plans. Certain of these plans generally provide that employee contributions are matched with cash contributions by the Company subject to certain limitations including a limitation on the Company s contributions to 4% of the employee s compensation. Total expense for continuing operations under these plans aggregated $56 million in 2010, $61 million in 2011 and $57 million in 2012.

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11. Income Taxes:

The continuing operations provision (benefit) for income taxes for 2010, 2011 and 2012 consisted of the following (in millions):

	SCC			SCCII			SunGard		
	2010	2011	**2012**	2010	2011	**2012**	2010	2011	**2012**
Current:									
Federal	$ (41)	$ (24)	**$ (22)**	$ (41)	$ (24)	**$ (22)**	$ (41)	$ (26)	**$ (21)**
State	3	4	**9**	3	4	**9**	3	4	**9**
Foreign	52	59	**54**	52	59	**54**	53	60	**54**
Total current	14	39	**41**	14	39	**41**	15	38	**42**
Deferred:									
Federal	(63)	(103)	**(53)**	(63)	(103)	**(53)**	(63)	(103)	**(54)**
State	(8)	(39)	**3**	(8)	(39)	**3**	(8)	(39)	**3**
Foreign	(12)	(13)	**(29)**	(12)	(13)	**(29)**	(13)	(14)	**(29)**
Total deferred	(83)	(155)	**(79)**	(83)	(155)	**(79)**	(84)	(156)	**(80)**
Total	$ (69)	$ (116)	**$ (38)**	$ (69)	$ (116)	**$ (38)**	$ (69)	$ (118)	**$ (38)**

Income (loss) from continuing operations before income taxes for 2010, 2011 and 2012 consisted of the following (in millions):

	SCC			SCCII			SunGard		
	2010	2011	**2012**	2010	2011	**2012**	2010	2011	**2012**
U.S. operations	$ (641)	$ (341)	**$ (531)**	$ (641)	$ (341)	**$ (531)**	$ (641)	$ (341)	**$ (531)**
Foreign operations	158	154	**96**	158	154	**96**	158	154	**96**
	$ (483)	$ (187)	**$ (435)**	$ (483)	$ (187)	**$ (435)**	$ (483)	$ (187)	**$ (435)**

Differences between income tax expense (benefit) at the U.S. federal statutory income tax rate of 35% and the Company s continuing operations effective income tax rate for 2010, 2011 and 2012 were as follows (in millions):

	SCC			SCCII			SunGard		
	2010	2011	**2012**	2010	2011	**2012**	2010	2011	**2012**
Tax at federal statutory rate	$ (169)	$ (65)	**$ (152)**	$ (169)	$ (65)	**$ (152)**	$ (169)	$ (65)	**$ (152)**
State income taxes, net of federal benefit	3	(6)	**(2)**	3	(6)	**(2)**	3	(6)	**(2)**
Foreign taxes, net of U.S. foreign tax credit(1)	(6)	(20)	**(12)**	(6)	(20)	**(12)**	(6)	(20)	**(12)**
Tax rate changes(2)	(13)	(31)	**7**	(13)	(31)	**7**	(13)	(31)	**7**
Nondeductible goodwill impairment charge	68	17	**118**	68	17	**118**	68	17	**118**
Nondeductible expenses	5	6	**3**	5	6	**3**	5	6	**3**
Change in uncertain tax positions(3)		(1)	**12**		(1)	**12**		(1)	**12**
Research and development credit	(2)	(3)		(2)	(3)		(2)	(3)	
U.S. income taxes on non-U.S. unremitted earnings	45	(11)	**(20)**	45	(11)	**(20)**	45	(11)	**(20)**

Other, net		(2)	**8**		(2)	**8**		(4)	**8**
	$ (69)	$ (116)	**$ (38)**	$ (69)	$ (116)	**$ (38)**	$ (69)	$ (118)	**$ (38)**
Effective income tax rate	14%	62%	**9%**	14%	62%	**9%**	14%	63%	**9%**

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(1) Includes foreign taxes, dividends and the rate differential between U.S. and foreign countries. Also includes a favorable adjustment in 2011 of $4 million related to foreign tax credits not previously recognized, and includes $6 million, $8 million and $6 million in 2010, 2011 and 2012, respectively, related to benefits of a temporary reduction in statutory tax rates. These temporary tax rates expire between 2012 and 2024.

(2) During 2011, the Company determined that a 2009 adjustment was incorrect and reversed it, thereby increasing the deferred tax liability and goodwill balances. The Company recorded an income tax benefit of $35 million reflecting the amortization of the deferred income tax liability which benefit would have been reflected in the statement of comprehensive income had the 2009 adjustment not been made (see goodwill discussion in Note 1).

(3) In 2012, the change in uncertain tax positions recorded in continuing operations was $12 million which reflects the offsetting benefits recorded in prepaid expenses and other current assets. The balance is recorded in discontinued operations.

Deferred income taxes are recorded based upon differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating and tax credit carryforwards. Deferred income tax assets and liabilities at December 31, 2011 and 2012 consisted of the following (in millions):

	SCC		SCCII		SunGard	
	December 31, 2011	**December 31, 2012**	December 31, 2011	**December 31, 2012**	December 31, 2011	**December 31, 2012**
Current:						
Trade receivables	$ 14	**$ 9**	$ 14	**$ 9**	$ 14	**$ 9**
Accrued expenses, net	9	**28**	9	**28**	9	**28**
Tax credit carryforwards	55	**29**	55	**29**	55	**29**
Outside basis difference	(135)		(135)		(135)	
Total current deferred income tax asset (liability)	(57)	**66**	(57)	**66**	(57)	**66**
Valuation allowance	(14)	**(17)**	(14)	**(17)**	(14)	**(17)**
Net current deferred income tax asset (liability)	(71)	**49**	(71)	**49**	(71)	**49**
Less: amounts classified as related to discontinued operations	(5)		(5)		(5)	
Net current deferred income tax asset (liability) continuing operations	$ (76)	**$ 49**	$ (76)	**$ 49**	$ (76)	**$ 49**
Long-term:						
Property and equipment	$ 7	**$ (22)**	$ 7	**$ (22)**	$ 7	**$ (22)**
Intangible assets	(1,302)	**(1,083)**	(1,302)	**(1,083)**	(1,302)	**(1,083)**
Net operating loss carryforwards	111	**101**	111	**101**	111	**101**
Stock compensation	60	**56**	60	**56**	60	**56**
U.S. income taxes on non-U.S. unremitted earnings	(40)	**(20)**	(40)	**(20)**	(40)	**(20)**
Other, net	(8)	**(17)**	(8)	**(17)**	(2)	**(10)**
Total long-term deferred income tax liability	(1,172)	**(985)**	(1,172)	**(985)**	(1,166)	**(978)**
Valuation allowance	(52)	**(48)**	(52)	**(48)**	(52)	**(48)**
Net long-term deferred income tax liability	(1,224)	**(1,033)**	(1,224)	**(1,033)**	(1,218)	**(1,026)**
Less: amounts classified as related to discontinued operations	101		101		101	
Net long-term deferred income tax asset (liability) continuing operations	$ (1,123)	**$ (1,033)**	$ (1,123)	**$ (1,033)**	$ (1,117)	**$ (1,026)**

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The deferred income tax assets and liabilities include amounts classified as related to discontinued operations on the face of the financial statements for the year ended December 31, 2011.

The Company recorded a $135 million deferred tax liability as of December 31, 2011 related to the book-over-tax basis difference in a Higher Education subsidiary. The deferred tax provision was reflected in discontinued operations. Upon completion of the sale of Higher Education in the first quarter of 2012, the deferred tax liability was reversed.

As of December 31, 2012 the Company has net operating loss carryforwards, the tax effect of which is $101 million, which consist of $17 million for U.S. federal income tax purposes, $22 million for U.S. state income tax purposes and $62 million for foreign income tax purposes. The tax benefit recorded for net operating losses, net of valuation allowance, is $45 million, which consists of $10 million for U.S. federal income tax purposes, $12 million for U.S. state income tax purposes and $23 million for foreign income tax purposes. These tax loss carryforwards expire through 2032 and utilization is limited in certain jurisdictions. Some foreign losses have indefinite carryforward periods.

The valuation allowances of $66 million and $65 million at December 31, 2011 and 2012, respectively, were primarily related to federal, state and foreign net operating loss carryforwards that, in the judgment of management, are not more-likely-than-not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income, projections for future taxable income and the reversal of deferred tax liabilities over the periods in which the deferred tax assets are deductible, management believes it is more-likely-than-not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2011 and 2012. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Foreign tax credit carryforwards of $55 million and $29 million in 2011 and 2012, respectively, can be carried forward up to 10 years and expire through 2021. No valuation allowance has been recorded against this deferred tax asset as the Company believes it will more likely than not be realized prior to its expiration.

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows (in millions):

	2010	2011	**2012**
Balance at beginning of year	$ 38	$ 37	**$ 22**
Additions for tax positions of prior years	17	1	**22**
Reductions for tax positions of prior years	(4)	(1)	
Additions for tax positions of current year	4	2	**50**
Settlements for tax positions of prior years	(18)	(17)	
Balance at end of year	$ 37	$ 22	**$ 94**

As of December 31, 2012 the Company had unrecognized tax benefits of approximately $94 million which if recognized, would favorably affect the effective tax rate. Included in prepaid and other assets are amounts that would partially offset the impact on the effective tax rate. Increases in 2012 relate primarily to state income tax related matters. Included in the balance of unrecognized tax benefits at December 31, 2012 is approximately $4 million (net of federal benefit) of accrued interest and penalties. The Company recognizes interest and penalties in income tax expense.

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Tax years after 2006 remain open for examination by the Internal Revenue Service, although years 2007 and 2008 are effectively settled. The Internal Revenue Service is currently auditing tax years 2009 and 2010. In addition, tax years after 2003 remain open for audit by various state, local and foreign jurisdictions. The Company anticipates that it is reasonably possible that between $0 and $35 million of unrecognized tax benefits may be resolved within the next 12 months.

During the fourth quarter of 2012 as a result of debt refinancing activities, the Company reevaluated the earnings of all its foreign subsidiaries and those that could be expected to be permanently reinvested outside the U.S. The Company determined that certain of its foreign subsidiaries earnings are permanently reinvested. The recognition of U.S. income tax is required when earnings of the foreign subsidiaries are not considered permanently reinvested outside the U.S. As of December 31, 2011 and 2012, the Company provided a deferred income tax liability of approximately $40 million and $20 million, respectively for non-U.S. withholding and U.S. income taxes associated with the future repatriation of earnings for certain non-U.S. subsidiaries. The Company has not provided deferred taxes on approximately $100 million of undistributed earnings of non-U.S. subsidiaries at December 31, 2012. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

12. Employee Termination Benefits and Facility Closures:

The following table provides a rollforward of the liability balances for workforce reductions and facility closures, which occurred during 2012 (in millions):

	Balance 12/31/2011	Expense	Paid	Other Adjustments*	Balance 12/31/2012
Workforce-related	$36	$ 42	$ (42)	$ (4)	$ 32
Facilities	12	12	(2)		22
Total	$ 48	$ 54	$ (44)	$ (4)	$ 54

* The other adjustments column in the table principally relates to changes in estimates from when the initial charge was recorded and also foreign currency translation adjustments.

The workforce related actions are expected to be paid out over the next 18 months (the majority within 12 months). The facilities accruals are for ongoing obligations to pay rent for vacant space and are net of sublease reserves. The lengths of these obligations vary by lease with the majority ending in 2019. The $22 million of facilities reserves is included in the future minimum rentals under operating leases (see Note 15).

13. Segment Information:

The Company has three reportable segments: FS, AS and Other. FS primarily serves financial services companies through a broad range of software solutions that process their investment and trading transactions. The principal purpose of most of these systems is to automate the many detailed processes associated with trading securities, managing investment portfolios and accounting for investment assets.

AS helps its customers maintain access to the information and computer systems they need to run their businesses by providing them with cost-effective resources to keep their IT systems reliable and secure. AS offers a complete range of availability services, including recovery services, managed services, consulting services and business continuity management software.

Other primarily provides software and processing solutions designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, public schools, utilities, non-profits and other public sector institutions.

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During the fourth quarter of 2012, the Company changed its measurement for segment performance from EBITA (defined as operating income before amortization of acquisition-related intangible assets, stock compensation expense and certain other items) to segment internal adjusted EBITDA. Segment internal adjusted EBITDA, a non-GAAP measure, is defined as operating income before the following items:

depreciation and amortization,

amortization of acquisition-related intangible assets,

goodwill impairment,

severance and facility closure charges,

stock compensation,

management fees, and

certain other costs.

While these charges may be recurring, management excludes them in order to better analyze the segment results and evaluate the segment performance. This analysis is used extensively by management and is also used to communicate the segment results to the Company s board of directors. While Internal Adjusted EBITDA and segment Internal Adjusted EBITDA are useful for analysis purposes, they should not be considered as alternatives to the Company s reported GAAP results. Also, Internal Adjusted EBITDA and segment Internal Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. Segment internal adjusted EBITDA is similar, but not identical, to adjusted EBITDA as defined in the Credit Agreement for purposes of SunGard s debt covenants. The operating results for each segment follow (in millions):

	Year ended December 31,		
	2010	2011	**2012**
Revenue:			
Financial Systems	$ 2,754	$ 2,776	**$ 2,654**
Availability Services	1,469	1,460	**1,405**
Other segment	214	204	**204**
Total operating segments revenue	4,437	4,440	**4,263**
Corporate and other			
Total revenue	$ 4,437	$ 4,440	**$ 4,263**
Depreciation and amortization:			
Financial Systems	$ 82	$ 83	**$ 88**
Availability Services	190	180	**191**
Other segment	6	7	**7**
Total operating segments depreciation and amortization	278	270	**286**
Corporate and other		1	**1**

Total depreciation and amortization	$ 278	$ 271	**$ 287**

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	Year ended December 31, 2010	2011	**2012**
Segment internal adjusted EBITDA and reconciliation to income (loss) from continuing operations before income taxes:			
Financial Systems	$ 708	$ 720	**$ 738**
Availability Services	527	508	**480**
Other segment	69	63	**66**
Total operating segments internal adjusted EBITDA	1,304	1,291	**1,284**
Corporate and other(1)	(1,787)	(1,478)	**(1,719)**
Income (loss) from continuing operations before income taxes	$ (483)	$ (187)	**$ (435)**
Cash paid for property, equipment and purchased software:			
Financial Systems	$ 93	$ 89	**$ 89**
Availability Services	196	178	**162**
Other segment	8	5	**7**
Total operating segments cash paid for property, equipment and purchased software	297	272	**258**
Corporate and other	1	4	**2**
Total cash paid for property, equipment and purchased software	$ 298	$ 276	**$ 260**

(1) The components of corporate and other are as follows:

	Year ended December 31, 2010	2011	**2012**
Corporate	$ (64)	$ (70)	**$ (44)**
Depreciation and amortization	(278)	(271)	**(287)**
Amortization of acquisition-related intangible assets	(448)	(435)	**(385)**
Goodwill impairment	(205)	(48)	**(385)**
Severance and facility closure costs	(30)(2)	(65)(3)	**(50)(4)**
Stock compensation expense	(29)	(33)	**(38)**
Management fees	(16)	(12)	**(14)**
Other costs (included in operating income)	(30)	(20)	**(7)**
Interest expense, net	(636)	(521)	**(427)**
Loss on extinguishment of debt	(58)	(3)	**(82)**
Other income	7		
Total Corporate and other	$ (1,787)	$ (1,478)	**$ (1,719)**

(2) Includes $13 million, $14 million and $2 million of severance in FS, AS and Other, respectively. Also, includes $1 million of lease exit costs in FS.

(3) Includes $36 million, $9 million and $16 million of severance and executive transition costs in FS, AS and corporate, respectively. Also, includes $3 million and $1 million of lease exit costs in FS and AS, respectively.

(4) Includes $30 million, $4 million, $2 million, and $1 million of severance in FS, AS, Other and corporate, respectively. Also, includes $12 million of lease exit costs in FS.

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The total assets for each segment follow (in millions):

	December 31, 2011	December 31, 2012
Total Assets:		
Financial Systems	$ 8,661	**$ 6,297**
Availability Services	3,793	**3,300**
Other segment	776	**834**
Corporate and Other adjustments(5)	(680)	**(413)**
Total Assets	$ 12,550	**$ 10,018**

(5) Includes items that are eliminated in consolidation, deferred income taxes and the assets of the Company s discontinued operations of $1,350 million in 2011.

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

	Year ended December 31, 2010	2011	2012
Amortization of acquisition-related intangible assets:			
Financial Systems	$ 256	$ 243(6)	**$ 202**
Availability Services	171	172	**165**
Other segment	20	19	**17**
Corporate	1	1	**1**
Total amortization of acquisition-related intangible assets	$ 448	$ 435	**$ 385**

(6) Includes approximately $7 million of impairment charges related to software and customer base.

The Company s revenue by customer location follows (in millions):

	Year ended December 31, 2010	2011	2012
United States	$ 2,991	$ 2,828	**$ 2,719**
International:			
United Kingdom	451	451	**435**
Continental Europe	529	626	**574**
Asia/Pacific	244	263	**273**
Canada	165	173	**168**
Other	57	99	**94**
	1,446	1,612	**1,544**
	$ 4,437	$ 4,440	**$ 4,263**

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The Company s property and equipment by geographic location follows (in millions):

	December 31, 2011	December 31, 2012
United States	$ 593	**$ 578**
International:		
United Kingdom	169	**162**
Continental Europe	59	**62**
Canada	38	**38**
Asia/Pacific	31	**31**
Other	3	**3**
	$ 893	**$ 874**

14. Related Party Transactions:

SunGard is required to pay management fees to affiliates of the Sponsors in connection with management consulting services provided to SunGard and the Parent Companies. These services include financial, managerial and operational advice and implementation strategies for improving the operating, marketing and financial performance of SunGard and its subsidiaries. The management fees are equal to 1% of quarterly Adjusted EBITDA, defined as earnings before interest, taxes, depreciation and amortization and goodwill impairment, further adjusted to exclude unusual items and other adjustments as defined in the management agreement, and are payable quarterly in arrears. In addition, these affiliates of the Sponsors may be entitled to additional fees in connection with certain financing, acquisition, disposition and change in control transactions. For the years ended December 31, 2010, 2011 and 2012, SunGard recorded $16 million, $12 million and $14 million, respectively, relating to management fees in continuing operations in the statement of comprehensive income, of which $4 million, is included in other accrued expenses at December 31, 2011 and 2012. In addition, for the years ended December 31, 2010, 2011 and 2012, SunGard recorded $2 million, $1 million and $18 million, respectively, relating to management fees in discontinued operations in the statement of comprehensive income.

One of the Company s Sponsors, Goldman Sachs & Co. and/or its respective affiliates, served as a joint book-running manager in connection with SunGard s 2010 debt offering of $900 million Senior Notes due 2018 and $700 million Senior Notes due 2020. In connection with serving in such capacity, Goldman Sachs & Co. was paid $10 million for customary fees and expenses.

In March 2012, Goldman Sachs & Co. and/or its respective affiliates received fees in connection with the amendment and restatement of SunGard s Credit Agreement, in November 2012, Goldman Sachs & Co. and/or its respective affiliates, received fees in connection with SunGard s 2012 Senior Subordinated Notes issuance and in December 2012, Goldman Sachs & Co. and/or its respective affiliates received fees in connection with the amendment and restatement of SunGard s Credit Agreement. In connection with these transactions, Goldman Sachs & Co. was paid approximately $3 million.

The Company s Sponsors and/or their respective affiliates have from time to time entered into, and may continue to enter into, arrangements with SunGard to use its products and services, or for SunGard to use the Sponsors affiliates products and services, in the ordinary course of business, which often result in revenues or costs to SunGard in excess of $120,000 annually. These transactions are entered into at arms-length.

15. Commitments, Contingencies and Guarantees:

The Company leases a substantial portion of its computer equipment and facilities under operating leases. The Company s leases are generally non-cancelable or cancelable only upon payment of cancellation fees. All lease payments are based on the passage of time, but include, in some cases, payments for insurance, maintenance and property taxes. There are no bargain purchase options on operating leases at favorable terms, but most facility leases have one or more renewal options and have either fixed or Consumer Price Index escalation clauses. Certain facility leases include an annual escalation for increases in utilities and property taxes.

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In addition, certain facility leases are subject to restoration clauses, whereby the facility may need to be restored to its original condition upon termination of the lease. There were a combined $35 million of restoration liabilities included in accrued expenses and other long term liabilities at December 31, 2012.

Future minimum rentals under operating leases with initial or remaining non-cancelable lease terms in excess of one year for continuing operations at December 31, 2012 follow (in millions):

2013	$ 178
2014	163
2015	132
2016	115
2017	96
Thereafter	310
	$ 994

Rent expense from continuing operations aggregated to $232 million in 2010, $233 million in 2011 and $213 million in 2012. At December 31, 2012, the Company had unconditional purchase obligations of approximately $223 million and $36 million of outstanding letters of credit and bid bonds issued primarily as security for performance under certain customer contracts.

In the event that the management agreement described in Note 14 is terminated by the Sponsors (or their affiliates) or SunGard and its Parent Companies, the Sponsors (or their affiliates) will receive a lump sum payment equal to the present value of the annual management fees that would have been payable for the remainder of the term of the management agreement. The initial term of the management agreement is ten years, and it extends annually for one year unless the Sponsors (or their affiliates) or SunGard and its Parent Companies provide notice to the other. The initial ten year term expires August 11, 2015.

The Company is presently a party to certain lawsuits arising in the ordinary course of its business. In the opinion of management, none of its current legal proceedings are expected to have a material impact on the Company s business or financial results. The Company s customer contracts generally include typical indemnification of customers, primarily for intellectual property infringement claims. Liabilities in connection with such obligations have not been material.

The Company has had patent infringement lawsuits filed against it or certain of its customers claiming that certain of its products infringe the intellectual property rights of others. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or limitations on the Company s ability to offer certain features, functionalities, products, or services, and may also cause the Company to change its business practices, and require development of non-infringing products or technologies, which could result in a loss of revenues and otherwise harm the Company s business. Also, certain agreements with previously owned businesses of the Company require indemnification to the new owners for certain matters as part of the sale of those businesses.

The Company evaluates, on a regular basis, developments in its legal matters. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. At December 31, 2012, the Company has not accrued for any outstanding patent infringement, indemnification or other legal matters.

In its outstanding legal matters for which it has not made an accrual, but for which it is reasonably possible that a loss may occur, the Company is unable to estimate a range of loss due to various reasons, including, among others: (1) that the proceedings are in early stages, (2) that there is uncertainty as to the outcome of pending appeals, motions, or settlements, (3) that there are significant factual issues to be resolved, and (4) that there are novel legal issues presented. Such legal matters are inherently unpredictable and subject to significant

uncertainties, some of which are beyond the Company s control. Based on current knowledge, the Company believes that the final outcome of the matters discussed above will not, individually or in the aggregate, have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. While the Company intends to vigorously defend these matters, in light of the uncertainties involved in such matters, there exists the possibility of adverse outcomes, and the final outcome of a particular matter could have a material adverse effect on results of operations or cash flows in a particular period.

The Company has recorded a reserve for unrecognized tax benefits for certain matters. Also, the Company is under examination in various federal, state and local and foreign jurisdictions related to income and non-income tax matters. Based on current knowledge, the Company believes that resolution of these matters, giving recognition to the reserve for unrecognized tax benefits, will not have a materially adverse impact on its business, consolidated financial position, results of operations or cash flows.

16. Quarterly Financial Data (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011				
Revenue	$ 1,073	$ 1,116	$ 1,097	$ 1,154
Gross profit (1)	591	647	632	722
Income (loss) before income taxes	(89)	(50)	(66)	18(3)
Income (loss) from continuing operations (SCC)	(78)	(30)	(40)	77(3)
Income (loss) from continuing operations (SunGard & SCCII)	(78)	(30)	(40)	79(3)
Income (loss) from discontinued operations	55	(43)	(107)(2)	15
Net income (loss) (SCC & SCCII)	(23)	(73)	(147)(2)	92(3)
Net income (loss) (SunGard)	(23)	(73)	(147)(2)	94(3)
Net loss attributable to SCC	(77)	(128)	(204)(2)	33(3)
2012				
Revenue	**$ 1,024**	**$ 1,072**	**$ 1,035**	**$ 1,132**
Gross profit (1)	**567**	**638**	**605**	**713**
Income (loss) before income taxes	**(83)**	**(32)**	**(380)(5)**	**60**
Income (loss) from continuing operations	**(76)**	**(8)**	**(367)(5)**	**54**
Income (loss) from discontinued operations	**311(4)**		**5**	**15**
Net income (loss)	**235(4)**	**(8)**	**(362)(5)**	**69(6)**
Net loss attributable to SCC	**173(4)**	**(68)**	**(426)(5)**	**4(6)**

(1) Gross profit equals revenue less cost of sales and direct operating expenses (excluding depreciation).

(2) Includes a $133 million deferred income tax expense related to the book-over-tax basis difference of a HE subsidiary that was classified as discontinued operations.

(3) Includes a $48 million goodwill impairment charge related to the correction in 2011 of an incorrect adjustment in 2009 to reduce goodwill and deferred income tax liabilities (see Notes 1 and 6).

(4) Includes a pre-tax gain on sale of HE of $563 million.

(5) Includes a pre-tax goodwill impairment charge of $385 million.

(6)

Includes reversal of $20 million of income taxes on non-U.S. unremitted earnings, and a $6 million benefit relating to the correction of accrued and deferred income taxes.

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17. Supplemental Cash Flow Information:

Supplemental cash flow information for 2010, 2011 and 2012 follows (in millions):

	Year ended December 31,		
	2010	2011	**2012**
Supplemental information:			
Interest paid	$ 639	$ 496	**$ 444**
Income taxes paid, net of refunds of $64 million, $58 million and $8 million	$ 43	$ 37	**$ 482(1)**
Acquired businesses:			
Property and equipment	$ 5	$ 1	**$**
Software products	21	21	**12**
Customer base	27	12	**12**
Goodwill	25	6	**28**
Other intangible assets	8		**1**
Deferred income taxes	(5)	(5)	**(3)**
Purchase price obligations and debt assumed	(2)	(1)	**1**
Net current assets (liabilities) assumed	3	1	**(11)**
Cash paid for acquired businesses, net of cash acquired of $10 and $4 and $2 million, respectively	$ 82	$ 35	**$ 40**

(1) Approximately $400 million is related to the sale of HE and the income tax provision was included in discontinued operations.

18. 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, described in Note 5. The Guarantors are subject to release under certain circumstances as described below.

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

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

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

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

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

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The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2011 and 2012, and for the years ended December 31, 2010, 2011 and 2012 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties to nor guarantors of the debt issued as described in Note 5.

(in millions)	Supplemental Condensed Consolidating Balance Sheet December 31, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 529	$ (15)	$ 353	$	$ 867
Intercompany balances [c]		4,516	731	(5,247)	
Trade receivables, net	2	603[a]	329		934
Prepaid expenses, taxes and other current assets	1,090	125	271	(1,156)	330
Assets related to discontinued operations		1,315	37	(2)	1,350
Total current assets	1,621	6,544	1,721	(6,405)	3,481
Property and equipment, net		588	305		893
Intangible assets, net	120	2,701	470		3,291
Deferred income taxes	34			(34)	
Intercompany balances	250	1		(251)	
Goodwill		3,784	1,101		4,885
Investment in subsidiaries	12,673	2,253		(14,926)	
Total Assets	$ 14,698	$ 15,871	$ 3,597	$ (21,616)	$ 12,550
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 3	$ 7	$	$ 10
Intercompany balances [c]	5,247			(5,247)	
Accounts payable and other current liabilities	296	1,821	860	(1,156)	1,821
Liabilities related to discontinued operations		219	27		246
Total current liabilities	5,543	2,043	894	(6,403)	2,077
Long-term debt	7,612	2	205		7,819
Intercompany debt	82	19	267	(368)	
Deferred and other income taxes	[b]	1,085	66	(34)	1,117
Other long-term liabilities		49	27		76
Total liabilities	13,237	3,198	1,459	(6,805)	11,089
Total stockholder s equity	1,461	12,673	2,138	(14,811)	1,461
Total Liabilities and Stockholder s Equity	$ 14,698	$ 15,871	$ 3,597	$ (21,616)	$ 12,550

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

(b)

During 2012, the Company identified that it had misclassified a deferred tax liability of $371 million between Parent (SunGard) and a guarantor subsidiary. The Company assessed the materiality of the misclassification and concluded it was immaterial. The December 31, 2011 presentation has been revised herein to reflect the correct presentation. The misclassification had no impact on the consolidated financial statements.

(c) Certain intercompany balances have been revised to reclassify amounts previously presented as negative assets as liabilities within the Parent Company and Non-Guarantor Subsidiaries. The impact to the Parent Company was to reclassify a negative balance of $5,247 million from Current Assets to Current Liabilities. The impact to the Non-Guarantor Subsidiaries was to reclassify a negative balance of $251 million from Long Term Assets to Long Term Liabilities. These revisions had no impact on the consolidated results of the Company and were not material to the Supplemental Condensed Consolidating Balance Sheet for any period.

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Supplemental Condensed Consolidating Balance Sheet
December 31, 2012

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 220	$ (3)	$ 329	$	$ 546
Intercompany balances		2,457	742	(3,199)	
Trade receivables, net	3	566(a)	331		900
Prepaid expenses, taxes and other current assets	1,312	70	89	(1,241)	230
Assets related to discontinued operations					
Total current assets	1,535	3,090	1,491	(4,440)	1,676
Property and equipment, net		574	300		874
Intangible assets, net	112	2,413	404		2,929
Deferred income taxes	39			(39)	
Intercompany balances	254	7	76	(337)	
Goodwill		3,470	1,069		4,539
Investment in subsidiaries	8,620	2,101		(10,721)	
Total Assets	$ 10,560	$ 11,655	$ 3,340	$ (15,537)	$ 10,018
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 57	$	$ 6	$	$ 63
Intercompany balances	3,199			(3,199)	
Accounts payable and other current liabilities	70	1,983	632	(1,241)	1,444
Liabilities related to discontinued operations					
Total current liabilities	3,326	1,983	638	(4,440)	1,507
Long-term debt	6,343	2	254		6,599
Intercompany debt	83		254	(337)	
Deferred and other income taxes	92	1,000	67	(39)	1,120
Other long-term liabilities		50	26		76
Total liabilities	9,844	3,035	1,239	(4,816)	9,302
Total stockholder s equity	716	8,620	2,101	(10,721)	716
Total Liabilities and Stockholder s Equity	$ 10,560	$ 11,655	$ 3,340	$ (15,537)	$ 10,018

(a) This balance is primarily comprised of a receivable from the Company s Accounts Receivable Financing subsidiary, which is a non-Guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first $250 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

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(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	Supplemental Condensed Consolidating Schedule of Comprehensive Income Year Ended December 31, 2010				
Total revenue	$	$ 2,985	$ 1,832	$ (380)	$ 4,437
Costs and expenses:					
Cost of sales and administrative expenses (excluding depreciation)	109	2,103	1,470	(380)	3,302
Depreciation and amortization		193	85		278
Amortization of acquisition-related intangible assets	1	373	74		448
Goodwill impairment charges		205			205
Total costs and expenses	110	2,874	1,629	(380)	4,233
Operating income (loss)	(110)	111	203		204
Net interest income (expense)	(591)	(2)	(43)		(636)
Equity in earnings of unconsolidated subsidiaries [d]	(84)	(109)		193	
Other income (expense)	(57)	3	3		(51)
Income (loss) from continuing operations before income taxes	(842)	3	163	193	(483)
Benefit from (provision for) income taxes	272	(117)	(86)		69
Income (loss) from continuing operations	(570)	(114)	77	193	(414)
Income (loss) from discontinued operations, net of tax		30	(186)		(156)
Net income (loss)	$ (570)	$ (84)	$ (109)	$ 193	$ (570)
Comprehensive income (loss)	$ (478)	$ (27)	$ (47)	$ 74	$ (478)

(d) The Supplemental Condensed Consolidating Schedule of Comprehensive Income for Parent Company and Guarantor Subsidiaries for 2011 and 2010 have been revised to present all equity in earnings of unconsolidated subsidiaries in a single caption within Other income (expense). The portion of equity in earnings of unconsolidated subsidiaries which related to the investees income (loss) from discontinued operations had previously been presented separately in the Income (loss) from discontinued operations, net of tax caption for the Parent Company and Guarantor Subsidiaries. This revision has also been reflected in the Net income (loss) and Income (loss) from discontinued operations captions in the Supplemental Condensed Consolidating Schedule of Cash Flows for Parent Company and Guarantor Subsidiaries for the same periods.

While these revisions have no impact on the previously reported Net Income or total cash flows from operations of the Parent Company or Guarantor Subsidiaries, they resulted in the following changes to previously reported amounts. For the Parent Company in 2010, Equity in earnings of unconsolidated subsidiaries changed from $72 million to $(84) million; Income (loss) from continuing operations changed from $(414) million to $(570) million; and Income (loss) from discontinued operations, net of tax changed from $(156) million to zero. For the Guarantor Subsidiaries in 2010, Equity in earnings of unconsolidated subsidiaries changed from $77 million to $(109) million; Income (loss) from continuing operations changed from $72 million to $(114) million; and Income (loss) from discontinued operations, net of tax changed from $(156) million to $30 million. These revisions had no impact on the consolidated results of the Company and were not material to the Supplemental Condensed Consolidating Schedule of Comprehensive Income or the Supplemental Condensed Consolidating Schedule of Cash Flows for any period.

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(in millions)	Supplemental Condensed Consolidating Schedule of Comprehensive Income Year Ended December 31, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,986	$ 1,876	$ (422)	$ 4,440
Costs and expenses:					
Cost of sales and administrative expenses (excluding depreciation)	132	2,170	1,469	(422)	3,349
Depreciation and amortization		183	88		271
Amortization of acquisition-related intangible assets	1	348	86		435
Goodwill impairment charges		48			48
Total costs and expenses	133	2,749	1,643	(422)	4,103
Operating income (loss)	(133)	237	233		337
Net interest income (expense)	(489)	(1)	(31)		(521)
Equity in earnings of unconsolidated subsidiaries (d)	384	121		(505)	
Other income (expense)	4		(7)		(3)
Income (loss) from continuing operations before income taxes	(234)	357	195	(505)	(187)
Benefit from (provision for) income taxes	220	(33)	(69)		118
Income (loss) from continuing operations	(14)	324	126	(505)	(69)
Income (loss) from discontinued operations, net of tax	(135)	60	(5)		(80)
Net income (loss)	$ (149)	$ 384	$ 121	$ (505)	$ (149)
Comprehensive income (loss)	$ (166)	$ 392	$ 128	$ (520)	$ (166)

(d) The Supplemental Condensed Consolidating Schedule of Comprehensive Income for Parent Company and Guarantor Subsidiaries for 2011 and 2010 have been revised to present all equity in earnings of unconsolidated subsidiaries in a single caption within Other income (expense). The portion of equity in earnings of unconsolidated subsidiaries which related to the investees income (loss) from discontinued operations had previously been presented separately in the Income (loss) from discontinued operations, net of tax caption for the Parent Company and Guarantor Subsidiaries. This revision has also been reflected in the Net income (loss) and Income (loss) from discontinued operations captions in the Supplemental Condensed Consolidating Schedule of Cash Flows for Parent Company and Guarantor Subsidiaries for the same periods.

While these revisions have no impact on the previously reported Net Income or total cash flows from operations of the Parent Company or Guarantor Subsidiaries, they resulted in the following changes to previously reported amounts. For the Parent Company in 2011, Equity in earnings of unconsolidated subsidiaries changed from $325 million to $384 million; Income (loss) from continuing operations has changed from $(73) million to $(14) million; and Income (loss) from discontinued operations, net of tax changed from $(76) million to $(135) million. For the Guarantor Subsidiaries in 2011, Equity in earnings of unconsolidated subsidiaries changed from $122 million to $121 million; Income (loss) from continuing operations changed from $325 million to $324 million; and Income (loss) from discontinued operations, net of tax changed from $59 million to $60 million. These revisions had no impact on the consolidated results of the Company and were not material to the Supplemental Condensed Consolidating Schedule of Comprehensive Income or the Supplemental Condensed Consolidating Schedule of Cash Flows for any period.

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Supplemental Condensed Consolidating Schedule of Comprehensive Income
Year Ended December 31, 2012

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,929	$ 1,704	$ (370)	$ 4,263
Costs and expenses:					
Cost of sales and administrative expenses (excluding depreciation)	80	2,094	1,328	(370)	3,132
Depreciation and amortization		193	94		287
Amortization of acquisition-related intangible assets	1	317	67		385
Goodwill impairment charges		385			385
Total costs and expenses	81	2,989	1,489	(370)	4,189
Operating income (loss)	(81)	(60)	215		74
Net interest income (expense)	(398)	(1)	(28)		(427)
Equity in earnings of unconsolidated subsidiaries	71	132		(203)	
Other income (expense)	(82)	(1)	1		(82)
Income (loss) from continuing operations before income taxes	(490)	70	188	(203)	(435)
Benefit from (provision for) income taxes	199	(101)	(60)		38
Income (loss) from continuing operations	(291)	(31)	128	(203)	(397)
Income (loss) from discontinued operations, net of tax	225	102	4		331
Net income (loss)	$ (66)	$ 71	$ 132	$ (203)	$ (66)
Comprehensive income (loss)	$ (23)	$ 100	$ 157	$ (257)	$ (23)

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(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Year ended December 31, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (570)	$ (84)	$ (109)	$ 193	$ (570)
Income (loss) from discontinued operations		30	(186)		(156)
Income (loss) from continuing operations	(570)	(114)	77	193	(414)
Non cash adjustments	207	783	183	(193)	980
Changes in operating assets and liabilities	(317)	364	(12)		35
Cash flow from (used in) continuing operations	(680)	1,033	248		601
Cash flow from (used in) discontinued operations		112	8		120
Cash flow from (used in) operations	(680)	1,145	256		721
Investment activities:					
Intercompany cash transactions	707	(737)	30		
Cash paid for acquired businesses, net of cash acquired		(82)			(82)
Cash paid for property and equipment and software	(1)	(207)	(90)		(298)
Other investing activities	(2)	9	(3)		4
Cash provided by (used in) continuing operations	704	(1,017)	(63)		(376)
Cash provided by (used in) discontinued operations	253	(112)	(25)		116
Cash provided by (used in) investment activities	957	(1,129)	(88)		(260)
Financing activities:					
Intercompany dividends of HE sale proceeds					
Net repayments of long-term debt	(171)	(6)	(114)		(291)
Premium paid to retire debt	(41)				(41)
Other financing activities	(12)				(12)
Cash provided by (used in) continuing operations	(224)	(6)	(114)		(344)
Cash provided by (used in) financing activities	(224)	(6)	(114)		(344)
Effect of exchange rate changes on cash			(3)		(3)
Increase (decrease) in cash and cash equivalents	53	10	51		114
Beginning cash and cash equivalents	126	(9)	547		664
Ending cash and cash equivalents	$ 179	$ 1	$ 598	$	$ 778

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(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Year ended December 31, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (149)	$ 384	$ 121	$ (505)	$ (149)
Income (loss) from discontinued operations	(135)	60	(5)		(80)
Income (loss) from continuing operations	(14)	324	126	(505)	(69)
Non cash adjustments	(320)	336	155	505	676
Changes in operating assets and liabilities	(181)	151	29		(1)
Cash flow from (used in) continuing operations	(515)	811	310		606
Cash flow from (used in) discontinued operations	(1)	77	(4)		72
Cash flow from (used in) operations	(516)	888	306		678
Investment activities:					
Intercompany cash transactions	822	(628)	(194)		
Cash paid for acquired businesses, net of cash acquired		(14)	(21)		(35)
Cash paid for property and equipment and software		(189)	(87)		(276)
Other investing activities	(4)	1	(1)		(4)
Cash provided by (used in) continuing operations	818	(830)	(303)		(315)
Cash provided by (used in) discontinued operations	68	(74)	(5)		(11)
Cash provided by (used in) investment activities	886	(904)	(308)		(326)
Financing activities:					
Intercompany dividends of HE sale proceeds					
Net repayments of long-term debt	(5)		(233)		(238)
Premium paid to retire debt					
Other financing activities	(15)				(15)
Cash provided by (used in) continuing operations	(20)		(233)		(253)
Cash provided by (used in) financing activities	(20)		(233)		(253)
Effect of exchange rate changes on cash			(4)		(4)
Increase (decrease) in cash and cash equivalents	350	(16)	(239)		95
Beginning cash and cash equivalents	179	1	598		778
Ending cash and cash equivalents	$ 529	$ (15)	$ 359	$	$ 873

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(in millions)	Supplemental Condensed Consolidating Schedule of Cash Flows Year ended December 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (66)	$ 71	$ 132	$ (203)	$ (66)
Income (loss) from discontinued operations	225	102	4		331
Income (loss) from continuing operations	(291)	(31)	128	(203)	(397)
Non cash adjustments	72	711	146	203	1,132
Changes in operating assets and liabilities	(257)	163	4		(90)
Cash flow from (used in) continuing operations	(476)	843	278		645
Cash flow from (used in) discontinued operations	(405)	4			(401)
Cash flow from (used in) operations	(881)	847	278		244
Investment activities:					
Intercompany cash transactions[e]	2,658	(595)	(292)	(1,771)	
Cash paid for acquired businesses, net of cash acquired		(31)	(9)		(40)
Cash paid for property and equipment and software		(180)	(80)		(260)
Other investing activities	(1)		4		3
Cash provided by (used in) continuing operations	2,657	(806)	(377)	(1,771)	(297)
Cash provided by (used in) discontinued operations		1,744	14		1,758
Cash provided by (used in) investment activities	2,657	938	(363)	(1,771)	1,461
Financing activities:					
Intercompany dividends of HE sale proceeds		(1,771)		1,771	
Net repayments of long-term debt	(1,277)	(2)	48		(1,231)
Dividends paid	(724)				(724)
Premium paid to retire debt	(48)				(48)
Other financing activities	(36)				(36)
Cash provided by (used in) continuing operations	(2,085)	(1,773)	48	1,771	(2,039)
Cash provided by (used in) financing activities	(2,085)	(1,773)	48	1,771	(2,039)
Effect of exchange rate changes on cash			7		7
Increase (decrease) in cash and cash equivalents	(309)	12	(30)		(327)
Beginning cash and cash equivalents	529	(15)	359		873
Ending cash and cash equivalents	$ 220	$ (3)	$ 329	$	$ 546

(e) The intercompany cash transactions reflected above within investment activities largely reflect cash dividends or the return of capital, including the cash dividend of $1.8 billion from Guarantor Subsidiaries to Parent in connection with the sale of our Higher Education business. Additionally, during 2012, the company settled $2.5 billion of inter-company balances through a series of non-cash dividend and return of capital transactions. These settlements reduced inter-company payable or receivable balances between Parent Company and Guarantor Subsidiaries, with a related increase or decrease in investment in subsidiary or equity accounts and, therefore, these transactions are not reflected in the Supplemental Condensed Consolidating Schedule of Cash Flows presented above.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) ***Evaluation of Disclosure 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 Exchange Act 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.

(b) ***Management s Report on Internal Control Over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the Company s financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an assessment of the Company s internal control over financial reporting as of December 31, 2012 based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control Integrated Framework. Based on the assessment, management concluded that, as of December 31, 2012, the Company s internal control over financial reporting is effective.

The effectiveness of the Company s internal control over financial reporting as of December 31, 2012 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their reports with respect to the Company which appear herein.

Remediation of Prior Material Weakness in Internal Control Over Financial Reporting

In connection with the preparation of the December 31, 2011 year-end tax provision and management s evaluation of its disclosure controls and procedures, management concluded that as of December 31, 2011, its disclosure controls and procedures were not effective and that the Company had a material weakness in internal control over financial reporting related to accounting for deferred income taxes. The material weakness was caused principally by inadequate staffing and technical expertise in key positions related to accounting for deferred income taxes. As a result, management determined that its processes and procedures over accounting for deferred income taxes were not adequate and sustainable for the Company s size and complexity.

To remediate the material weakness and improve its internal control over financial reporting related to accounting for deferred income taxes, the Company with oversight from its Audit Committee implemented a number of measures. Specifically, the Company hired a new Vice President of Tax, effective June 1, 2012, and several additional qualified tax personnel joined the Company in 2012. The Company also reviewed all areas of the tax accounting process, including deferred income taxes; strengthened controls; increased the level of certain income tax review activities during the financial close process; and enhanced reporting tools in its existing systems to improve the quality of data used in the analysis of deferred income tax accounts and related disclosures. As a result of these measures, management has concluded that it has remediated the material weakness related to accounting for deferred income taxes as of December 31, 2012.

(c) ***Change in Internal Control over Financial Reporting***

Other than changes related to the remediation of the material weakness in accounting for deferred income taxes, 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.

Item 9B. Other Information

Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934

Section 219 of the recently enacted Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA) added section 13(r) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requiring a public reporting issuer to disclose in its periodic reports whether it or any of its affiliates have knowingly engaged in specified activities, transactions or dealings relating to Iran or with certain designated parties. Issuers must also file a notice with the SEC that such activities have been disclosed, which notice will be posted on the SEC website and sent to the U.S. President and certain U.S. Congressional committees. In some circumstances, the U.S. President is then required to investigate the information reported and determine whether sanctions should be imposed.

Pursuant to Section 13(r)(1)(D)(i) of the Exchange Act, we note that during 2012 a U.K. subsidiary of ours provided certain limited disaster recovery services and hosted co-location of some hardware at our premises in London for Bank Saderat PLC, a bank incorporated and based in the UK. Bank Saderat PLC is identified on the U.S. Treasury Department s List of Specially Designated Nationals and Blocked Persons pursuant to Executive Order No. 13224. The intent of the services was to facilitate the ability of the UK-based employees of Bank Saderat PLC to continue local operations in the event of a disaster or other unplanned event in the UK, including use of shared work space and recovery of the Bank s local UK data. The gross revenue and net profits attributable to these activities in 2012 was £16,300 and approximately £5,700, respectively. During 2012, no disaster or unplanned event occurred causing Bank Saderat PLC to make use of our recovery facilities in London, but Bank Saderat PLC did perform annual testing on-site. Our subsidiary has terminated this contract in the first quarter of 2013, and we do not otherwise intend to enter into any Iran-related activity.

Additionally, because of the broad definition of affiliate in Exchange Act Rule 12b-2, certain of our Sponsors and the companies in which their affiliated funds are invested (portfolio companies) may be deemed to be affiliates of ours. Accordingly, we note that affiliates of two of our Sponsors, KKR & Co. L.P. and The Blackstone Group L.P., have included information in their respective Annual Reports on Form 10-K, as required by Section 219 of the ITRSHRA and Section 13(r) of the Exchange Act, regarding activities of their respective portfolio companies. These disclosures are reproduced on Exhibit 99.1 of this report, which disclosures are hereby incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures described in those filings. To the extent any of our Sponsors make additional disclosures under Section 13(r), we will provide updates in our subsequent periodic filings.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our executive officers and directors are listed below.

Name	Age	Principal Position with SunGard Data Systems Inc.
Executive Officers		
Regina Brab	54	Senior Vice President Human Resources and Chief Human Resources Officer
Anthony Calenda	45	Senior Vice President Corporate Development and Strategy
Vincent R. Coppola	56	Senior Vice President, Global Business Services and Technology
Harold C. Finders	57	Chief Executive Officer, Financial Systems
Russell P. Fradin	57	President, Chief Executive Officer and Director
Karen M. Mullane	48	Vice President and Controller
Charles J. Neral	54	Senior Vice President Finance and Chief Financial Officer
Victoria E. Silbey	49	Senior Vice President Legal and Chief Legal Officer
Andrew A. Stern	55	Chief Executive Officer, Availability Services
Brian A. Traquair	56	President, Capital Markets Group
Directors		
Martin Brand	38	Director
Christopher Gordon	40	Director
James H. Greene, Jr.	62	Director
Glenn H. Hutchins	57	Chairman of the Board of Directors
John Marren	50	Director
Sanjeev Mehra	54	Director
Davis Noell	34	Director

Ms. Brab has been Senior Vice President Human Resources and Chief Human Resources Officer since January 2013. Prior to joining SunGard, from 1990 to January 2013, Ms. Brab held various senior positions at Aon Hewitt, a global provider of human resources consulting and outsourcing solutions and a business unit of Aon Corporation, most recently as Senior Partner and East Region Managing Director.

Mr. Calenda has been Senior Vice President Corporate Development and Strategy since July 2012. From 2011 to July 2012, Mr. Calenda was Vice President, Corporate Development, Enterprise Growth at American Express, a global financial services company. From 2010 to 2011, Mr. Calenda was Managing Director at Macquarie Holdings, a global provider of banking, financial, advisory, investment and funds management services, and in 2009 he was Director, Corporate Development at CME Group, a derivatives marketplace. From 1988 to 2008, Mr. Calenda held various roles at Citigroup, most recently Managing Director of Strategy and M&A.

Mr. Coppola has been Senior Vice President, Global Business Services and Technology since December 2011 and Senior Vice President Operations, Financial Systems from August to December 2011. Prior to joining SunGard, Mr. Coppola held senior positions at Hewitt Associates, a global provider of human resources consulting and outsourcing solutions, including as Global Chief Operating Officer, Consulting during 2012, and as Senior Vice President Global Business Services & Technology from 2008 to 2010. From 1983 to 2007, he held various senior executive positions with Automatic Data Processing, Inc., a provider of benefits and payroll processing services.

Mr. Finders has been Chief Executive Officer, Financial Systems, since March 2011, Interim Chief Executive Officer, Financial Systems, from January to March 2011, and Division Chief Executive Officer, Financial Systems, from 2007 to 2010. Mr. Finders was Group Chief Executive Officer, SunGard Europe from 2005 to 2007. From 2001 to 2005, Mr. Finders headed the SunGard Investment Management Systems businesses

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based in Europe. From 1996 to 2001, he held various senior management positions with us overseeing a number of our European Financial Systems businesses. Mr. Finders headed a Geneva-based wealth management systems business that we acquired in 1996.

Mr. Fradin has been Chief Executive Officer, President and a director since 2011. From 2010 to 2011, Mr. Fradin was chairman and chief executive officer of Aon Hewitt, a global provider of human resources consulting and outsourcing solutions and a business unit of Aon Corporation, and from 2006 to 2010, Mr. Fradin was chief executive officer of Hewitt Associates. Mr. Fradin was President and Chief Executive Officer of The BISYS Group, Inc., a provider of outsourcing solutions for the financial services sector, from 2004 to 2006, and from 1997 to 2004 he held various senior executive positions with Automatic Data Processing, Inc., a provider of benefits and payroll processing services.

Ms. Mullane has been Vice President and Controller since 2006, Vice President and Director of SEC Reporting from 2005 to 2006, Director of SEC Reporting from 2004 to 2005 and Manager of SEC Reporting from 1999 to 2004. From 1997 to 1999, she was Vice President of Finance at NextLink Communications of Pennsylvania and, from 1994 to 1997, she was Director of Finance at EMI Communications. Ms. Mullane is a director and/or officer of most of our domestic and foreign subsidiaries.

Mr. Neral has been Senior Vice President Finance and Chief Financial Officer since July 2012. Prior to joining SunGard, Mr. Neral served as Senior Vice President & Chief Financial Officer from 2009 to 2012 at SafeNet, Inc., a cyber-security company. From 2004 to 2009 he served as Vice President, Finance of IBM s worldwide software business and from 1981 to 2004 he served in a variety of financial roles across IBM s Sales, Server and Global Services organizations, including executive roles in Asia Pacific and at IBM headquarters.

Ms. Silbey has been Senior Vice President Legal since 2006, Chief Legal Officer since 2011, General Counsel from 2006 to 2011 and Vice President Legal and General Counsel from 2005 to 2006. From 1997 to 2005, Ms. Silbey held various legal positions with us, including Vice President Legal and Assistant General Counsel from 2004 to 2005. From 1991 to 1997, she was a lawyer with Morgan, Lewis & Bockius LLP, Philadelphia. Ms. Silbey is a director and officer of most of our domestic and foreign subsidiaries.

Mr. Stern has been Chief Executive Officer, SunGard Availability Services since 2010. Mr. Stern held various senior positions with USinternetworking, Inc. (acquired by AT&T in 2006), including Chief Executive Officer from 2000 to 2008, Chairman from 2002 to 2006, Chief Operating Officer from 1999 to 2000 and Executive Vice President and Chief Financial Officer from 1998 to 1999. Previously, he served as Executive Vice President, Strategy and Reinsurance Operations at USF&G.

Mr. Traquair has been President, Capital Markets Group since January 2012 and President, Capital Markets and Investment Banking from 2007 to 2011 and President, Securities Finance from 2001 to 2007. Mr. Traquair was in a management position at Loanet, a company we acquired in 2001, and prior to Loanet, he held various management positions at IP Sharp Associates, Reuters and Instinet.

Mr. Brand has been a director since November 2012. Mr. Brand is a Managing Director in the Private Equity Group of The Blackstone Group, which he joined in 2003. Mr. Brand was a consultant with McKinsey & Company in London from 2000 to 2001 and from 1998 to 2000 he was a derivatives trader with the Fixed Income, Currency and Commodities division of Goldman, Sachs & Co. in New York and Tokyo. Mr. Brand currently serves on the Boards of Directors of Bayview Financial, L.P., Exeter Finance Corp., Knight Capital Group, Inc., Orbitz Worldwide, Inc., Travelport Limited and PBF Energy Inc., and previously served on the Board of Directors of Performance Food Group.

Mr. Gordon has been a director since November 2012. Mr. Gordon is a Managing Director of Bain Capital Partners, LLC and joined the firm in 1997. Prior to joining Bain Capital, Mr. Gordon was a consultant at Bain & Company. Mr. Gordon currently serves on the Board of Directors of Accellent Inc., Air Medical Group Holdings, Inc., CRC Health Corporation, HCA Holdings, Inc., Physio-Control, Inc. and Quintiles Transnational Corp.

Mr. Greene has been a Director since 2005. Mr. Greene joined Kohlberg Kravis Roberts & Co. LP, a global alternative asset management firm (KKR), in 1986 and was a General Partner of KKR from 1993 until 1996, when he became a member of KKR & Co. L.L.C. until October 2009. From October 2009 until January 2013, Mr. Greene was a member of KKR Management, LLC, which is the general partner of KKR & Co. L.P. Mr. Greene is currently an advisory partner for KKR. Mr. Greene serves on the Board of Directors of Aricent Inc., Capital Safety, Capsugel, TASC, Inc. and Western New York Energy, LLC and previously served on the Board of Directors of Accuride Corporation, Alliance Imaging, Inc., Avago Technologies, Inc., Nuvox, Inc., Sun Microsystems, Inc. and Zhone Technologies, Inc.

Mr. Hutchins has been Chairman of the Boards of Directors since 2005. Mr. Hutchins is a co-founder and Managing Director of Silver Lake, a technology investment firm that was established in 1999 and was Co-Chief Executive until 2011. Mr. Hutchins serves on the Board of Directors of The Nasdaq OMX Group, Inc.

Mr. Marren has been a Director since 2005. Mr. Marren joined TPG Capital, a private equity firm, in 2000 as a partner and leads the firm s technology team. From 1996 to 2000, he was a Managing Director at Morgan Stanley. From 1992 to 1996, he was a Managing Director and Senior Semiconductor Research Analyst at Alex Brown & Sons. Mr. Marren currently serves on the Board of Directors of Avaya Inc. and Freescale Semiconductor Inc. and previously served on the Board of Directors of Alltel Corporation, Conexant Systems Inc., MEMC Electronic Materials, Inc. and ON Semiconductor Corporation.

Mr. Mehra has been a Director since 2005. Mr. Mehra has been a partner of Goldman, Sachs & Co. since 1998 and a Managing Director of Goldman, Sachs & Co. s Principal Investment Area of its Merchant Banking Division since 1996. He serves on the Boards of Directors of ARAMARK Corporation, Interline Brands Inc., KAR Auction Services, Inc., Sigma Electric, Max India Limited and TVS Logistics Services Limited, and previously served on the Board of Directors of Adam Aircraft Industries, Inc., Burger King Holdings, Inc., First Aviation Services, Inc., Hawker Beechcraft, Inc., Hexcel Corporation, Madison River Telephone Company, LLC and Nalco Holding Company.

Mr. Noell has been a Director since October 2012. Mr. Noell is a Principal of Providence Equity L.L.C., an affiliate of the Providence Equity Funds. Prior to joining Providence in 2003, Mr. Noell was an analyst in Deutsche Bank s media investment banking group. Mr. Noell currently serves on the Boards of Directors of Altegrity Inc., The Chernin Group, LLC, GLM LLC and Stream Global Services, Inc., and previously served on the Board of Directors of eTelecare Global Solutions, Inc.

Prior to November 7, 2012, the Amended and Restated Certificate of Incorporation of SCC was structured to permit the holders of specific classes of Class A common stock representing funds affiliated with each Sponsor group to elect separate directors and also allowed for the holders of all outstanding common stock to elect additional directors. Also prior to November 7, 2012, the Principal Investor Agreement dated August 10, 2005 by and among the four parent companies and the Sponsors further contained agreements among the parties with respect to the election of our directors. Each Sponsor was entitled to elect one representative to the Board of Directors of SCC, which would then cause the Board of Directors or Managers, as applicable, of the other three parent companies and of SunGard to consist of the same members (together, the Boards of Directors of SCC, SCCII and SunGard are referred to as the Boards). In accordance with both the Amended and Restated Certificate of Incorporation of SCC and the Principal Investor Agreement, each of Messrs. Greene, Hutchins, Marren and Mehra have been elected to the Boards as directors annually since 2005, and Mr. Noell was elected to the Boards as a director in October 2012.

On November 7, 2012, SCC filed a Second Amended and Restated Certificate of Incorporation (the Restated Certificate) removing the specific class rights to elect directors of SCC associated with Class A-1 through Class A-7 of SCC s common stock and making certain other amendments incidental thereto. Additionally, as of November 7, 2012, the Stockholders Agreement dated August 10, 2005 by and among the four parent companies, SunGard, the Sponsors and other stockholders was amended and restated primarily to give each Sponsor the right to nominate one director and to require each Sponsor to vote its shares to elect each

Sponsor-designated nominee. Each of the Principal Investor Agreement and the Participation Agreement were amended to make certain amendments incidental to the foregoing. In accordance with the Amended and Restated Stockholders Agreement, Messrs. Brand and Gordon were elected to the Boards as directors in November 2012.

In accordance with the charter of the Nominating and Corporate Governance Committee, to the extent consistent with applicable agreements, the Nominating and Corporate Governance Committee will identify, recommend and recruit qualified candidates to fill new positions on the Boards and will conduct the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates.

On May 31, 2011, in connection with becoming the chief executive officer and in accordance with his employment agreement, Russell P. Fradin was elected to serve as a director on the Boards.

As a group, the Sponsor directors possess experience in owning and managing enterprises like the Company and are familiar with corporate finance, strategic business planning activities and issues involving stakeholders more generally. All of the Company s directors possess high ethical standards, act with integrity, and exercise careful, mature judgment. Each is committed to employing their skills and abilities to aid the long-term interests of the stakeholders of the Company.

The Boards have determined that Mr. Marren qualifies as an audit committee financial expert within the meaning of regulations adopted by the SEC. Mr. Marren may not be considered an independent director because of his affiliation with TPG, the affiliated funds of which hold a 13.59% equity interest in our Parent Companies.

Our Global Business Conduct and Compliance Program is applicable to our directors and employees, including the chief executive officer, chief financial officer and controller. The Global Business Conduct and Compliance Program is available on our website at www.sungard.com/aboutsungard/corporateresponsibility/governance. A free copy of our Global Business Conduct and Compliance Program may be requested from: SunGard Data Systems Inc., attention Chief Compliance Officer, 680 East Swedesford Road, Wayne, PA 19087.

If we make any substantive amendments to the Global Business Conduct and Compliance Program which apply to our chief executive officer, chief financial officer or controller or grant any waiver, including any implicit waiver, from a provision of the Global Business Conduct and Compliance Program to our directors or executive officers, we will disclose the nature of the amendment or waiver on our website at www.sungard.com/corporateresponsibility or in a report on Form 8-K.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s officers and directors, and persons who own more than ten percent of a registered class of the Company s equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than ten percent shareholders also are required by rules promulgated by the SEC to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of such forms furnished to the Company or written representations that all reportable transaction were reported, the Company believes that all Section 16(a) filing requirements were timely met during 2012, except that Form 4s were filed for a former executive officer, Kathleen Weslock, on June 28, 2012 with respect to a sale of shares on June 20, 2012.

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ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

This section discusses the principles underlying our executive compensation policies and decisions. It provides qualitative information regarding the manner in which compensation is earned by our executive officers and places in context the data presented in the tables that follow. In addition, in this section, we address the compensation paid or awarded during fiscal year 2012 to our chief executive officer (principal executive officer), chief financial officer (principal financial officer), former chief financial officer, and three other executive officers who were the most highly compensated executive officers in fiscal year 2012. We refer to these six executive officers as our named executives.

The primary focus of our compensation philosophy is to pay for performance. We believe our programs are effectively designed and align well with the interests of our stockholders and are instrumental to achieving our business strategy.

Highlighted below are some of the key actions and decisions with respect to our executive compensation programs for fiscal 2012 as approved by the Compensation Committee:

Our executive compensation is tightly linked with performance.

The Compensation Committee adopted, and subsequently amended and restated on November 15, 2012, the SunGard Annual Incentive Plan, which covers the performance-based executive incentive compensation (EIC) program. The design and administration of the plan was evaluated and changed to place more emphasis on pay for performance elements of both financial and individual objectives of our executives.

As with past years, the Compensation Committee approved EIC plans by which the named executives were eligible to earn cash incentive compensation based upon achievement of specific financial objectives for 2012 that are designed to challenge the named executives to high performance. In prior years, Internal EBITA had been the sole financial measure for our corporate-level senior executives. In 2012, EIC included EBITA, revenue, sales targets as well as individual objectives. This change was designed to bring focus to both growth and planning for the future.

Individual EIC bonuses were capped at 2.0 times the target EIC bonus for our corporate-level senior executives and at no higher than 3.0 times the target EIC bonus for our segment-level senior executives.

We evaluated risks associated with our compensation programs. As described below under the Risk Considerations in Our Compensation Programs, we concluded that our compensation policies and practices for 2012 do not create risks that are reasonably likely to have a material adverse effect on the Company.

Administration of Our Compensation Program

Our executive compensation program is overseen and administered by the Compensation Committee. The Compensation Committee operates under a written charter adopted by our Boards and has responsibility for discharging the responsibilities of the Boards relating to the compensation of the Company s executive officers and related duties. Management, including our chief executive officer, or CEO, evaluates a number of factors in developing cash and equity compensation recommendations to the Compensation Committee for its consideration and approval. Following this review and in consultation with management, our CEO makes compensation recommendations for our executive officers, including the CEO, to the Compensation Committee based on his evaluation of each officer s performance, expectations for the coming year and market compensation data. The Compensation Committee reviews these proposals and makes all final compensation decisions for these officers by exercising its discretion in accepting, modifying or rejecting any management recommendations, including any recommendations from our CEO.

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In November 2012, in connection with various changes in director positions held by our Sponsors, the Boards realigned the composition of the Compensation Committee to add Messrs. Noell and Gordon, each appointed to the Boards in October and November 2012, respectively. Mr. Greene remained Chairperson of the Committee, a position he has held since 2005.

Objectives of Our Compensation Program

Our executive compensation program is intended to meet three principal objectives:

- to provide competitive compensation packages to attract and retain superior executive talent;
- to reward successful performance by the executive and the Company by linking a significant portion of compensation to future financial and business results; and
- to further align the interests of executive officers with those of our ultimate stockholders by providing long-term equity compensation and meaningful equity ownership.

To meet these objectives, our compensation program balances short-term and long-term performance goals and mixes fixed and at-risk compensation that is directly related to stockholder value and overall performance.

Our compensation program for senior executives, including the named executives, is designed to reward Company performance. The compensation program is intended to reinforce the importance of performance and accountability at various operational levels, and therefore a significant portion of total compensation is in both cash and stock-based compensation incentives that reward performance as measured against established goals, i.e., pay for performance. Each element of our compensation program is reviewed individually and considered collectively with the other elements of our compensation program to ensure that it is consistent with the goals and objectives of both that particular element of compensation and our overall compensation program. For each named executive, we look at each individual s contributions to our overall results, our operating and financial performance compared with the targeted goals, and our size and complexity compared with companies in our compensation peer group.

Elements of Our Executive Compensation Program

In 2012, the principal elements of compensation for named executives were:

- annual cash compensation consisting of base salary and performance-based EIC bonuses;
- long-term equity incentive compensation;
- benefits and perquisites; and
- severance compensation and change of control protection.

Annual Cash Compensation

Management, including our CEO, develops recommendations for annual executive cash compensation plans with consideration of compensation survey data for a broad set of organizations of comparable business, size and complexity, and then compares the survey results to publicly available compensation data for a group of companies we consider to be our peer group. We believe that the compensation practices of these companies provide us with appropriate benchmarks because they also provide technology products and services to a variety of customers and compete with us for executives and other employees.

The survey data used for 2012 compensation purposes came from two sources: Radford Global Technology Survey, which focuses on technology companies, and Towers Watson Survey Report on Top Management Compensation, which focuses on a broader array of organizations including professional services, high-tech and manufacturing companies. For purposes of establishing compensation recommendations, we used a blend of

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these surveys to reflect our size, industry and appropriateness of the position matched. In the previous year, we also included data from the Mercer US Global Premium Executive Remuneration Survey for the first time. In 2012, the Committee determined that the Mercer survey did not represent enough like sized high-tech companies to make the comparisons meaningful, and thus excluded Mercer data and relied on the two sources identified.

The companies we consider within our peer group are financial services and software companies of similar industry and revenue as the Company, and some of which various businesses within the Company compete against for business and for talent. In reviewing the peer group list for use during 2012, the peer group was updated to remove two companies that were primarily transaction-based companies and not comparable as a software development peer (MasterCard and Visa) and to add seven companies (as noted below) that met the revenue and industry type parameters. The median reported revenue for the group of seven companies added was $3.8 billion. Peer group compensation data is limited to publicly available information and therefore generally does not provide precise comparisons by position as offered by the more comprehensive survey data from other public surveys used in our broader analysis as described above. As a result, the peer group data provides limited guidance and does not dictate the setting of executive officers compensation. The following companies comprised our peer group in 2012:

Automatic Data Processing, Inc.	DST Systems, Inc.*	Symantec Corporation
Amdocs Limited*	Fidelity National Info Services, Inc.	The Western Union Company
Broadridge Financial Solutions, Inc.*	First Data Corporation	Thomson Reuters Corporation*
CA, Inc.	Fiserv, Inc.	VMWare, Inc.*
CACI International Inc.*	Intuit Inc.	
Cognizant Technology Solutions Corporation*	Iron Mountain Incorporated	**Added to peer group in 2012*

Our annual cash compensation packages for executive officers include base salary and an EIC bonus. In our desire to pay for performance, we weight the cash compensation more heavily toward the performance incentives and less toward the base salary. In 2012, we deemphasized our focus on targeting specific market percentiles in comparisons to survey and peer data and placed more weight in reviewing experience, role and performance in making compensation decisions.

The compensation of Mr. Neral was based on the terms of the employment agreement entered into with Mr. Neral in connection with the commencement of his employment on July 2, 2012. In addition to the components of compensation discussed below, Mr. Neral received a sign-on bonus of $100,000 and restricted stock unit (RSU) awards, further described under Grants of Plan-Based Awards in Fiscal Year 2012.

Base Salary. For base salary we provide a fixed compensation based on competitive market practice that is not subject to performance risk while also considering other factors, such as individual and Company performance. We review the base salaries for each named executive annually as well as at the time of any promotion or significant change in job responsibilities. Base salaries are determined for each named executive based on his or her position and responsibility with consideration of survey data. Salary for each named executive for calendar year 2012 is reported in the Summary Compensation Table below. In 2012, no compensation increases were made to Messrs Fradin, Woods and Stern. Messrs. Finders and Traquair each received a compensation increase in 2012 due to promotions and increased responsibilities.

Performance-Based Incentive Compensation. The annual EIC bonus for executive officers is designed to reward our executives for the achievement of annual financial goals related to the business for which they have responsibility. A minimum incentive may be earned at threshold EIC goals, and no payment is awarded if the threshold goal is not achieved. On-target EIC goals are set generally at levels that reflect budgeted performance. Consistent with our focus on pay for performance, additional amounts can be earned when actual performance exceeds on-target performance. The Company may revise or cancel an executive s EIC at any time as a result of a significant change in circumstances or the occurrence of an unusual event that was not anticipated when the performance plan was approved. As applicable, targets are adjusted to take into account acquisitions and/or

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dispositions which were not included in the budgeted EIC targets and other one-time adjustments as approved by the Compensation Committee. Individual EIC bonuses were capped at 2.0 times the target EIC bonus for our corporate-level senior executives and up to 3.0 times the target EIC bonus for our segment-level senior executives.

In 2012, the design and administration of the plan was evaluated and updated to place more emphasis on pay-for-performance elements of both financial and individual objectives of our executives. The plan establishes minimum, on-target, and maximum performance goals for key financial measures. In prior years, the named executives were entitled to receive overrides, an increase in bonus equal to a small percentage of the amount by which the on-target Internal EBITA (defined below) performance goal was exceeded. In the new plan design, the override concept was eliminated and replaced with opportunity for above on-target performance for each financial performance measure, subject to the caps described above.

The financial measures used for the 2012 EIC bonuses for the named executives were one or more of the following: (i) Internal EBITA, which represents actual earnings before interest, taxes and amortization, noncash stock compensation expense, management fees paid to the Sponsors and certain other unusual items, (ii) budgeted revenue growth, (iii) sales, (iv) the run rate for services provided for which we will be billing effective at the start of a year, and (v) EBITDA minus CAPEX, which represents actual earnings before interest, taxes, depreciation and amortization less capital expenditures. These metrics were selected as the most appropriate measures upon which to base the 2012 EIC bonuses for the named executives because they are important metrics that management and the Boards use to evaluate the performance of the Company or a particular business. In 2012, Messrs. Fradin, Finders and Traquair had 80% of their target bonus tied to financial objectives and 20% tied to individual objectives. Messrs. Neral and Stern had 75% of their target bonus tied to financial performance and 25% tied to individual objectives.

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For each of our named executives, 2012 actual performance was reviewed against both the financial measures and individual objectives applicable to each named executive. The following table provides the 2012 threshold, on-target and maximum financial performance goals applicable to each named executive and the EIC bonuses each named executive earned based on actual 2012 results of performance of both financial and individual objectives. Mr. Woods was not employed at year-end 2012 and therefore is excluded from the table.

	2012 Performance Goals (1) (in millions)			Actual 2012 EIC Bonus Payment
Name and Goals	**Minimum**	**On-Target**	**Maximum**	**(% of target)**
Russell P. Fradin				
Consolidated Company Internal EBITA	$ 870	$ 925	$ 1,017	$1,800,000
Consolidated Company Internal Revenue	$ 4,401	$ 4,520	$ 4,759	
Consolidated Software & Processing Internal EBITA	$ 613	$ 645	$ 709	
Consolidated Software & Processing Internal Revenue	$ 2,980	$ 3,060	$ 3,220	(100%)
Financial Systems Segment Internal Sales	$ 940	$ 1,000	$ 1,090	
Charles J. Neral				
Consolidated Company Internal EBITA	$ 870	$ 925	$ 1,017	$250,000 (2)
Consolidated Company Internal Revenue	$ 4,401	$ 4,520	$ 4,759	
Consolidated Software & Processing Internal EBITA	$ 613	$ 645	$ 709	(100%)
Financial Systems Segment Internal Sales	$ 940	$ 1,000	$ 1,090	
Harold C. Finders				$1,008,082(3)
Consolidated Financial Systems Segment Internal EBITA	$ 624	$ 659	$ 749	
Consolidated Financial Systems Segment Internal Revenue	$ 2,707	$ 2,822	$ 3,060	(111.6%)