SunGard VPM Inc.
Form 424B3
March 19, 2012
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FILED PURSUANT TO RULE 424(B)(3)

File Number 333-174529

SUNGARD DATA SYSTEMS INC.

SUPPLEMENT NO. 12 TO

MARKET-MAKING PROSPECTUS DATED JUNE 16, 2011

THE DATE OF THIS SUPPLEMENT IS MARCH 19, 2012

ON MARCH 16, 2012, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended December 31, 2011

or

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

Commission File Numbers:

SunGard Capital Corp. 000-53653

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

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

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

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 þ.	Smaller reporting company ¨.
SunGard Capital Corp.II	Large accelerated filer ¨.	Accelerated filer ¨.	Non-accelerated filer þ.	Smaller reporting company ¨.
SunGard Data Systems Inc.	Large accelerated filer ¨.	Accelerated filer ¨.	Non-accelerated filer þ.	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 þ
SunGard Capital Corp. II	Yes ¨ No þ
SunGard Data Systems Inc.	Yes ¨ No þ

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, 2012:

SunGard Capital Corp.:	256,624,031 shares of Class A common stock and 28,513,717 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 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 Companies together with their direct and indirect subsidiaries, including SunGard. Each registrant hereto is filing on its own behalf all of the information contained in this annual 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 on Form 10-K 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, estim anticipates or similar 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 believe that we are one of the most efficient operators of mission-critical IT solutions as a result of the economies of scale we derive from serving multiple customers on shared processing platforms.

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 on Form 10-K.

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.

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AS provides disaster recovery services, managed services, information availability consulting services and business continuity management software to over 9,000 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.

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 10% 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 recurring in nature as a result of long-term customer relationships 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, including a potential spin-off of the AS business to our current equity holders. We expect that if we were to spin-off the AS business, AS would incur new debt and we would repay a portion of our existing indebtedness. Additionally, along with any spin-off of AS, we would receive cash proceeds from an issuance of equity of one of our Parent Companies. There can be no assurance that we will ultimately pursue any strategic alternatives with respect to any business segment, including AS, or an equity issuance 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 business segments is included in Note 12 to our Consolidated Financial Statements.

Business 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

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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.

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. At the beginning of 2012, we realigned our FS businesses to better serve the needs of our customers. To provide our solutions, FS is grouped into businesses 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 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: We provide banks with an integrated solution suite for asset/liability management, budgeting and planning, regulatory compliance and profitability. Our solutions also manage all aspects of universal banking including back-office transaction processing, front-office multichannel delivery, card management and payments.

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 & Energy: 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. 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

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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 Management: 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.

The FS segment is organized to align with customer-facing business areas. FS revenue by business area based on the 2011 organizational structure was as follows (in millions):

	2010	2011
Capital Markets	$ 670	**$ 730**
Global Trading	659	**567**
Asset Management	362	**388**
Wealth Management	389	**367**
Banking	203	**229**
Corporate Liquidity	175	**190**
Insurance	175	**175**
Other	174	**189**
Total Financial Systems	$ 2,807	**$ 2,835**

FS revenues by customer-facing business area based on the new 2012 alignment (in millions):

	2010	2011
Capital Markets	$ 1,166	**$ 1,129**
Asset Management	430	**466**
Wealth Management	374	**357**
Corporate Liquidity & Energy	257	**264**
Banking	231	**252**
Insurance	175	**175**
Other	174	**192**
Total Financial Systems	$ 2,807	**$ 2,835**

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

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offerings, have uniquely positioned us to 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 9,000 customers, we have approximately 5,000,000 square feet of data center and operations space at over 80 facilities in ten countries. Since inception, we have helped customers recover from unplanned interruptions resulting from major disasters including 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 services provides our customers with a complete set of IT operations and information availability management solutions.

Although high availability and recovery services remain our principal revenue generating services, 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 represents a growing area, with industry regulations and the growing complexity of heterogeneous environments (i.e., cloud, virtual, physical) fuelling demand. Our managed recovery program offering in which AS personnel lead planning, set-up, maintenance, testing and execution of a recovery solution addresses key customer needs. 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

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mixed physical and virtual environments are becoming more commonplace. In 2010, we launched enterprise-grade cloud services and have augmented 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 lower-cost cloud option out of Ireland.

Consulting Services: We offer consulting services to help customers solve critical business availability and IT infrastructure problems. AS realigned its consulting organization in 2011 to follow a traditional partner-led practice model. Current capabilities include enterprise resiliency, technology architecture and infrastructure operations, taken to market through vertical practices focused in financial services, healthcare, manufacturing, energy and outsourcing. Consulting services focused on addressing operational risk primarily for financial institutions were also launched in 2011.

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 1,600 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 territories. Recently opened India operations provides workforce continuity services out of two 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 120 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 2011, we spent approximately $35 million in cash to acquire five businesses. The following table lists the businesses we acquired in 2011:

Acquired Company/Business	Date Acquired	Description
PredictiveMetrics, Inc.	01/31/11	A provider of predictive scoring and analytical services.
Valuelink Information Systems Limited	03/22/11	A provider of validated financial data solutions.
Stratix Technologies Inc.	03/31/11	A provider of IT consulting services to Canadian financial services companies.
Finace	8/31/11	A provider of securities lending and collateral management software.
Northern Arch	9/30/11	A global leasing and financing process management solution.

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, 2010 and 2011, including amounts that were capitalized, totaled approximately $191 million and $212 million, respectively. In 2010 and 2011, software development expenses were 6% and 7%, 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, 2009, 2010 and 2011 totaled approximately $1.45 billion, $1.50 billion and $1.67 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 few registrations of our copyrights and a number of patents and patent applications pending. 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 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, 2011, we had approximately 17,500 employees in continuing operations. 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). We believe that our employee relations are excellent.

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ITEM 1A. RISK FACTORS

Certain of the matters we discuss in this Report on Form 10-K 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, estim anticipates or similar 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:

- general 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;
- 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 tax provision or the adoption of new tax legislation.

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 Securities and Exchange Commission (SEC), including this Report on Form 10-K. 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.

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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 2015, 2018 and 2020 and senior subordinated notes due 2015. 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 2015, 2018 and 2020 and senior subordinated notes due 2015 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.

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In addition, under the senior secured credit agreement, 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 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, 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

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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,

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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.

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

Organizations like the SEC, the Financial Services Authority and the Financial Industry Regulatory Authority can, among other things, fine, censure, issue cease-and-desist orders and suspend or expel a broker/dealer or any of its officers or employees for failures 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. Our 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 and clearance services provided by our brokerage operations to customers and counterparties (including other broker/dealers), active traders, hedge funds, and other institutional and noninstitutional clients. These risks include, but are not limited to, customers failing to pay for securities commitments in the marketplace, trading errors, the inability or failure to settle trades, and trade execution or clearance systems 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 even when we are not at fault. As a result we may suffer losses that are disproportionate to the relatively modest profit contributions of this business.

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

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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.

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 India and acquired businesses in China and Singapore in an effort to increase our presence throughout Asia Pacific. Because we sell our services outside the United States, our business is subject to risks associated with doing business

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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 foreign tax law and potentially adverse 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.

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. 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 acquisition program is part of our strategy but, because of the uncertainties involved, this program 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 by adding complementary products and service offerings and by expanding our geographic reach. There can be no assurance that our acquisition program 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.

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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 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.

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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 rapid issuance of 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 protection 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.

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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.

We have concluded that our internal control over financial reporting was not effective as of December 31, 2011 as a result of our identification of a material weakness related to accounting for deferred income taxes. 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 controls 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.

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. For a discussion of our internal control over financial reporting and a description of the identified material weakness, see Management s Report on Internal Control Over Financial Reporting included in Item 9A of this Report. 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.

A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. We plan to implement a number of remediation steps to address the material weakness as described in Item 9A of this Report. If we are unsuccessful in implementing or following our remediation plan, we may not be able to timely or accurately report our financial condition, results of operations or cash flows or maintain effective disclosure controls and procedures. 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.

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Unanticipated changes in our tax provision or the adoption of new tax legislation 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 audit by tax authorities. Although we believe our 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 (629,800 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; Birmingham, Alabama; Burlington, Massachusetts; Hopkins, Minnesota; 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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, 2012, 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.

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Item 6. SELECTED FINANCIAL DATA

SunGard Capital Corp.

(in millions)	2007	2008	2009	2010	2011
Income Statement Data [1]					
Revenue	$ 4,154	$ 4,861	$ 4,806	$ 4,490	**$ 4,499**
Operating income (loss)	522	534	(686)	205	**333**
Net loss from continuing operations	(121)	(146)	(1,184)	(414)	**(75)**
Net income (loss) from discontinued operations	61	(96)	67	(156)	**(76)**
Net loss	(60)	(242)	(1,117)	(570)	**(151)**
Cash Flow Data					
Cash flow from operations	$ 689	$ 384	$ 640	$ 721	**$ 678**
Balance Sheet Data					
Total assets	$ 14,842	$ 15,778	$ 13,980	$ 12,968	**$ 12,550**
Total short-term and long-term debt	7,485	8,875	8,315	8,055	**7,829**
Equity	3,384	2,869	1,914	1,452	**1,375**

SunGard Capital Corp. II

(in millions)	2007	2008	2009	2010	2011
Income Statement Data [1]					
Revenue	$ 4,154	$ 4,861	$ 4,806	$ 4,490	**$ 4,499**
Operating income (loss)	523	534	(686)	205	**333**
Net loss from continuing operations	(121)	(146)	(1,185)	(414)	**(75)**
Net income (loss) from discontinued operations	61	(96)	67	(156)	**(76)**
Net loss	(60)	(242)	(1,118)	(570)	**(151)**
Cash Flow Data					
Cash flow from operations	$ 701	$ 385	$ 640	$ 721	**$ 678**
Balance Sheet Data					
Total assets	$ 14,840	$ 15,778	$ 13,980	$ 12,968	**$ 12,550**
Total short-term and long-term debt	7,485	8,875	8,315	8,055	**7,829**
Stockholders equity	3,505	3,011	2,026	1,567	**1,433**

SunGard Data Systems Inc.

(in millions)	2007	2008	2009	2010	2011
Income Statement Data [1]					
Revenue	$ 4,154	$ 4,861	$ 4,806	$ 4,490	**$ 4,499**
Operating income (loss)	523	534	(686)	205	**333**
Net loss from continuing operations	(121)	(146)	(1,185)	(414)	**(73)**
Net income (loss) from discontinued operations	61	(96)	67	(156)	**(76)**
Net loss	(60)	(242)	(1,118)	(570)	**(149)**
Cash Flow Data					
Cash flow from operations	$ 701	$ 385	$ 639	$ 721	**$ 678**
Balance Sheet Data					
Total assets	$ 14,840	$ 15,778	$ 13,980	$ 12,968	**$ 12,550**
Total short-term and long-term debt	7,485	8,875	8,315	8,055	**7,829**
Stockholder s equity	3,556	3,063	2,067	1,607	**1,461**

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(1) Included in 2007 loss from continuing operations is $28 million of expense associated with the early retirement of $400 million of senior floating rate notes due 2013, of which $19 million represented the retirement premium paid to noteholders.

Included in 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 2008 income from discontinued operations is a goodwill impairment charge of $128 million.

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

Included in 2010 loss from continuing operations are goodwill impairment charges of $205 million and $58 million of expense, 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 2010 loss from discontinued operations are goodwill impairment charges of $123 million and a loss on disposal of discontinued operations of $94 million.

Included in 2011 loss from continuing operations are goodwill impairment charges of $48 million that are related to prior year periods but have been corrected in 2011 and an income tax benefit of $48 million reflecting the amortization of the deferred tax liability which benefit would have been reflected in the statement of comprehensive income had the 2009 adjustment not been made. Included in 2011 income (loss) from discontinued operations is $135 million of deferred tax expense related to the book-over-tax basis difference of a HE subsidiary that is classified as held for sale at December 31, 2011 and a goodwill impairment charge of $3 million.

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

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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 believe that we are one of the most efficient operators of mission-critical IT solutions as a result of the economies of scale we derive from serving multiple customers on shared processing platforms.

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). 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 primarily serves state and local governments, nonprofit 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.

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 over 9,000 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.

Other 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.

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SunGard s results of operations typically trail current economic activity, largely due to the multi-year contracts that generate the majority of our revenue. We participate in the financial services and public sector industries and, in our availability services business, across a broad cross-section of the economy. Each of these sectors, to varying degrees, has experienced some disruption. The results in 2010 and 2011 reflect the impact of these challenging economic conditions. In response, we are focused on right-sizing our expense base in line with expected revenue opportunities but have continued to invest in capital spending, product development and to opportunistically acquire technology through acquisitions.

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.

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 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. Our 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 for the LBO and for other significant acquisitions, we engage independent appraisal firms to assist us with the valuation of intangible (and certain tangible) assets acquired and certain assumed obligations.

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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 impairment charges for these assets.

We are required to perform a goodwill impairment test, a two-step test, annually and more frequently when negative conditions or a triggering event arise. We complete our annual goodwill impairment test as of July 1 for each of our 13 reporting units. In step one, the estimated fair value of each reporting unit is compared to its carrying value. 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). 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.

In September 2011, the FASB issued amended guidance that will simplify how entities test goodwill for impairment. After 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. The guidance is effective January 1, 2012 with early adoption permitted. The Company will adopt this guidance for our 2012 goodwill impairment test.

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 against budget, performance in 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 our most recent annual impairment test as of July 1, 2011, the discount rates used were between 10% and 12% and perpetual growth rates used were between 3% or 4%, based on the specific characteristics of the reporting unit. Based on the results of the step one tests, the Company determined that the fair values of each of its reporting units exceeded carrying value and a step two test was not required for any of the 13 reporting units.

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The Company has three reporting units, whose goodwill balances in the aggregate total $1.2 billion as of December 31, 2011, where the excess of the estimated fair value over carrying value of the reporting unit was less than 15% of the carrying value as of the July 1, 2011 impairment test. A one percentage point decrease in the perpetual growth rate or a one percentage point increase in the discount rate would cause each of these reporting units to fail the step one test and require a step two analysis, and some or all of this goodwill could be impaired. Furthermore, if any of these units fail to achieve expected performance levels in the next twelve months or experience a downturn in the business below current expectations, goodwill could be impaired. The Company s remaining 10 reporting units each had estimated fair values which exceeded of the carrying value of the reporting unit by at least 20% as of the July 1, 2011 impairment test. Two of the Company s 13 reporting units, whose combined goodwill balance was $929 million and was included in assets held for sale as of December 31, 2011, were sold in connection with the HE sale in January 2012.

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 have reversed it, thereby increasing the deferred tax liability and goodwill balances each by approximately $100 million for continuing operations and $14 million for assets (liabilities) held for sale. During 2011, as a result of this correction, we recorded a 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 $3 million goodwill impairment charge 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 benefit 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 have assessed the impact of correcting these errors in the current period 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 the step one test for the July 1 annual impairment test for 2010, we determined that the carrying values of our PS reporting unit, 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, along with the remainder of HE, 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 recent 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 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.

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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 goodwill impairment charge of $328 million, of which $205 million is presented in continuing operations and $123 million in discontinued operations.

During 2009, based on an evaluation of year-end results and a reduction in the revenue growth outlook for the AS business, we concluded that AS had experienced a triggering event in its North American reporting unit (AS NA), one of two reporting units identified in the July 1, 2009 annual impairment test where the excess of the estimated fair value over the carrying value was less than 10%. As a result, we determined that the carrying value of AS NA was in excess of its fair value. In completing the step two test, we determined that the carrying value of AS NA s goodwill exceeded its implied fair value by $1.126 billion and recorded a goodwill impairment charge for this amount.

Revenue Recognition

In the fourth quarter of 2010 we adopted, retrospective to the beginning of the year, the provisions of Accounting Standards Update No. 2009-13, Revenue Recognition Multiple Deliverable Revenue Arrangements (ASU 2009-13) and Accounting Standards Update 2009-14, Software Certain Revenue Arrangements that Include Software Elements (ASU 2009-14). ASU 2009-13 amended existing accounting guidance for revenue recognition for multiple-element arrangements by establishing a selling price hierarchy that allows for the best estimated selling price (BESP) to determine the allocation of arrangement consideration to a deliverable in a multiple element arrangement where neither vendor specific objective evidence (VSOE) nor third-party evidence (TPE) is available for that deliverable. ASU 2009-14 modifies the scope of existing software guidance to exclude tangible products containing software components and non-software components that function together to deliver the product s essential functionality. In addition, ASU 2009-14 provides guidance on how a vendor should allocate arrangement consideration to non-software and software deliverables in an arrangement where the vendor sells tangible products containing software components that are essential in delivering the tangible product s functionality.

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.

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.

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

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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 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

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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. During 2009 the fair value of each undelivered element was determined using VSOE, and the residual method was used to assign a fair value to the delivered element if its VSOE was not available. Under the new rules for 2010 and 2011 described above, the selling price for each element is based upon the following selling price hierarchy: VSOE then TPE then 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. Since under the new hierarchy a fair value for each element will be determinable, the residual method is no longer used.

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

We recognize deferred income tax assets and liabilities based upon the expected future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred income tax assets and liabilities are calculated based on the difference between the financial and tax bases of assets and liabilities using the currently enacted income tax rates in effect during the years in which the 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. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances. Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the appropriate taxing authority has completed their examination even though the statute of limitations remains open, or the statute of limitation expires. 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.

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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. 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 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, then 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 our consolidated financial results.

Results of Operations

We evaluate performance of our segments based on operating results before interest, income taxes, goodwill impairment charges, amortization of acquisition-related intangible assets, stock compensation and certain other costs (see Note 12 of Notes to Consolidated Financial Statements). 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 refer to changes in results excluding 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 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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Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

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

(in millions)	Year Ended December 31, 2010	percent of revenue	Year Ended December 31, 2011	percent of revenue	Percent Increase (Decrease) 2011 vs. 2010	Constant Currency Year Ended December 31, 2011	percent of revenue	Constant Currency Percent Increase (Decrease) 2011 vs. 2010
Revenue								
Financial systems (FS)	$ 2,807	63%	$ 2,835	63%	1%	**$ 2,775**	**63%**	(1)%
Availability services (AS)	1,469	33%	1,461	32%	(1)%	**1,441**	**33%**	(2)%
Other [(1)]	214	5%	203	5%	(5)%	**203**	**5%**	(5)%
	$ 4,490	100%	$ 4,499	100%	%	**$ 4,419**	**100%**	(2)%
Costs and Expenses								
Cost of sales and direct operating	$ 1,937	43%	$ 1,891	42%	(2)%	**$ 1,855**	**42%**	(4)%
Sales, marketing and administration	1,042	23%	1,095	24%	5%	**1,071**	**24%**	3%
Product development and maintenance	372	8%	422	9%	14%	**408**	**9%**	10%
Depreciation and amortization	278	6%	272	6%	(2)%	**268**	**6%**	(4)%
Amortization of acquisition-related intangible assets	451	10%	438	10%	(3)%	**435**	**10%**	(3)%
Goodwill impairment	205	5%	48	1%	(77)%	**48**	**1%**	(77)%
	$ 4,285	95%	$ 4,166	93%	(3)%	**$ 4,085**	**92%**	(5)%
Operating Income								
Financial systems [(2)]	$ 622	22%	$ 600	21%	(4)%	**$ 603**	**22%**	(3)%
Availability services [(2)]	326	22%	321	22%	(2)%	**316**	**22%**	(3)%
Other [(1)(2)]	57	27%	57	28%	(2)%	**57**	**28%**	(2)%
Corporate administration	(71)	(2)%	(96)	(2)%	(34)%	**(96)**	**(2)%**	(34)%
Amortization of acquisition-related intangible assets	(451)	(10)%	(438)	(10)%	3%	**(435)**	**(10)%**	3%
Goodwill impairment	(205)	(5)%	(48)	(1)%	77%	**(48)**	**(1)%**	77%
Stock Compensation expense	(29)	(1)%	(33)	(1)%	(12)%	**(33)**	**(1)%**	(12)%
Other costs [(3)]	(44)	(1)%	(30)	(1)%	32%	**(30)**	**(1)%**	32%
	$ 205	5%	$ 333	7%	62%	**$ 334**	**8%**	62%

(1) Other includes our PS and K-12 businesses. The K-12 business had been included in our Higher Education segment prior to our agreement in the third quarter of 2011 to sell our Higher Education business excluding K-12 (HE). As a result of that agreement, HE is now included in discontinued operations.

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

(3) Other costs include management fees paid to the Sponsors, purchase accounting adjustments and certain other costs, partially offset in each year by capitalized software development costs.

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

						Constant Currency		
(in millions)	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
Financial Systems								
Services	$ 2,448	55%	$ 2,503	56%	2%	**$ 2,453**	**56%**	%
License and resale fees	257	6%	259	6%	1%	**250**	**6%**	(3)%
Total products and services	2,705	60%	2,762	61%	2%	**2,703**	**61%**	%
Reimbursed expenses	102	2%	73	2%	(29)%	**72**	**2%**	(29)%
	$ 2,807	63%	$ 2,835	63%	1%	**$ 2,775**	**63%**	(1)%
Availability Services								
Services	$ 1,452	32%	$ 1,438	32%	(1)%	**$ 1,419**	**32%**	(2)%
License and resale fees	3	%	3	%	1%	**3**	**%**	%
Total products and services	1,455	32%	1,441	32%	(1)%	**1,422**	**32%**	(2)%
Reimbursed expenses	14	%	20	%	40%	**19**	**%**	35%
	$ 1,469	33%	$ 1,461	32%	(1)%	**$ 1,441**	**33%**	(2)%
Other								
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	4%	(5)%	**200**	**5%**	(5)%
Reimbursed expenses	4	%	3	%	(17)%	**3**	**%**	(17)%
	$ 214	5%	$ 203	5%	(5)%	**$ 203**	**5%**	(5)%
Total Revenue								
Services	$ 4,075	91%	$ 4,114	91%	1%	**$ 4,045**	**92%**	(1)%
License and resale fees	295	7%	289	6%	(2)%	**280**	**6%**	(5)%
Total products and services	4,370	97%	4,403	98%	1%	**4,325**	**98%**	(1)%
Reimbursed expenses	120	3%	96	2%	(20)%	**94**	**2%**	(21)%
	$ 4,490	100%	$ 4,499	100%	%	**$ 4,419**	**100%**	(2)%

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Results of operations, excluding broker/dealer business

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

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

	Year Ended December 31,				
				Constant Currency	
	2010	2011	% change	2011	% change
Revenue					
Total	$ 4,490	**$ 4,499**	%	**$ 4,419**	(2)%
Less Broker/Dealer business	184	**79**		**79**	
Total excluding Broker/Dealer business	$ 4,306	**$ 4,420**	3%	**$ 4,340**	1%
Financial Systems	$ 2,807	**$ 2,835**	1%	**$ 2,775**	(1)%
Less Broker/Dealer business	184	**79**		**79**	
Financial Systems excluding Broker/Dealer business	$ 2,623	**$ 2,756**	5%	**$ 2,696**	3%
Operating Income (loss)					
Total	$ 205	**$ 333**	62%	**$ 334**	62%
Less Broker/Dealer business	(33)(1)	**(10)(1)**		**(10)(1)**	
Total excluding Broker/Dealer business	$ 238	**$ 343**	44%	**$ 344**	44%
Operating margin	6%	**8%**		**8%**	
Financial Systems	$ 622	**$ 600**	(4)%	**$ 603**	(3)%
Less Broker/Dealer business	(21)(1)	**(6) (1)**		**(6)**	(1)
Financial Systems excluding Broker/Dealer business	$ 643	**$ 606**	(6)%	**$ 609**	(5)%
Operating margin	25%	**22%**		**23%**	

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

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Operating Income:

Our total reported operating margin was 7% in 2011 compared to 5% in 2010. Excluding the impact of the Broker/Dealer and on a constant currency basis, total operating margin was 8% and 6% in 2011 and 2010, respectively. Included in 2011 and 2010 were restructuring charges of $77 million and $40 million, respectively, primarily related to severance actions of $66 million and $29 million, respectively. Also included in the 2011 and 2010 restructuring costs were $4 million and $9 million, respectively, of costs to shutdown the Broker/Dealer professional trading business, and $4 million of lease exit costs in 2011. The increase in the operating margin is primarily due to a $205 million goodwill impairment charge in 2010, partially offset by a $48 million goodwill impairment charge and an $86 million increase in employment-related expenses in 2011. The higher employment expenses included the severance charges noted above. We are continuing to identify and evaluate additional cost savings and productivity improvements. Any further actions taken could result in additional charges that may have a material impact to our results of operations in future periods.

Financial Systems:

The FS operating margin was 22% in each of 2011 and 2010. Excluding the impact of the Broker/Dealer and on a constant currency basis, the FS operating margin was 23% and 25% in 2011 and 2010, respectively. This decrease in the margin percentage is due to the increase in expense exceeding the revenue increase of $73 million. The expense increase is due mainly to a $69 million increase in employment-related costs resulting from business expansion, merit increases and increased software development and maintenance expenses, and includes a $27 million increase in severance charges. Also impacting the period was a $7 million decrease in license fees and $3 million of lease exit costs, partially offset by a $6 million decrease in consultant expense and a $5 million decrease in facilities expenses.

The most important factors affecting the FS operating 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.

Availability Services:

The AS operating margin was 22% in each of 2011 and 2010, respectively. On a constant currency basis, we maintained the operating margin in 2011 on $28 million of lower revenue mainly due to cost containment. The operating margin was impacted by the following:

North America:

- decreases of $22 million in equipment expense, $6 million of employment-related expense, and $5 million of depreciation and amortization on a $59 million decrease in revenue in our higher-margin recovery services business (RS);

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- a revenue increase of $27 million and an $8 million decrease in depreciation and amortization, partially offset by a $15 million increase employment-related expenses, including a $3 million increase in severance, a $6 million increase in facilities expenses and a $2 million increase in equipment expenses in our lower-margin managed services business (MS); and

- a $7 million increase in segment administration employment-related expense primarily related to developing new products and a $6 million increase in segment advertising costs.

Europe:

- 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.

The most important factors affecting the AS operating 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 development, and

- the trend toward availability solutions utilizing more dedicated resources.

Other:

The operating margin for Other was 28% and 27% for 2011 and 2010, respectively. The operating margin increased due primarily to the decrease in employment-related expense being proportionately more than the decrease in revenue.

The most important factors affecting the operating margin of Other 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.

Revenue:

Total reported revenue was $4.50 billion in 2011 compared to $4.49 billion in 2010. On a constant currency basis, revenue decreased 2% as reported and increased 1% excluding the Broker/Dealer.

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 10% 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 (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 recurring in nature as a result of long-term customer relationships; and (2) broker/dealer fees, which are largely correlated with trading volumes. On a constant currency basis, services revenue decreased to $4.05 billion from $4.08 billion, representing approximately 92% of total revenue in 2011 compared to 91% in 2010. The revenue decrease was mainly due to a $77 million decrease in broker/dealer fees by the Broker/Dealer and a $62 million decrease in RS, partially offset by increases of $42 million from FS acquisitions, $38 million in FS processing revenue and $27 million in MS.

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Professional services revenue was $689 million and $681 million in 2011 and 2010, respectively. The change was due to FS acquisitions and 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.

Revenue from license and resale fees was $280 million and $295 million for 2011 and 2010, respectively, and includes software license revenue of $243 million and $255 million, respectively.

Financial Systems:

FS reported revenue was $2.84 billion in 2011 compared to $2.81 billion in 2010, an increase of 1%. On a constant currency basis and excluding the Broker/Dealer, revenue increased 3%. Processing revenue increased $38 million, or 5%, due mainly to increases in transaction volumes and additional hosted services and increased $8 million from acquired businesses. Professional services revenue increased $13 million from acquired businesses and increased $6 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:

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 $62 million in RS and $8 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.

Most of our RS revenue which is derived from tape-based solutions, has been declining due primarily to attrition to other service providers and customer internal solutions, and demand for recovery services has been shifting from tape-based solutions to disk- and cloud-based advanced 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:

Reported revenue and constant currency revenue from Other both decreased $11 million, or 5%, from the prior year. 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.

Costs and Expenses:

Total costs decreased to 92% of revenue in 2011 from 95% of revenue in 2010. Excluding the goodwill impairment charges of $48 million and $205 million in 2011 and 2010, respectively, and the Broker/Dealer s total costs of $89 million in 2011 and $217 million in 2010, total costs as a percentage of total revenue (also excluding the Broker/Dealer) was 91% in 2011 compared to 90% in 2010, and increased $86 million.

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Cost of sales and direct operating expenses as a percentage of total revenue were 42% in 2011 and 43% in 2010. Excluding the Broker/Dealer s expenses of $79 million in 2011 and $189 million in 2010, cost of sales and direct operating expenses as a percentage of total revenue (also excluding the Broker/Dealer) were unchanged at 41%, and increased $28 million. Impacting the period were a $23 million increase from acquired businesses, a $17 million increase in FS employment-related expenses, including a $4 million increase in severance, 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. These expense increases were partially offset by 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.

Excluding the Broker/Dealer expenses, sales, marketing and administration expenses as a percentage of total revenue (also excluding the Broker/Dealer) were 24% in each of 2011 and 2010, and increased $44 million. Increases in sales, marketing and administration expenses were primarily due to a $35 million increase in severance and executive transition costs, 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 shutdown 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 14% and 12% of revenue excluding AS, respectively, and increased $36 million. The increase is primarily related to a $42 million increase in FS employment-related expenses to maintain our existing software products and enhance functionality of our software products to attract and retain customers. Included in the $42 million 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 $10 million due primarily to certain AS leased facility improvements becoming fully depreciated during 2010.

Excluding the Broker/Dealer, amortization of acquisition-related intangible assets was 10% of total revenue (also excluding the Broker/Dealer) in each of 2011 and 2010, but decreased $14 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.

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.

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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.

We believe that our overall effective income tax rate should typically be between 38% and 40%. However, 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, including amortization of the deferred income tax liability which benefit would have been reflected in the statement of comprehensive income had a 2009 adjustment not been made (see intangible assets and purchase accounting discussion above), the benefits of foreign taxes, net of U.S. foreign tax credit, and a deferred income tax 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 are 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 $76 million in 2011 and $156 million in 2010. During 2011, discontinued operations includes our HE business, which was sold in January 2012, and in which we recorded $135 million of deferred income tax expense related to the book-over-tax basis difference in a subsidiary of this business. During 2010, discontinued operations includes 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.

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.

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Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

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

(in millions)	Year Ended December 31, 2009	percent of revenue	Year Ended December 31, 2010	percent of revenue	Percent Increase (Decrease) 2010 vs. 2009	Constant Currency Year Ended December 31, 2010	percent of revenue	Constant Currency Percent Increase (Decrease) 2010 vs. 2009
Revenue								
Financial systems (FS)	$ 3,068	64%	$ 2,807	63%	(9)%	$ 2,821	63%	(8)%
Availability services (AS)	1,517	32%	1,469	33%	(3)%	1,469	33%	(3)%
Other [(1)]	221	5%	214	5%	(3)%	214	5%	(3)%
	$ 4,806	100%	$ 4,490	100%	(7)%	$ 4,504	100%	(6)%
Costs and Expenses								
Cost of sales and direct operating	$ 2,249	47%	$ 1,937	43%	(14)%	$ 1,938	43%	(14)%
Sales, marketing and administration	992	21%	1,042	23%	5%	1,043	23%	5%
Product development and maintenance	354	7%	372	8%	5%	379	8%	7%
Depreciation and amortization	275	6%	278	6%	1%	278	6%	1%
Amortization of acquisition-related intangible assets	496	10%	451	10%	(9)%	450	10%	(9)%
Goodwill impairment	1,126	23%	205	5%	(82)%	205	5%	(82)%
	$ 5,492	114%	$ 4,285	95%	(22)%	$ 4,293	95%	(22)%
Operating Income								
Financial systems [(2)]	$ 618	20%	$ 622	22%	1%	$ 628	22%	2%
Availability services [(2)]	380	25%	326	22%	(14)%	325	22%	(15)%
Other [(1)(2)]	60	27%	57	27%	(3)%	57	27%	(3)%
Corporate administration	(57)	(1)%	(71)	(2)%	(24)%	(71)	(2)%	(24)%
Amortization of acquisition-related intangible assets	(496)	(10)%	(451)	(10)%	9%	(450)	(10)%	9%
Goodwill impairment	(1,126)	(23)%	(205)	(5)%	82%	(205)	(5)%	82%
Stock compensation expense	(31)	(1)%	(29)	(1)%	6%	(29)	(1)%	6%
Other costs [(3)]	(34)	(1)%	(44)	(1)%	(30)%	(44)	(1)%	(30)%
	$ (686)	(14)%	$ 205	5%	130%	$ 211	5%	131%

(1) Other includes our PS and K-12 businesses. The K-12 business had been included in our Higher Education segment prior to our agreement in the third quarter of 2011 to sell HE. As a result of that agreement, HE is now included in discontinued operations.

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

(3) Other costs include management fees paid to the Sponsors, purchase accounting adjustments and certain other costs, partially offset in each year by capitalized software development costs.

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

(in millions)	Year Ended December 31, 2009	percent of revenue	Year Ended December 31, 2010	percent of revenue	Percent Increase (Decrease) 2010 vs. 2009	Constant Currency Three Months Ended December 31, 2010	percent of revenue	Constant Currency Percent Increase (Decrease) 2010 vs. 2009
Financial Systems								
Services	$ 2,737	57%	$ 2,448	55%	(11)%	$ 2,458	55%	(10)%
License and resale fees	196	4%	257	6%	31%	261	6%	33%
Total products and services	2,933	61%	2,705	60%	(8)%	2,719	60%	(7)%
Reimbursed expenses	135	3%	102	2%	(25)%	102	2%	(25)%
	$ 3,068	64%	$ 2,807	63%	(9)%	$ 2,821	63%	(8)%
Availability Services								
Services	$ 1,496	31%	$ 1,452	32%	(3)%	$ 1,452	32%	(3)%
License and resale fees	4	%	3	%	(35)%	3	%	(35)%
Total products and services	1,500	31%	1,455	32%	(3)%	1,455	32%	(3)%
Reimbursed expenses	17	%	14	%	(13)%	14	%	(11)%
	$ 1,517	32%	$ 1,469	33%	(3)%	$ 1,469	33%	(3)%
Other								
Services	$ 172	4%	$ 175	4%	2%	$ 175	4%	2%
License and resale fees	45	1%	35	1%	(23)%	35	1%	(23)%
Total products and services	217	5%	210	5%	(3)%	210	5%	(3)%
Reimbursed expenses	4	%	4	%	(4)%	4	%	(4)%
	$ 221	5%	$ 214	5%	(3)%	$ 214	5%	(3)%
Total Revenue								
Services	$ 4,405	92%	$ 4,075	91%	(7)%	$ 4,085	91%	(7)%
License and resale fees	245	5%	295	7%	20%	299	7%	21%
Total products and services	4,650	97%	4,370	97%	(6)%	4,384	97%	(6)%
Reimbursed expenses	156	3%	120	3%	(23)%	120	3%	(23)%
	$ 4,806	100%	$ 4,490	100%	(7)%	$ 4,504	100%	(6)%

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Results of operations, excluding broker/dealer business

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

	Year Ended December 31,			Constant Currency	
	2009	2010	% change	2010	% change
Revenue					
Total	$ 4,806	**$ 4,490**	(7)%	**$ 4,504**	(6)%
Less Broker/Dealer business	587	**184**		**184**	
Total excluding Broker/Dealer business	$ 4,219	**$ 4,306**	2%	**$ 4,320**	2%
Financial Systems	$ 3,068	**$ 2,807**	(9)%	**$ 2,821**	(8)%
Less Broker/Dealer business	587	**184**		**184**	
Financial Systems excluding Broker/Dealer business	$ 2,481	**$ 2,623**	6%	**$ 2,637**	6%
Operating Income (loss)					
Total	$ (686)	**$ 205**	130%	**$ 211**	131%
Less Broker/Dealer business	31 [(1)]	**(33)[(1)]**		**(33)[(1)]**	
Total excluding Broker/Dealer business	$ (717)	**$ 238**	133%	**$ 244**	134%
Operating margin	(17) %	**6%**		**6%**	
Financial Systems	$ 618	**$ 622**	1%	**$ 628**	2%
Less Broker/Dealer business	34 [(1)]	**(21)[(1)]**		**(21)[(1)]**	
Financial Systems excluding Broker/Dealer business	$ 584	**$ 643**	10%	**$ 649**	11%
Operating margin	24%	**25%**		**25%**	

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

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Operating Income:

Our total operating margin increased to 5% in 2010 from (14)% in 2009 due to $205 million of goodwill impairment charges in 2010 and $1.13 billion of goodwill impairment charges in 2009. In addition, the operating margin was also impacted by a $58 million increase in license fees, the impact from the Broker/Dealer and the decline in AS margin performance.

Financial Systems:

The FS operating margin increased to 22% in 2010 from 20% in 2009. The operating margin improvement is mainly due to a $67 million increase in software license fees, including the recognition of $32 million of license fee backlog that existed at December 31, 2009. Margin improvement from the reduced contribution from the Broker/Dealer and reduced facilities expense was mostly offset by increased employment-related and other operating expenses. The impact of the decrease in the Broker/Dealer s revenue and operating income on FS operating margin is an increase in 2010 of one margin point.

Availability Services:

The AS operating margin was 22% in 2010 compared to 25% in 2009. The lower margin was driven by the lower mix of revenue from higher margin RS, which typically use shared resources, and an absolute decline in RS margin due mainly to the lower revenue on a relatively stable fixed cost base and costs related to eliminating redundant network capacity resulting from the redesign and re-architecture of our data communications network. RS cost savings initiatives also produced expense savings in 2010 including lower facilities and employment-related costs. In addition, AS operating margin was impacted by an increase in revenue from lower margin MS, which use dedicated resources, and an absolute decline in MS margin due mainly to higher facilities costs, primarily utility costs related to cooling due to warmer summer temperatures and the addition of a new facility, increased employment-related and temporary staffing costs due to an increased focus on service delivery, and increased costs associated with the redesign and re-architecture of our data communications network and natural demand resulting from revenue growth. Also impacting the change in the margin was a decrease in other administrative expenses in North America, including reduced bad debt expense resulting from improved collections and lower professional services expenses, and the decrease in the margin in our European business mostly due to an increase in employment-related costs and depreciation and amortization, partially offset by reduced bad debt expense.

Other:

The operating margin from Other was 27% in each of 2010 and 2009. Although revenue decreased $7 million, we maintained the operating margin primarily by decreasing employment-related expense.

Revenue:

Total reported revenue was $4.49 billion in 2010 compared to $4.81 billion in 2009, a decrease of 7%. On a constant currency basis, revenue decreased 6% primarily due to a decline in the Broker/Dealer s revenue of $403 million, comprised of $367 million of broker/dealer fees and $36 million of reimbursed expenses, partially offset by a $58 million increase in software license fees. Excluding the Broker/Dealer, revenue increased 2%.

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Services reported revenue decreased to $4.09 billion from $4.41 billion, representing approximately 91% of total revenue in 2010 compared to 92% in 2009. The revenue decrease was mainly due to the $367 million decrease in broker/dealer fees noted above.

Professional services reported revenue was $681 million and $644 million in 2010 and 2009, respectively. On a constant currency basis, professional services revenue increased $42 million. The change was due to an increase of $56 million in FS, partially offset by a $14 million decrease in AS. Revenue from total broker/dealer fees was $217 million and $570 million in 2010 and 2009, respectively.

Reported revenue from license and resale fees was $295 million and $245 million for 2010 and 2009, respectively, and includes software license revenue of $255 million and $201 million, respectively. On a constant currency basis, software license revenue increased $58 million, or 29%.

SunGard ended 2009 with a software license backlog of $35 million in FS, which consisted of signed contracts for licensed software that (i) at our election, was not shipped to the customer until 2010, (ii) we voluntarily extended payment terms or (iii) included products or services not yet deliverable and from which the license element cannot be separated. Of this backlog, $32 million was recognized in 2010.

Financial Systems:

FS reported revenue was $2.81 billion in 2010 compared to $3.07 billion in 2009, a decrease of 9%. On a constant currency basis, revenue decreased by 8% in 2010. Excluding the Broker/Dealer business, revenue increased 6%. The 6% increase is primarily driven by increases in software license, professional services and processing revenue. Professional services revenue increased $56 million, or 10%, due to a general increase in demand from existing clients as well as new projects. Processing revenue increased $23 million, or 3%, mainly driven by increases in transaction volumes and additional hosted services. Reported revenue from license and resale fees included software license revenue of $237 million, an increase of $63 million compared to 2009, reflecting the recognition in 2010 of $32 million that was in backlog at December 31, 2009 and improved economic conditions in 2010. On a constant currency basis, software license revenue increased $67 million, or 39%.

Availability Services:

AS revenue was $1.47 billion in 2010 compared to $1.52 billion in 2009, a 3% decrease. In North America, which accounts for approximately 80% of our AS business, revenue decreased 4.5% where decreases in RS and professional services revenue exceeded growth in MS revenue. Revenue in Europe, primarily from our U.K. operations, increased 1.5%, where increases in managed services revenue were partially offset by decreases in recovery services revenue, and increased $4 million from the impact of an acquisition.

Other:

Revenue from Other was $214 million in 2010 compared to $221 million in 2009. The $7 million, or 3%, decrease was due primarily to an $8 million decrease in software license fees. Revenue from license and resale fees included software license fees of $15 million and $23 million in 2010 and 2009, respectively.

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Costs and Expenses:

Total costs decreased to 95% of revenue in 2010 from 114% of 2009 revenue. Excluding the goodwill impairment charges of $205 million in 2010 and $1.13 billion in 2009 and the Broker/Dealer s total costs of $217 million in 2010 and $556 million in 2009, total costs as a percentage of total revenue (also excluding the Broker/Dealer) was unchanged at 90% and increased $59 million.

Cost of sales and direct operating expenses as a percentage of total revenue was 43% in 2010 and 47% in 2009, largely the result of the lower volumes of the Broker/Dealer. Excluding the Broker/Dealer s expenses of $189 million in 2010 and $534 million in 2009, cost of sales and direct operating expenses as a percentage of total revenue (also excluding the Broker/Dealer) was 40% in 2010 compared to 41% in 2009, and increased $35 million. Also impacting the period were increases of $11 million in employee-related expenses of Other, $11 million of AS data communications network costs associated with the redesign and re-architecture of our data communications network and $10 million of AS facilities, partially offset by a decrease of $12 million in FS employment-related expense.

Sales, marketing and administration expenses as a percentage of total revenue was 23% and 21% in 2010 and 2009, respectively. Excluding the Broker/Dealer s expenses of $22 million in 2010 and $13 million in 2009, sales, marketing and administration expenses as a percentage of total revenue (also excluding the Broker/Dealer) was 24% and 23% in 2010 and 2009, respectively. The resulting $40 million increase in sales, marketing and administration expenses was due primarily to a $31 million increase in FS employment-related expense resulting from increased employment to support both growth in the business and international expansion, principally in Asia and Brazil, as well as annual increases following cost restraint in 2009 due to economic conditions and includes a $7 million increase in severance. Also impacting the change were increases of $8 million of advertising and trade show expenses, $8 million of currency transaction losses and $5 million of professional services expense, partially offset by decreases of $13 million of FS facilities expense, resulting from facilities consolidation in 2009, and $9 million of bad debt expense in AS,.

Because AS software development costs are insignificant, it is more meaningful to measure product development and maintenance expense as a percentage of revenue from software and processing solutions. In 2010 and 2009, software development expenses were 12% and 11%, respectively, of revenue excluding AS, an increase of $24 million. The increase is primarily related to a $16 million increase in FS employment-related expenses to maintain our existing software products and to enhance functionality of our software products to attract and retain customers.

Amortization of acquisition-related intangible assets was 10% of total revenue in each of 2010 and 2009. During 2009, we shortened the remaining useful lives of certain intangible assets and also recorded impairment charges of our customer base and software assets of $18 million and $17 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 $205 million in Other in 2010 and $1.13 billion in AS in 2009. These impairments are described in the Use of Estimates and Critical Accounting Policies section above.

Interest expense was $638 million in 2010 compared to $637 million in 2009. Interest expense in 2010 compared to 2009 was impacted by the following: (a) lower average borrowings under our term loans at a slightly higher interest rate, (b) higher average debt outstanding resulting from the timing of

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our borrowings and delayed repayment due to calling bonds that were not tendered related to the refinance of our $1.6 billion of senior notes due 2013 at a lower interest rate, (c) higher average borrowings on our accounts receivable facility at a lower interest rate and (d) lower average borrowings under our revolving credit facility.

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 compared to $15 million in 2009. The decrease is due primarily to a $9 million decrease in foreign currency transaction gains related to our euro-denominated term loans.

The effective income tax rates for each of 2010 and 2009 were a tax benefit of 14% and 9%, respectively, reflecting nondeductible goodwill impairment charges in both years. The reported benefit in 2010 also includes a $45 million charge for recording deferred income taxes on unremitted earnings of certain non-U.S. subsidiaries which are 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. The reported benefit from income taxes in 2009 also includes a $12 million favorable adjustment primarily related to utilization in our 2008 U.S. federal income tax return of foreign tax credit carryforwards that were not expected to be utilized at the time of the 2008 tax provision.

Loss from discontinued operations, net of tax, was $156 million in 2010 compared to income from discontinued operations, net of tax, of $67 million in 2009. Discontinued operations includes our HE and PS UK businesses in both years. During 2010, we sold our PS UK operation which 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.

Accreted dividends on SCCII s cumulative preferred stock were $191 million and $180 million in 2010 and 2009, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

Liquidity and Capital Resources:

At December 31, 2011, cash and cash equivalents in continuing operations were $868 million, an increase of $97 million from December 31, 2010, while availability under our revolving credit facility was $858 million. Approximately $249 million of cash and cash equivalents at December 31, 2011 was held by our wholly owned non-US 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 some cases, are in countries with currency restrictions. Also, approximately $70 million of cash and cash equivalents at December 31, 2011 relates to our broker/dealer operations which is not readily available for general corporate use without adversely affecting the operation of the broker/dealer businesses.

Cash flow from continuing operations was $602 million in 2011 compared to cash flow from continuing operations of $603 million in 2010. Savings of cash payments of interest, principally

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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. Cash flow from continuing operations was $603 million in 2010 compared to cash flow from continuing operations of $550 million in 2009. The increase in cash flow from continuing operations is due primarily to the termination in December 2008 of our off-balance sheet accounts receivable securitization program, which reduced 2009 operating cash flow, and $94 million less of income tax payments, net of refunds, in 2010, partially offset by the reduction in operating income after adjusting for the noncash goodwill impairments in 2010 and 2009.

Net cash used by continuing operations in investing activities was $315 million in 2011 and $376 million in 2010. During 2011, we spent $35 million for five acquisitions, whereas we spent $82 million for four acquisitions during 2010. Capital expenditures for continuing operations were $276 million in 2011 and $298 million in 2010. In 2009, net cash used by continuing operations in investing activities was $323 million, primarily related to $13 million spent on three acquisitions and $315 million of capital expenditures.

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. In 2009, net cash used by continuing operations in financing activities was $627 million, primarily related to repayment at maturity of the $250 million senior secured notes and repayment of $500 million of borrowings under our revolving credit facility, partially offset by cash received from the new receivables facility (net of associated fees).

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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, 2011 was $7.83 billion, which consists of the following (in millions):

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

Senior Secured Credit Facilities

As of December 31, 2011, our senior secured credit facilities (Credit Agreement) consist of (1) $1.39 billion of U.S. dollar-denominated tranche A term loans maturing on February 28, 2014, (2) $2.41 billion of U.S. dollar-denominated tranche B term loans maturing on February 28, 2016, (3) $479 million of U.S. dollar-denominated incremental term loans maturing on February 28, 2014, and (4) an $880 million revolving credit facility that expires on May 11, 2013. At December 31, 2011, we have $858 million of borrowing capacity available to us on the revolving credit facility after giving effect to $22 million in outstanding letters of credit.

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, as defined in the Credit Agreement, from the sale were $1.22 billion, which we applied on a pro-rata basis to the repayment of a portion of outstanding indebtedness as follows (in millions):

	December 31, 2011		Less: Repayment on January 20, 2012		Remaining Balance	
Senior Secured Credit Facilities:						
Secured revolving credit facility	$		$		$	
Tranche A		1,386		(396)		990
Tranche B		2,407		(689)		1,718
Incremental term loan		479		(137)		342
Total Senior Secured Credit Facilities	$	4,272	$	(1,222)	$	3,050

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During the third and fourth quarters of 2011, we repaid in full our tranche A and tranche B pound sterling-denominated term loans totaling £78 million.

On March 2, 2012, we amended the Credit Agreement to, among other things, extend the maturity date of approximately $908 million of tranche A and incremental term loans from February 28, 2014 to February 28, 2017, extend the maturity of our $880 million revolving credit facility 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.

On November 10, 2011, we amended the Credit Agreement to modify the definition of consolidated EBITDA to allow for the inclusion of EBITDA generated by discontinued operations until such operations are actually sold for purposes of calculating compliance with certain financial covenants.

On March 11, 2011, we amended the Credit Agreement to, among other things, obtain new revolving credit commitments of $300 million that increased the Company s aggregate revolving credit commitments by $50 million to approximately $880 million.

On January 31, 2011, we amended the Credit Agreement to, among other things, (a) eliminate the LIBOR and Base Rate floors and (b) reduce the Eurocurrency interest rate spread to 3.50% from 3.75% and the base rate spread to 2.50% from 2.75% with no impact on maturity.

Senior Notes

On November 1, 2010, we issued $900 million of 7.375% senior notes due November 2018 and $700 million of 7.625% senior notes due November 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.

On February 21, 2012, we announced that we will redeem all of our outstanding 10.625% Senior Notes due 2015 under the Indenture dated as of September 29, 2008 (as amended or supplemented from time to time, the 2015 Indenture) among SunGard, the guarantors named therein, and The Bank of New York Mellon, as trustee. We expect to redeem the 2015 senior notes on April 2, 2012 at a redemption price equal to 105.313% of the aggregate principal amount plus accrued and unpaid interest to the redemption date, pursuant to Section 3.07(d) of the 2015 Indenture.

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 to $200 million from $181 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, 2011 was 3.79%, 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, the combined total amount available for borrowing under the receivables facility was reduced from $350 million to $290 million.

At December 31, 2011, $200 million was drawn against the term loan commitment and none was drawn against the revolving commitment. At December 31, 2011, $572 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 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 (0.295% and 0.581%, respectively, at December 31, 2011). 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, 2011 follows (in millions):

Inception	Maturity	Notional Amount (in millions)	Interest rate paid	Interest rate received (LIBOR)
January / February 2009	February 2012	$ 1,200	1.78%	1-Month
February 2010	May 2013	500	1.99%	3-Month
Total/Weighted average interest rate		$ 1,700	1.84%	

Contractual Obligations

At December 31, 2011, our contractual obligations follow (in millions):

	Total	2012	2013 - 2014	2015 - 2016	2017 and After
Short-term and long-term debt (1)	$ 7,829	$ 10	$ 2,365	$ 3,853	$ 1,601
Interest payments (2)	2,147	462	847	492	346
Operating leases	1,140	194	315	238	393
Purchase obligations (3)	252	150	93	5	4
	$ 11,368	$ 816	$ 3,620	$ 4,588	$ 2,344

Taking into effect the sale of HE, the January 2012 prepayment of $1.222 billion of term loans, the March 2012 extension of the maturity date of $908 million of term loans to 2017, and the April 2012 early redemption of our 10.625% Senior Notes, our contractual obligations are as follows (in millions):

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	Total	2012	2013	2014	2015 - 2016	2017 and After
Short-term and long-term debt (5)	$ 6,637	$ 537(4)	$ 7	$ 865	$ 2,719	$ 2,509
Interest payments (6)	2,013	412	374	352	520	355
Operating leases	1,125	190	165	145	234	391
Purchase obligations (3)	231	138	62	27	4	
	$ 10,005	$ 1,277	$ 608	$ 1,392	$ 3,476	$ 3,252

(1) The senior notes due 2014 and the senior notes due 2015 are recorded at $242 million and $497 million, respectively, as of December 31, 2011, reflecting the remaining unamortized discount. The $11 million discount at December 31, 2011 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 ($1.39 billion at 3.33%), the tranche B term loan facility ($2.41 billion at 4.32%), the incremental term loan ($479 million at 3.78%) and the secured accounts receivable facility ($200 million at 3.79%), each as of December 31, 2011. 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.

(4) Includes $500 million of senior notes recorded at a $3 million discount and a call premium of $27 million. The $3 million discount will be expensed through the date of redemption of the notes.

(5) The senior notes due 2014 are recorded at $242 million as of December 31, 2011, reflecting the remaining unamortized discount. The $8 million discount at December 31, 2011 will be amortized and included in interest expense over the remaining periods to maturity.

(6) 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 ($254 million at 3.33%), the tranche B term loan facility ($1.72 billion at 4.32%), the new tranche C term loan facility ($908 million at 4.05%), the incremental term loan ($170 million at 3.78%) and the secured accounts receivable facility ($200 million at 3.79%), each as of December 31, 2011. See Note 5 of Notes to Consolidated Financial Statements.

At December 31, 2011, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $7 million, of which $4 million is included in other accrued expenses. We also have outstanding letters of credit and bid bonds that total approximately $37 million.

We expect our cash on hand, cash flows from operations and 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.

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Covenant Compliance

Our senior secured credit agreement and the indentures governing our senior notes due 2015, 2018 and 2020 and our senior subordinated notes due 2015 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, 2011, 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 2015, 2018 and 2020 and senior subordinated notes due 2015 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.

The 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

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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.

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 indentures.

	2009	2010	2011
Loss from continuing operations	$ (1,185)	$ (414)	**$ (73)**
Interest expense, net	630	636	**521**
Income tax benefit	(116)	(68)	**(118)**
Depreciation and amortization	771	729	**710**
EBITDA	100	883	**1,040**
Goodwill impairment charges	1,126	205	**48**
Purchase accounting adjustments (a)	17	13	**11**
Non-cash charges (b)	33	36	**34**
Restructuring and other charges (c)	37	56	**99**
Acquired EBITDA, net of disposed EBITDA (d)	4	7	
Pro forma expense savings related to acquisitions (e)	4	2	
Loss on extinguishment of debt (f)		58	**3**
Adjusted EBITDA from continuing operations	1,321	1,260	**1,235**
Adjusted EBITDA from Operations Held for Sale	163	147	**138**
Adjusted EBITDA senior secured credit facilities, senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015	$ 1,484	$ 1,407	**$ 1,373**

(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.

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(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.

Our covenant requirements and actual ratios for the year ended December 31, 2011 are as follows:

	Covenant Requirements	Actual Ratios
Senior secured credit facilities (1)		
Minimum Adjusted EBITDA to consolidated interest expense ratio	1.95x	2.93x
Maximum total debt to Adjusted EBITDA	5.75x	4.96x
Senior notes due 2015, 2018 and 2020 and senior subordinated notes due 2015 (2)		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	2.91x

(1) Our senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.95x for the four-quarter period ended December 31, 2011 and increasing over time to 2.10x by the end of 2012 and 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain non-cash or non-recurring interest expense and the elimination of interest expense and fees associated with SunGard s 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 5.25x by the end of 2012 and to 4.75x by the end of 2013. Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on our balance sheet in excess of $50 million. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If our lenders failed to waive any such default, our repayment obligations under the senior secured credit facilities could be accelerated, which would also constitute a default under our indentures.

(2) 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, such as 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, 2011, we had $4.27 billion outstanding under our term loan facilities and available commitments of $858 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 2015, 2018 and 2020 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the accounts receivable facility.

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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, 2011, we had total debt of $7.83 billion, including $4.47 billion of variable rate debt. We entered into interest rate swap agreements which fixed the interest rates for $1.7 billion of our variable rate debt. Swap agreements expiring in February 2012 have a notional value of $1.2 billion and effectively fix the variable portion of our interest rates at 1.78%. 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%. Our remaining variable rate debt of $2.77 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 $28 million per year. Upon the expiration of each interest rate swap agreement in February 2012 and May 2013, a 1% change in interest rates would result in a change in interest of approximately $40 million and $45 million per year, respectively. See Note 5 of Notes to Consolidated Financial Statements.

During 2011, approximately 37% of our revenue was from customers outside the United States with approximately 78% 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 pounds 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.

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Reports 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 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 (the Company) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to deferred income tax accounting existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2011 consolidated financial statements and our opinion regarding the effectiveness of the Company s internal control over financial reporting does not affect our opinion on those consolidated financial statements. 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 referred to above. 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.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 16, 2012

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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 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 (the Company) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to deferred income tax accounting existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2011 consolidated financial statements and our opinion regarding the effectiveness of the Company s internal control over financial reporting does not affect our opinion on those consolidated financial statements. 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 referred to above. 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.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 16, 2012

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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 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 (the Company) at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to deferred income tax accounting existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2011 consolidated financial statements and our opinion regarding the effectiveness of the Company s internal control over financial reporting does not affect our opinion on those consolidated financial statements. 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 referred to above. 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.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 16, 2012

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SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)	December 31, 2010	December 31, 2011
Assets		
Current:		
Cash and cash equivalents	$ 771	**$ 868**
Trade receivables, net of allowance for doubtful accounts of $37 and $38	833	**802**
Earned but unbilled receivables	135	**149**
Prepaid expenses and other current assets	166	**117**
Clearing broker assets	230	**213**
Deferred income taxes	7	
Assets held for sale	1,339	**1,326**
Total current assets	3,481	**3,475**
Property and equipment, less accumulated depreciation of $1,109 and $1,296	892	**893**
Software products, less accumulated amortization of $1,203 and $1,431	723	**554**
Customer base, less accumulated amortization of $1,049 and $1,269	1,806	**1,580**
Other intangible assets, less accumulated amortization of $23 and $22	187	**144**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,019**
Goodwill	4,856	**4,885**
Total Assets	$ 12,968	**$ 12,550**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	63	**60**
Accrued compensation and benefits	284	**300**
Accrued interest expense	103	**92**
Other accrued expenses	406	**341**
Clearing broker liabilities	210	**179**
Deferred revenue	887	**862**
Deferred income taxes		**76**
Liabilities related to assets held for sale	246	**230**
Total current liabilities	2,208	**2,150**
Long-term debt	8,046	**7,819**
Deferred income taxes	1,110	**1,125**
Total liabilities	11,364	**11,094**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	54	**28**
Class L common stock subject to a put option	87	**47**
Class A common stock subject to a put option	11	**6**
Stockholders equity:		
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $4,699 million and $5,383 million; 50,000,000 shares authorized, 28,670,331 and 28,842,773 shares issued		
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 258,037,523 and 259,589,718 shares issued		

Capital in excess of par value	2,703	**2,768**
Treasury stock, 326,329 and 387,638 shares of Class L common stock; and 2,940,981 and 3,492,925 shares of Class A common stock	(34)	**(39)**
Accumulated deficit	(2,970)	**(3,346)**
Accumulated other comprehensive income (loss)	(29)	**(46)**
Total SunGard Capital Corp. stockholders equity (deficit)	(330)	**(663)**
Noncontrolling interest in preferred stock of SCCII	1,782	**2,038**
Total equity	1,452	**1,375**
Total Liabilities and Equity	$ 12,968	**$ 12,550**

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, 2009	2010	2011
Revenue:			
Services	$ 4,405	$ 4,075	**$ 4,114**
License and resale fees	245	295	**289**
Total products and services	4,650	4,370	**4,403**
Reimbursed expenses	156	120	**96**
	4,806	4,490	**4,499**
Costs and expenses:			
Cost of sales and direct operating	2,249	1,937	**1,891**
Sales, marketing and administration	992	1,042	**1,095**
Product development and maintenance	354	372	**422**
Depreciation and amortization	275	278	**272**
Amortization of acquisition-related intangible assets	496	451	**438**
Goodwill impairment charges	1,126	205	**48**
	5,492	4,285	**4,166**
Operating income (loss)	(686)	205	**333**
Interest income	7	2	**3**
Interest expense and amortization of deferred financing fees	(637)	(638)	**(524)**
Loss on extinguishment of debt		(58)	**(3)**
Other income (expense)	15	7	
Income (loss) from continuing operations before income taxes	(1,301)	(482)	**(191)**
Benefit from (provision for) income taxes	117	68	**116**
Income (loss) from continuing operations	(1,184)	(414)	**(75)**
Income (loss) from discontinued operations, net of tax	67	(156)	**(76)**
Net income (loss)	(1,117)	(570)	**(151)**
Income attributable to the noncontrolling interest (including $5 million, $3 million and $ million in temporary equity)	(180)	(191)	**(225)**
Net income (loss) attributable to SunGard Capital Corp.	(1,297)	(761)	**(376)**
Other Comprehensive income (loss):			
Foreign currency translation	80	(41)	**(26)**
Less: foreign currency translation reclassified into income		109	
Foreign currency translation, net	80	68	**(26)**
Unrealized gain (loss) on derivative instruments	(51)	(49)	**(16)**
Less: gain (loss) on derivatives reclassified into income	80	85	**34**
Less: income tax benefit (expense)	(11)	(12)	**(9)**

Net unrealized gain (loss) on derivative instruments, net of tax	18	24	**9**
Comprehensive income (loss) attributable to SunGard Capital Corp.	$ (1,199)	$ (669)	**$ (393)**

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, 2009	2010	2011
Cash flow from operations:			
Net income (loss)	$ (1,117)	$ (570)	**$ (151)**
Income (loss) from discontinued operations	67	(156)	**(76)**
Income (loss) from continuing operations	(1,184)	(414)	**(75)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	771	729	**710**
Goodwill impairment charge	1,126	205	**48**
Deferred income tax provision (benefit)	(157)	(83)	**(157)**
Stock compensation expense	31	29	**33**
Amortization of deferred financing costs and debt discount	42	43	**40**
Loss on extinguishment of debt		58	**3**
Other non-cash items	(14)	3	**2**
Accounts receivable and other current assets	(15)	22	**73**
Accounts payable and accrued expenses	(73)	29	**(35)**
Clearing broker assets and liabilities, net	(39)	18	**(14)**
Deferred revenue	62	(36)	**(26)**
Cash flow from (used in) continuing operations	550	603	**602**
Cash flow from (used in) discontinued operations	90	118	**76**
Cash flow from (used in) operations	640	721	**678**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(13)	(82)	**(35)**
Cash paid for property and equipment and software	(315)	(298)	**(276)**
Other investing activities	5	4	**(4)**
Cash provided by (used in) continuing operations	(323)	(376)	**(315)**
Cash provided by (used in) discontinued operations	(10)	116	**(11)**
Cash provided by (used in) investment activities	(333)	(260)	**(326)**
Financing activities:			
Cash received from issuance of common stock	4	1	**3**
Cash received from issuance of preferred stock	1		**3**
Cash received from borrowings, net of fees	202	1,633	**1**
Cash used to repay debt	(825)	(1,924)	**(239)**
Premium paid to retire debt		(41)	
Cash used to purchase treasury stock	(6)	(12)	**(9)**
Other financing activities	(3)	(1)	**(12)**
Cash provided by (used in) continuing operations	(627)	(344)	**(253)**
Cash provided by (used in) discontinued operations	(2)		
Cash provided by (used in) financing activities	(629)	(344)	**(253)**

Effect of exchange rate changes on cash	11	(3)	**(4)**
Increase (decrease) in cash and cash equivalents	(311)	114	**95**
Beginning cash and cash equivalents includes cash of discontinued operations: 2009, $12; 2010, $27; 2011, $7	975	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: 2009, $27; 2010, $7; 2011, $5	$ 664	$ 778	**$ 873**

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

	Common Stock				Treasury Stock Common Stock			
	Number of Shares issued							
(In millions)	Class L	Class A	Par Value	Capital in Excess of Par Value	Shares Class L	Shares Class A	Par Value	Amount
Balances at December 31, 2008	29	256	$	$ 2,613		2	$	$ (24)
Net income (loss)								
Foreign currency translation								
Net unrealized gain on derivative instruments (net of tax provision of $11)								
Stock compensation expense				33				
Issuance of common and preferred stock		2		(1)				
Purchase of treasury stock								(3)
Expiration of put option				44				
Transfer intrinsic value of vested restricted stock units to temporary equity				(9)				
Other				(2)				
Balances at December 31, 2009	29	258		2,678		2		(27)
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 provision of $12)								
Stock compensation expense				31				
Issuance of common and preferred stock				1				
Purchase of treasury stock				(1)		1		(7)
Expiration of put option				10				
Transfer intrinsic value of vested restricted stock units to temporary equity				(13)				
Other				(3)				
Balances at December 31, 2010	29	258		2,703		3		(34)
Net income (loss)								
Foreign currency translation								
Net unrealized gain on derivative instruments (net of tax provision of $9)								
Stock compensation expense				**35**				
Issuance of common and preferred stock		**2**		**6**				
Purchase of treasury stock				**(1)**				**(5)**
Expiration of put option				**58**				
Transfer intrinsic value of vested restricted stock units to temporary equity				**(21)**				
Other				**(12)**				
Balances at December 31, 2011	**29**	**260**	**$**	**$ 2,768**		**3**	**$**	**$ (39)**

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)	Accumulated Other Comprehensive Income (Loss) Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Noncontrolling interest	Total
Balances at December 31, 2008	$ (912)	$ (159)	$ (60)	$ 1,411	$ 2,869
Net income (loss)	(1,297)			175	(1,122)
Foreign currency translation		80			80
Net unrealized gain on derivative instruments (net of tax provision of $11)			18		18
Stock compensation expense					33
Issuance of common and preferred stock				1	
Purchase of treasury stock				(2)	(5)
Expiration of put option				8	52
Transfer intrinsic value of vested restricted stock units to temporary equity					(9)
Other					(2)
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 provision 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 provision 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**

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

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SunGard Capital Corp. II

Consolidated Balance Sheets

(In millions except share and per-share amounts) (Unaudited)	December 31, 2010	December 31, 2011
Assets		
Current:		
Cash and cash equivalents	$ 771	**$ 868**
Trade receivables, less allowance for doubtful accounts of $37 and $38	833	**802**
Earned but unbilled receivables	135	**149**
Prepaid expenses and other current assets	166	**117**
Clearing broker assets	230	**213**
Deferred income taxes	7	
Assets held for sale	1,339	**1,326**
Total current assets	3,481	**3,475**
Property and equipment, less accumulated depreciation of $1,109 and $1,296	892	**893**
Software products, less accumulated amortization of $1,203 and $1,431	723	**554**
Customer base, less accumulated amortization of $1,049 and $1,269	1,806	**1,580**
Other intangible assets, less accumulated amortization of $23 and $22	187	**144**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,019**
Goodwill	4,856	**4,885**
Total Assets	$ 12,968	**$ 12,550**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	63	**60**
Accrued compensation and benefits	284	**300**
Accrued interest expense	103	**92**
Other accrued expenses	406	**342**
Clearing broker liabilities	210	**179**
Deferred revenue	887	**862**
Deferred income taxes		**76**
Liabilities related to assets held for sale	246	**230**
Total current liabilities	2,208	**2,151**
Long-term debt	8,046	**7,819**
Deferred income taxes	1,110	**1,124**
Total liabilities	11,364	**11,094**
Commitments and contingencies		
Preferred stock subject to a put option	37	**23**
Stockholders equity:		
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,818 million and $2,046 million; 14,999,000 shares authorized, 9,924,392 and 9,984,091 issued		
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and oustanding		
Capital in excess of par value	3,747	**3,785**
Treasury stock, 112,987 and 134,215 shares	(14)	**(18)**
Accumulated deficit	(2,137)	**(2,288)**

Accumulated other comprehensive income (loss)		(29)		**(46)**
Total stockholders equity		1,567		**1,433**
Total Liabilities and Stockholders Equity	$	12,968	**$**	**12,550**

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

	Year ended December 31,		
(In millions)	**2009**	**2010**	**2011**
Revenue:			
Services	$ 4,405	$ 4,075	**$ 4,114**
License and resale fees	245	295	**289**
Total products and services	4,650	4,370	**4,403**
Reimbursed expenses	156	120	**96**
	4,806	4,490	**4,499**
Costs and expenses:			
Cost of sales and direct operating	2,249	1,937	**1,891**
Sales, marketing and administration	992	1,042	**1,095**
Product development and maintenance	354	372	**422**
Depreciation and amortization	275	278	**272**
Amortization of acquisition-related intangible assets	496	451	**438**
Goodwill impairment charges	1,126	205	**48**
	5,492	4,285	**4,166**
Operating income (loss)	(686)	205	**333**
Interest income	7	2	**3**
Interest expense and amortization of deferred financing fees	(637)	(638)	**(524)**
Loss on extinguishment of debt		(58)	**(3)**
Other income (expense)	15	7	
Income (loss) from continuing operations before income taxes	(1,301)	(482)	**(191)**
Benefit from (provision for) income taxes	116	68	**116**
Income (loss) from continuing operations	(1,185)	(414)	**(75)**
Income (loss) from discontinued operations, net of tax	67	(156)	**(76)**
Net income (loss)	(1,118)	(570)	**(151)**
Other Comprehensive income (loss):			
Foreign currency translation	80	(41)	**(26)**
Less: foreign currency translation reclassified into income		109	
Foreign currency translation, net	80	68	**(26)**
Unrealized gain (loss) on derivative instruments	(51)	(49)	**(16)**
Less: gain (loss) on derivatives reclassified into income	80	85	**34**
Less: income tax benefit (expense)	(11)	(12)	**(9)**
Net unrealized gain (loss) on derivative instruments, net of tax	18	24	**9**
Comprehensive income (loss)	$ (1,020)	$ (478)	**$ (168)**

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, 2009	2010	2011
Cash flow from operations:			
Net income (loss)	$ (1,118)	$ (570)	**$ (151)**
Income (loss) from discontinued operations	67	(156)	**(76)**
Income (loss) from continuing operations	(1,185)	(414)	**(75)**
Reconciliation of net income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	771	729	**710**
Goodwill impairment charge	1,126	205	**48**
Deferred income tax provision (benefit)	(157)	(83)	**(157)**
Stock compensation expense	31	29	**33**
Amortization of deferred financing costs and debt discount	42	43	**40**
Loss on extinguishment of debt		58	**3**
Other non-cash items	(14)	3	**2**
Accounts receivable and other current assets	(15)	22	**73**
Accounts payable and accrued expenses	(72)	29	**(35)**
Clearing broker assets and liabilities, net	(39)	18	**(14)**
Deferred revenue	62	(36)	**(26)**
Cash flow from (used in) continuing operations	550	603	**602**
Cash flow from (used in) discontinued operations	90	118	**76**
Cash flow from (used in) operations	640	721	**678**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(13)	(82)	**(35)**
Cash paid for property and equipment and software	(315)	(298)	**(276)**
Other investing activities	5	4	**(4)**
Cash provided by (used in) continuing operations	(323)	(376)	**(315)**
Cash provided by (used in) discontinued operations	(10)	116	**(11)**
Cash used in investment activities	(333)	(260)	**(326)**
Financing activities:			
Cash received from issuance of preferred stock	1		**3**
Cash received from borrowings, net of fees	202	1,633	**1**
Cash used to repay debt	(825)	(1,924)	**(239)**
Premium paid to retire debt		(41)	
Cash used to purchase treasury stock	(2)	(4)	**(4)**
Other financing activities	(3)	(8)	**(14)**
Cash provided by (used in) continuing operations	(627)	(344)	**(253)**
Cash provided by (used in) discontinued operations	(2)		
Cash provided by (used in) financing activities	(629)	(344)	**(253)**

Effect of exchange rate changes on cash	11	(3)	**(4)**
Increase (decrease) in cash and cash equivalents	(311)	114	**95**
Beginning cash and cash equivalents includes cash of discontinued operations: 2009, $12; 2010, $27; 2011, $7	975	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: 2009, $27; 2010, $7; 2011, $5	$ 664	$ 778	**$ 873**

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)	Preferred Stock Number of Shares issued	Preferred Stock Par Value	Common Stock Number of Shares issued	Common Stock Par Value	Capital in Excess of Par Value
Balances at December 31, 2008	10	$		$	$ 3,687
Net income (loss)					
Foreign currency translation					
Net unrealized gain on derivative instruments (net of tax provision of $11)					
Stock compensation expense					33
Purchase of treasury stock					
Expiration of put option					15
Other					(11)
Balances at December 31, 2009	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 provision of $12)					
Stock compensation expense					31
Purchase of treasury stock					
Transfer intrinsic value of vested restricted stock units to temporary equity					(4)
Expiration of put option					4
Other					(8)
Balances at December 31, 2010	10				3,747
Net income (loss)					
Foreign currency translation					
Net unrealized gain on derivative instruments (net of tax provision of $9)					
Stock compensation expense					**35**
Issuance of preferred stock					**2**
Purchase of treasury stock					
Transfer intrinsic value of vested restricted stock units to temporary equity					**(8)**
Expiration of put option					**23**
Other					**(14)**
Balances at December 31, 2011	**10**	**$**		**$**	**$ 3,785**

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)

	Treasury Stock (Preferred Stock)			Accumulated Other Comprehensive Income (Loss)		
(In millions)	Shares	Amount	Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Total
Balances at December 31, 2008		$ (8)	$ (449)	$ (159)	$ (60)	$ 3,011
Net income (loss)			(1,118)			(1,118)
Foreign currency translation				80		80
Net unrealized gain on derivative instruments (net of tax provision of $11)					18	18
Stock compensation expense						33
Purchase of treasury stock		(2)				(2)
Expiration of put option						15
Other						(11)
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 provision 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 provision 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**

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, 2010	December 31, 2011
Assets		
Current:		
Cash and cash equivalents	$ 771	**$ 868**
Trade receivables, net of allowance for doubtful accounts of $37 and $38	833	**802**
Earned but unbilled receivables	135	**149**
Prepaid expenses and other current assets	166	**117**
Clearing broker assets	230	**213**
Deferred income taxes	7	
Assets held for sale	1,339	**1,326**
Total current assets	3,481	**3,475**
Property and equipment, less accumulated depreciation of $1,109 and $1,296	892	**893**
Software products, less accumulated amortization of $1,203 and $1,431	723	**554**
Customer base, less accumulated amortization of $1,049 and $1,269	1,806	**1,580**
Other intangible assets, less accumulated amortization of $23 and $22	187	**144**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,019**
Goodwill	4,856	**4,885**
Total Assets	$ 12,968	**$ 12,550**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	63	**60**
Accrued compensation and benefits	284	**300**
Accrued interest expense	103	**92**
Other accrued expenses	407	**342**
Clearing broker liabilities	210	**179**
Deferred revenue	887	**862**
Deferred income taxes		**76**
Liabilities related to assets held for sale	246	**230**
Total current liabilities	2,209	**2,151**
Long-term debt	8,046	**7,819**
Deferred income taxes	1,106	**1,119**
Total liabilities	11,361	**11,089**
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	3,773	**3,793**
Accumulated deficit	(2,137)	**(2,286)**
Accumulated other comprehensive income (loss)	(29)	**(46)**
Total stockholder s equity	1,607	**1,461**
Total Liabilities and Stockholder s Equity	$ 12,968	**$ 12,550**

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, 2009	2010	2011
Revenue:			
Services	$ 4,405	$ 4,075	**$ 4,114**
License and resale fees	245	295	**289**
Total products and services	4,650	4,370	**4,403**
Reimbursed expenses	156	120	**96**
	4,806	4,490	**4,499**
Costs and expenses:			
Cost of sales and direct operating	2,249	1,937	**1,891**
Sales, marketing and administration	992	1,042	**1,095**
Product development and maintenance	354	372	**422**
Depreciation and amortization	275	278	**272**
Amortization of acquisition-related intangible assets	496	451	**438**
Goodwill impairment charges	1,126	205	**48**
	5,492	4,285	**4,166**
Operating income (loss)	(686)	205	**333**
Interest income	7	2	**3**
Interest expense and amortization of deferred financing fees	(637)	(638)	**(524)**
Loss on extinguishment of debt		(58)	**(3)**
Other income (expense)	15	7	
Income (loss) from continuing operations before income taxes	(1,301)	(482)	**(191)**
Benefit from (provision for) income taxes	116	68	**118**
Income (loss) from continuing operations	(1,185)	(414)	**(73)**
Income (loss) from discontinued operations, net of tax	67	(156)	**(76)**
Net income (loss)	(1,118)	(570)	**(149)**
Other Comprehensive income (loss):			
Foreign currency translation	80	(41)	**(26)**
Less: foreign currency translation reclassified into income		109	
Foreign currency translation, net	80	68	**(26)**
Unrealized gain (loss) on derivative instruments	(51)	(49)	**(16)**
Less: gain (loss) on derivatives reclassified into income	80	85	**34**
Less: income tax benefit (expense)	(11)	(12)	**(9)**
Net unrealized gain (loss) on derivative instruments, net of tax	18	24	**9**
Comprehensive income (loss)	$ (1,020)	$ (478)	**$ (166)**

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, 2009	2010	2011
Cash flow from operations:			
Net income (loss)	$ (1,118)	$ (570)	**$ (149)**
Income (loss) from discontinued operations	67	(156)	**(76)**
Income (loss) from continuing operations	(1,185)	(414)	**(73)**
Reconciliation of net income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	771	729	**710**
Goodwill impairment charge	1,126	205	**48**
Deferred income tax provision (benefit)	(157)	(84)	**(158)**
Stock compensation expense	31	29	**33**
Amortization of deferred financing costs and debt discount	42	43	**40**
Loss on extinguishment of debt		58	**3**
Other non-cash items	(14)	3	**2**
Accounts receivable and other current assets	(15)	22	**73**
Accounts payable and accrued expenses	(73)	30	**(36)**
Clearing broker assets and liabilities, net	(39)	18	**(14)**
Deferred revenue	62	(36)	**(26)**
Cash flow from (used in) continuing operations	549	603	**602**
Cash flow from (used in) discontinued operations	90	118	**76**
Cash flow from (used in) operations	639	721	**678**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(13)	(82)	**(35)**
Cash paid for property and equipment and software	(315)	(298)	**(276)**
Other investing activities	5	4	**(4)**
Cash provided by (used in) continuing operations	(323)	(376)	**(315)**
Cash provided by (used in) discontinued operations	(10)	116	**(11)**
Cash used in investment activities	(333)	(260)	**(326)**
Financing activities:			
Cash received from borrowings, net of fees	202	1,633	**1**
Cash used to repay debt	(825)	(1,924)	**(239)**
Premium paid to retire debt		(41)	
Other financing activities	(3)	(12)	**(15)**
Cash provided by (used in) continuing operations	(626)	(344)	**(253)**
Cash provided by (used in) discontinued operations	(2)		
Cash provided by (used in) financing activities	(628)	(344)	**(253)**
Effect of exchange rate changes on cash	11	(3)	**(4)**
Increase (decrease) in cash and cash equivalents	(311)	114	**95**

Beginning cash and cash equivalents includes cash of discontinued operations: 2009, $12; 2010, $27; 2011, $7	975	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: 2009, $27; 2010, $7; 2011, $5	$ 664	$ 778	**$ 873**

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 Number of Shares issued	Common Stock Par Value	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss) Net Unrealized Gain (Loss) on Derivative Instruments	Total
Balances at December 31, 2008		$	$ 3,731	$ (449)	$ (159)	$ (60)	$ 3,063
Net income (loss)				(1,118)			(1,118)
Foreign currency translation					80		80
Net unrealized gain on derivative instruments (net of tax provision of $11)						18	18
Stock compensation expense			33				33
Other			(9)				(9)
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 provision 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 provision 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**

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.

Revenue Recognition

In the fourth quarter of 2010 the Company adopted, retrospective to the beginning of the year, the provisions of Accounting Standards Update No. 2009-13, Revenue Recognition Multiple-Deliverable Revenue Arrangements (ASU 2009-13) and Accounting Standards Update 2009-14, Software-Certain Revenue Arrangements that Include Software Elements (ASU 2009-14). ASU 2009-13 amended existing accounting guidance for revenue recognition for multiple-element arrangements by establishing a selling price hierarchy that allows for the best estimated selling price (BESP) to determine the allocation of arrangement consideration to a deliverable in a multiple element arrangement where neither vendor specific objective evidence (VSOE) nor third-party evidence (TPE) is available for that deliverable. ASU 2009-14 modifies the scope of existing software guidance to exclude tangible products containing software components and non-software components

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that function together to deliver the product s essential functionality. In addition, ASU 2009-14 provides guidance on how a vendor should allocate arrangement consideration to non-software and software deliverables in an arrangement where the vendor sells tangible products containing software components that are essential in delivering the tangible product s functionality. The impact of the adoption of ASU 2009-13 and ASU 2009-14 was not material to the results of operations for 2010.

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.

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.

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 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

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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. During 2009 the fair value of each undelivered element was determined using VSOE, and the residual method was used to assign a fair value to the delivered element if its VSOE was not available. Under the new rules for 2010 and 2011 described above, the selling price for each element is based upon the following selling price hierarchy: VSOE then TPE then 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. Since under the new hierarchy a fair value for each element will be determinable, the residual method is no longer used.

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.

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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

Legal fees expected to be incurred defending the Company in connection with an asserted claim are accrued when they are probable of being incurred and can be reasonably estimated.

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 $237 million in 2009, $232 million in 2010 and $221 million in 2011.

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 $269 million in 2009, $245 million in 2010 and $236 million in 2011. Software development expense of continuing operations was $180 million in 2010 and $201 million in 2011. Capitalized development costs of continuing operations were $11 million in 2010 and $10 million in 2011.

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 for the LBO and for other significant acquisitions, the Company engages 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 12 years). Amortization of all customer base intangible assets of continuing operations aggregated $253 million in 2009, $246 million in 2010 and $245 million in 2011.

Other Intangible Assets

Other intangible 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, prepayments 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 two 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

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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, 2011, total expected amortization of all acquisition-related intangible assets in each of the years ended December 31 follows (in millions):

2012	$ 392
2013	338
2014	285
2015	228
2016	211

Trade Name

The trade name intangible asset primarily represents the fair value of the SunGard trade name at the LBO 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 the expected sale of the Higher Education business (HE), future cash flows which drive the value of the trade name were 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. A one-percent decrease in the assumed royalty rate or a one-percent increase in the discount rate assumption would have resulted in an impairment of the trade name asset. To the extent that additional businesses are divested in the future or there is a deterioration of projected future earnings in the business, the cash flows supporting the trade name will further decline and impairment charges may result.

Goodwill

Generally accepted accounting principles in the United States require the Company to perform a goodwill impairment test, a two-step test, annually and more frequently when negative conditions or a triggering event arise. The Company completes its annual goodwill impairment test as of July 1 for each of its 13 reporting units. In step one, the estimated fair value of each reporting unit is compared to its carrying value. The Company estimated the fair values of each reporting unit by a combination of (i) estimation of the discounted cash flows of each of the reporting units based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). If there is a deficiency (the estimated fair value of a reporting unit is less than its carrying value), a step two test is required. In step two, the amount of any goodwill impairment is measured by comparing the implied fair value of the reporting

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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 against budget, performance in 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 most recent annual impairment test as of July 1, 2011, 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 fair values of each of its reporting units exceeded carrying value and a step two test was not required for any of its 13 reporting units.

The Company has three reporting units, whose goodwill balances in the aggregate total $1.2 billion as of December 31, 2011, 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, 2011 impairment test. A one percentage point decrease in the perpetual growth rate or a one percentage point increase in the discount rate would cause each of these reporting units to fail the step one test and require a step two analysis, and some or all of this goodwill could be impaired. Furthermore, if any of these units fail to achieve expected performance levels in the next twelve months or experience a downturn in the business below current expectations, goodwill could be impaired. The Company s remaining 10 reporting units, whose goodwill balances in aggregate total $4.6 billion at December 31, 2011 each had estimated fair values which exceeded the carrying value of the reporting unit by at least 20% as of the July 1, 2011 impairment test. Two of the Company s 13 reporting units, whose combined goodwill balance was $929 million and was included in assets held for sale as of December 31, 2011, were sold in connection with the HE sale in January 2012.

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 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 the 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 benefit 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 for 2009 would have been $1.162 billion, and 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 the current period 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.

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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 PS reporting unit, its Public Sector United Kingdom (PS UK) reporting unit, which was sold in December 2010 and is included in discontinued operations, and its Higher Education Managed Services (HE MS) reporting units, which, along with the remainder of HE, 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 each 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 recent 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 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 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 three reporting units and recorded a goodwill impairment charge of $328 million, of which $205 million is now presented in continuing operations and $123 million in discontinued operations.

During 2009, based on an evaluation of year-end results and a reduction in the revenue growth outlook for the AS business, the Company concluded that AS had experienced a triggering event in its North American reporting unit (AS NA), one of two reporting units identified in the July 1, 2009 annual impairment test where the excess of the estimated fair value over the carrying value was less than 10%. As a result, the Company determined that the carrying value of AS NA was in excess of its fair value. In completing the step two test, we determined that the carrying value of AS NA s goodwill exceeded its implied fair value by $1.126 billion and recorded a goodwill impairment charge for this amount.

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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	Total
Balance at December 31, 2009	$ 3,457	$ 2,211	$ 535	$ 6,203	$ (1,126)	$	$ (1,126)	$ 5,077
2010 acquisitions	24	1		25				25
Adjustments related to the LBO and prior year acquisitions	(2)	(1)	(1)	(4)				(4)
Impairment charges						(205)	(205)	(205)
Effect of foreign currency translation	(29)	(8)		(37)				(37)
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**

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. See Goodwill discussion above.

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

The Company recognizes deferred income tax assets and liabilities based upon the expected future tax consequences of events that have been recognized in the financial statements or tax returns. Deferred income tax assets and liabilities are calculated based on the difference between the financial and tax bases of assets and liabilities using the currently enacted income tax rates in effect during the years in which the 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. Deferred tax

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assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances. Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the appropriate taxing authority has completed their examination even though the statute of limitations remains open, or the statute of limitation expires. Considerable judgment is required in assessing and estimating these amounts and differences between the actual outcome of these future tax consequences and estimates made could have a material effect on the consolidated financial results.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standard Board (FASB) revised the fair value measurement and disclosure requirements so that the requirements under GAAP and International Financial Reporting Standards (IFRS) are the same. The guidance clarifies the FASB s intent about the application of existing fair value measurements and requires enhanced disclosures, most significantly related to unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. The guidance is effective prospectively during interim and annual periods beginning after December 15, 2011. The Company does not anticipate that this adoption will have a significant impact on its financial position or results of operations.

In June 2011, the FASB issued amended guidance relating to the presentation requirements of comprehensive income within an entity s financial statements. Under the guidance, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income in a single continuous statement or in two separate but consecutive statements. The amended guidance eliminates the previously available option of presenting the components of other comprehensive income as part of the statement of changes in equity. In addition, an entity is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. The amendment is effective for fiscal years beginning after December 15, 2011 and will be applied retrospectively. In October 2011, the 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 will not be effective for fiscal years and interim periods within those years beginning after December 31, 2011. The Company early adopted the single statement presentation option in 2011.

In September 2011, the FASB issued amended guidance that will simplify how entities test goodwill for impairment. After 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. The guidance is effective January 1, 2012 with early adoption permitted. The Company will adopt this guidance for the 2012 goodwill impairment test.

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2. Acquisitions and Discontinued Operations:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During 2011, the Company completed five acquisitions in its FS segment. Cash paid, subject to certain adjustments, was $35 million.

During 2010, the Company completed three acquisitions in its FS segment and one in its AS segment, and, in 2009, the Company completed three acquisitions in its FS segment.

At December 31, 2011, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $7 million, of which $4 million is included in other accrued expenses.

Discontinued Operations

In December 2010, the Company sold its PS UK business. Also, as previously disclosed, the Company announced that SCC, SunGard, private equity firm Hellman & Friedman Capital Partners VI, L.P. (Hellman & Friedman) and certain of their respective affiliates had entered into an Agreement and Plan of Merger dated as of August 4, 2011, and that SunGard, SunGard Higher Education Inc. and certain affiliates of Hellman & Friedman had entered into an Asset Purchase Agreement dated as of August 4, 2011 (together, the Transaction Agreements) to sell SunGard s HE business (excluding K-12). The transactions closed in January 2012. SunGard 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 applicable taxes and fees, to repay a pro-rata portion of its outstanding term loans (see Note 5).

The results for the discontinued operations for the years ended December 31, 2009, 2010 and 2011 were as follows (in millions):

	Year ended December 31,		
	2009	**2010**	**2011**
Revenue	$ 702	$ 683	**$ 492**
Operating income (loss), excluding goodwill impairment	111	102	**98**
Goodwill impairment charge		(123)	**(3)**
Operating income (loss)	111	(21)	**95**
Loss on sale of business		(94)	
Income (loss) before income taxes	111	(115)	**95**
Benefit from (provision for) income taxes	(44)	(41)	**(171)**
Income (loss) from discontinued operations	$ 67	$ (156)	**$ (76)**

Included in 2009 was revenue and operating income related to HE of $526 million and $104 million, respectively. Included in 2010 was revenue and operating income related to HE of $503 million and $63 million, respectively. Also 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 which included the write-off of the currency translation adjustment (CTA) which is included as a separate component of equity. 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).

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Assets held for sale and liabilities related to assets held for sale consisted of the following (in millions) at December 31, 2010 and 2011, respectively:

	December 31, 2010	December 31, 2011
Cash	$ 7	**$ 5**
Accounts receivable, less allowance for doubtful accounts of $4 and $7	62	**51**
Earned but unbilled receivables	32	**37**
Prepaid expenses and other current assets	11	**10**
Deferred income taxes	3	**3**
Property and equipment, less accumulated depreciation of $26 and $26	27	**31**
Software products, less accumulated amortization of $98 and $110	86	**78**
Customer base, less accumulated amortization of $110 and $121	193	**182**
Goodwill	918	**929**
Assets held for sale	$ 1,339	**$ 1,326**
Accounts payable	$ 1	**$ 1**
Accrued compensation and benefits	18	**15**
Other accrued expenses	15	**12**
Deferred revenue	110	**106**
Deferred income taxes	102	**96**
Liabilities related to assets held for sale	$ 246	**$ 230**

3. Clearing Broker Assets and Liabilities:

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

	December 31, 2010	December 31, 2011
Segregated customer cash and treasury bills	$ 57	**$ 23**
Securities borrowed	154	**157**
Receivables from customers and other	19	**33**
Clearing broker assets	$ 230	**$ 213**
Payables to customers	$ 19	**$ 16**
Securities loaned	137	**145**
Payable to brokers and dealers	54	**18**
Clearing broker liabilities	$ 210	**$ 179**

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

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4. Property and Equipment:

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

	December 31, 2010	December 31, 2011
Computer and telecommunications equipment	$ 901	**$ 993**
Leasehold improvements	766	**845**
Office furniture and equipment	135	**148**
Buildings and improvements	136	**138**
Land	17	**17**
Construction in progress	46	**48**
	2,001	**2,189**
Accumulated depreciation and amortization	(1,109)	**(1,296)**
	$ 892	**$ 893**

5. Debt and Derivative Instruments:

Debt consisted of the following (in millions):

	December 31, 2010	December 31, 2011
Senior Secured Credit Facilities:		
Secured revolving credit facility (A)	$	**$**
Tranche A, effective interest rate of 3.29% and 3.33% (A)	1,447	**1,386**
Tranche B, effective interest rate of 6.67% and 4.32% (A)	2,468	**2,407**
Incremental term loan at 6.75% and 3.78% (A)	479	**479**
Total Senior Secured Credit Facilities	4,394	**4,272**
Senior Notes due 2014 at 4.875%, net of discount of $12 and $8 (B)	238	**242**
Senior Notes due 2015 at 10.625%, net of discount of $4 and $3 (C)	496	**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	**1,000**
Secured accounts receivable facility, at 3.76% and 3.79% (D)	313	**200**
Other, primarily acquisition purchase price and capital lease obligations	14	**18**
Total debt	8,055	**7,829**
Short-term borrowings and current portion of long-term debt	(9)	**(10)**
Long-term debt	$ 8,046	**$ 7,819**

As a result of the LBO, the Company is highly leveraged. SunGard was in compliance with all covenants at December 31, 2011. Below is a summary of our debt instruments.

(A) Senior Secured Credit Facilities

As of December 31, 2011, SunGard s senior secured credit facilities (Credit Agreement) consist of (1) $1.39 billion of U.S. dollar-denominated tranche A term loans maturing on February 28, 2014, (2) $2.41 billion of U.S. dollar-denominated tranche B term loans maturing on

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(3) $479 million of U.S. dollar-denominated incremental term loans maturing on February 28, 2014 and (4) a $880 million, revolving credit facility terminating on May 11, 2013. As of December 31, 2011, $858 million was available for borrowing under the revolving credit facility after giving effect to $22 million of outstanding letters of credit.

During the third and fourth quarters of 2011, SunGard repaid in full its tranche A and tranche B pound sterling-denominated term loans totaling £78 million.

On March 2, 2012, SunGard amended its Credit Agreement to, among other things, extend the maturity date of approximately $908 million of tranche A and incremental term loans from February 28, 2014 to February 28, 2017, extend the maturity of the $880 million revolving credit facility 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.

On November 10, 2011, SunGard amended the Credit Agreement to modify the definition of consolidated EBITDA to allow for the inclusion of EBITDA generated by discontinued operations until such operations are actually sold for purposes of calculating compliance with certain financial covenants.

On March 11, 2011, SunGard amended the Credit Agreement to, among other things, obtain new revolving credit commitments of $300 million that increased SunGard s aggregate revolving credit commitments by $50 million to approximately $880 million.

On January 31, 2011, SunGard amended the Credit Agreement to, among other things, (a) eliminate the LIBOR and Base Rate floors and (b) reduce the Eurocurrency interest rate spread to 3.50% from 3.75% and the base rate spread to 2.50% from 2.75% with no impact on maturity.

Borrowings under the Credit Agreement bear interest at a rate equal to an applicable margin plus, at SunGard s option, either (a) a base rate that is the higher of: (1) the prime rate of JPMorgan Chase Bank, N.A. and (2) the federal funds rate plus one-half of 1% or (b) LIBOR based on the costs of funds for deposits in the currency of such borrowing for either 30, 60, 90 or 180 days. The applicable margin for borrowings under Credit Agreement 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 0.75% per annum and may change subject to attaining certain leverage ratios. As of December 31, 2011, the applicable interest rates under the Credit Agreement and the effective interest rates adjusted for swaps (if applicable) are as follows:

	Applicable interest rate	**Effective rate adjusted for swaps**
Revolving credit facility	3.55%	N/A
Tranche A	2.03%	3.33%
Tranche B	3.98%	4.32%
Incremental term loan	3.78%	N/A

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.

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The Credit Agreement also requires SunGard to prepay outstanding term loans, subject to certain exceptions, with excess cash flow and proceeds from certain asset sales, casualty and condemnation events, other borrowings and certain financings under the Company s secured accounts receivable facility. Any required payments would be applied pro rata to the term loan lenders and to installments 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, the Company completed the sale of HE and used net cash proceeds (as defined in the Credit Agreement) of $1.22 billion to repay, on a pro-rata basis, outstanding term loans as follows (in millions):

	December 31, 2011	Less: Repayment on January 20, 2012	Remaining Balance
Senior Secured Credit Facilities:			
Secured revolving credit facility	$	$	$
Tranche A	1,386	(396)	990
Tranche B	2,407	(689)	1,718
Incremental term loan	479	(137)	342
Total Senior Secured Credit Facilities	$ 4,272	$ (1,222)	$ 3,050

In December 2010, the Company 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 loans under the term loan facilities in quarterly principal amounts of 0.25% of their funded total principal amount through the maturity date for each class of term loans, at which time the remaining aggregate principal balance is due, subject to certain springing maturity provisions. However, as a result of loan prepayments, SunGard is no longer required to make quarterly principal payments on the tranche A, tranche B or incremental 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. SunGard pays a stream of fixed interest payments for the term of the swap, and in return, receives variable interest payments based on the one-month LIBOR rate or three-month LIBOR rate, which was 0.295% and 0.581%, respectively, at December 31, 2011. The net receipt or payment from the interest

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rate swap agreements is included in interest expense. A summary of the Company s interest rate swaps at December 31, 2011 follows (in millions):

Inception	Maturity	Notional Amount (in millions)	Interest rate paid	Interest rate received (LIBOR)
January/February 2009	February 2012	$ 1,200	1.78%	1-Month
February 2010	May 2013	500	1.99%	3-Month
Total / Weighted Average interest rate		$ 1,700	1.84%	

The interest rate swaps are designated and qualify as cash flow hedges and 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 2009, 2010 and 2011, the Company included unrealized after-tax gains of $18 million, $21 million, and $17 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 or if the loan is extinguished. The fair values of the swap agreements at December 31, 2010 and 2011 are $38 million and $11 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 debt table above. The Company had no ineffectiveness related to its swap agreements. The Company expects to reclassify in the next twelve months approximately $10 million of expense related to the Company s interest rate swaps from accumulated Other Comprehensive Income into earnings based on the borrowing rates at December 31, 2011.

(B) Senior Notes due 2014

On January 15, 2004, SunGard issued $500 million of senior unsecured notes, of which $250 million 3.75% notes were due and paid in full in January 2009 and $250 million 4.875% notes are 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 2015, 2018 and 2020 and senior subordinated notes due 2015. The senior notes due 2014 are recorded at $242 million as of December 31, 2011 reflecting the remaining unamortized discount caused by the LBO of $8 million 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

The senior notes due 2015, 2018 and 2020 are senior unsecured obligations that rank senior in right of payment to future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior notes, including the senior subordinated notes. The senior notes (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, (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. All obligations under the senior notes are fully and unconditionally guaranteed, subject to certain exceptions, by substantially all domestic, wholly owned subsidiaries of SunGard. In November 2010, SunGard issued $900 million of 7.375% senior notes due

2018 and $700 million of 7.625% senior notes due 2020 and used the proceeds and excess cash to retire the $1.6 billion 9.125% senior notes due 2013.

The senior subordinated notes due 2015 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 notes due 2014 and the senior notes due 2015, 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 2015, 2018 and 2020 and senior subordinated notes due 2015 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 2015, 2018 and 2020 and senior subordinated notes due 2015 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 2015, 2018 and 2020 or senior subordinated notes due 2015, 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 February 21, 2012, SunGard announced its intention to redeem all of its outstanding 10.625% senior notes due 2015 under the Indenture dated as of September 29, 2008 (as amended or supplemented from time to time, the 2015 Indenture) among SunGard, the guarantors named therein, and The Bank of New York Mellon, as trustee. SunGard expects to redeem the 2015 senior notes on April 2, 2012 at a redemption price equal to 105.313% of the aggregate principal amount plus accrued and unpaid interest to the redemption date, pursuant to Section 3.07(d) of the 2015 Indenture.

(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 to $200 million from $181 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, 2011 was 3.79%, and (e) amended certain terms.

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In connection with the sale of the Company s HE business, the participating HE subsidiaries were removed from the receivables facility, effective as of October 3, 2011. As a result, the combined total amount available for borrowing under the receivables facility was reduced from $350 million to $290 million.

At December 31, 2011, $200 million was drawn against the term loan commitment and none was drawn against the revolving commitment. At December 31, 2011, $572 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, 2011, the contractual future maturities of debt and the future maturities of debt reflecting the impact of the $1.22 billion debt repayment made on January 20, 2012, the March 2012 extension of the maturity date of $908 million of term loans to 2017, and the early redemption of the 10.625% senior notes due 2015 (collectively, the Debt Transactions) are as follows (in millions):

	Contractual	Reflecting the Debt Transactions
thru 12/31		
2012	$ 10	$ 507(2)
2013	52	7
2014	2,313(1)	865(1)
2015	1,522(2)	1,000
2016	2,331	1,719
Thereafter	1,601	2,509

(1) Included are debt discounts of $8 million.
(2) Included are debt discounts of $3 million.

6. Fair Value Measurements:

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

	Fair Value Measures Using			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents money market funds	$ 210	$	$	$ 210
Clearing broker assets treasury bills	2			2
	$ 212	$	$	$ 212
Liabilities				
Interest rate swap agreements and other	$	$ 34	$	$ 34

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

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

During 2009, the Company recorded impairment charges on certain of its FS customer base and software assets of $18 million and $17 million, respectively, as a result of changes to the cash flow projections of the applicable businesses. These non-recurring fair value measures are classified as Level 3 in the fair value hierarchy and were valued using discounted cash flow models. The valuation inputs included estimates of future cash flows, expectations about possible variations in the amount and timing of cash flows and discount rates based on the risk-adjusted cost of capital.

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			Excluding 2011 impairment adjustment Total Gains (Losses)	Including 2011 impairment adjustment Total Gains (Losses)
	Level 1	Level 2	Level 3		
Assets					
Goodwill	$	$	$ 560	$ (328)	$ (340)

The following table summarizes assets and liabilities measured at fair value on a non-recurring basis at December 31, 2009 (in millions):

	Fair Value Measures Using			Excluding 2011 impairment adjustment Total Gains (Losses)	Including 2011 impairment adjustment Total Gains (Losses)
	Level 1	Level 2	Level 3		
Assets					
Goodwill	$	$	$ 928	$ (1,126)	$ (1,162)

The fair value of goodwill is categorized in Level 3, fair value measurement using significant unobservable inputs, and is estimated by a combination of discounted cash flows based on (i) 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. Goodwill with a carrying value of $888 million was written down to fair value of $560 million and a $328 million impairment loss was recognized, 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 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.

Goodwill with a carrying value of $2,054 million was written down to fair value of $928 million and a $1,126 million impairment loss was recognized, which is reflected in continuing operations for the year ended December 31, 2009 as discussed further in Note 1. If the Company had not recorded the incorrect adjustment to reduce goodwill and deferred income tax liabilities in 2009, the carrying value in 2009 of goodwill related to the unit that incurred the goodwill impairment would have been $36 million higher, resulting in an incremental $36 million impairment charge in 2009. The incremental goodwill impairment charge was recorded in 2011.

Fair Value of Financial Instruments

The following table presents the carrying amounts and fair values of financial instruments (in millions):

	December 31, 2010		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 4,707	$ 4,644	**$ 4,472**	**$ 4,372**
Fixed rate debt	3,348	3,432	**3,357**	**3,454**

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 SunGard s floating rate and fixed rate long-term debt is primarily based on market rates.

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7. Preferred Stock

SCCII

SCCII has preferred and common stock outstanding at December 31, 2010 and 2011. 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, 2010 and 2011 was $837 million and $1,061 million, respectively ($85.29 and $107.76 per share, respectively). No dividends have been declared since inception.

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.

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;

- 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; and

- holders of Class A common stock and Class L common stock will generally vote as a single class, except that the election of directors is structured to permit the holders of one or more specific series of Class A common stock to elect separate directors.

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.

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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 on 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 prior to May 2011 vest over five years as follows: 25% one year after date of grant, and 1/48th of the remaining balance each month thereafter for 48 months. Time-based RSUs granted prior to May 2011 vest over five years as follows: 10% one year after date of grant, and 1/48th of the remaining balance each month thereafter for 48 months. Time-based options and RSUs granted in May 2011 or later vest over four years as follows: 28% one year after date of grant, and 2% each month thereafter for 36 months. Performance-based options and RSUs are earned upon the attainment of certain annual 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) targets for the Company during a specified performance period. For awards granted prior to May 2011, the performance period was generally five years. For awards granted in 2011 (but after May 2011), the performance period is 18 months. 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 modified performance-based RSUs) after the date of grant.

During the third quarter of 2009, the Company amended the terms of unvested performance awards granted prior to 2009 by (i) reducing performance targets for 2009 and 2010 to budgeted Internal EBITA, (ii) reducing the number of shares that are earned at the reduced targets, (iii) delaying vesting of earned shares, and, (iv) in the case of certain RSUs, increasing the length of time for distribution, or release, of vested awards. Excluding the 15 senior executive management award holders at that time, all 290 award holders participated in the amendments. During the fourth quarter of 2009, senior executive management s performance awards were amended consistent with non-senior executive awards and in addition were amended to modify or add, as applicable, vesting on return-on-equity basis terms. All amended equity awards were revalued at the modification dates at the respective fair market value. There was no expense recognized as a result of the modifications.

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.

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The total fair value of options that vested for 2009, 2010 and 2011 was $24 million, $18 million and $8 million, respectively. The total fair value of RSUs that vested for the years 2009, 2010 and 2011 was $10 million, $13 million and $22 million, respectively. At December 31, 2010 and 2011, approximately 0.8 million and 1.6 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,		
	2009	2010	2011
Weighted-average fair value on date of grant	$ 7.64	$ 7.37	**$ 9.76**
Assumptions used to calculate fair value:			
Volatility	43%	36%	**43%**
Risk-free interest rate	2.1%	1.9%	**1.6%**
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,	
	2009	2010
Weighted-average fair value on date of grant	$ 0.28	$ 0.23
Assumptions used to calculate fair value:		
Volatility	81%	156%
Risk-free interest rate	2.3%	2.1%
Expected term	5.0 years	5.0 years
Dividends	zero	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 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 2009, 2010 and 2011, the Company included non-cash stock compensation expense of $31 million, $29 million and $33 million, respectively, in sales, marketing and administration expenses (in continuing operations). In each of 2009, 2010 and 2011, the Company included non-cash stock compensation expense of $2 million in income (loss) from discontinued operations. At December 31, 2011, there is approximately $4 million and $61 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 1.5 and 3.8 years, respectively. In addition, at December 31, 2011, there is approximately $7 million and $41 million, respectively, of unearned non-cash stock-based compensation related to performance-based options and RSUs that the Company could record as

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expense over a weighted average of 2.1 and 2.8 years, respectively, depending on the level of achievement of financial performance goals. Included in the performance award amounts above are approximately 270,000 option Units ($1.5 million), 224,000 class A options ($0.3 million) and 112,000 RSUs ($2.2 million) that were earned during 2009 and 2010, but that will vest monthly during 2012 and 2013. 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 Price	RSUs (in millions)	Weighted-Average Price	Class A Options (in millions)	Weighted-Average Price
Outstanding at December 31, 2008	31.8	$ 16.24	3.7	$ 23.07	9.4	$ 2.47
Granted	0.4	19.00	1.5	19.10	3.7	0.42
Exercised / released	(1.7)	10.56				
Canceled	(2.5)	18.14	(0.2)	23.36	(0.6)	2.50
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**

Included in the table above are 2.8 million option Units (weighted-average exercise price of $18.54), 1.0 million RSUs (weighted-average price of $21.82) and 1.9 million Class A options (weighted-average exercise price of $1.93) 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, 2011 were approximately 18.8 million shares of Class A common stock and 2.4 million shares of Class L common stock of SunGard Capital Corp. and 0.9 million shares of preferred stock of SunGard Capital Corp. II.

The total intrinsic value of options exercised during the years 2009, 2010 and 2011 was $16 million, $7 million and $25 million, respectively.

Cash proceeds received by SCC, including proceeds received by SCCII, from exercise of stock options was $5 million, $1 million and $0.3 million in 2009, 2010 and 2011, respectively. Cash proceeds received by SCCII from exercise of stock options was $1 million in 2009, $0.4 million in 2010 and $0.08 million in 2011. 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.

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The tax benefit from options exercised during 2009, 2010 and 2011 was $6 million, $2 million and $9 million, respectively. The tax benefit from release of RSUs during 2009, 2010 and 2011 was $0.1 million, $0.8 million and $2 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, 2011 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	2.14	2.0	$ 35	2.14	2.0	$ 35
18.00-24.51	13.97	4.0	34	13.20	3.8	33
Class A Shares						
0.21 - 0.44	3.01	8.0		1.32	7.9	
1.4148	0.57	6.9		0.37	6.9	
2.22 - 3.06	3.29	6.2		2.51	6.2	

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 $51 million in 2009, $56 million in 2010 and $63 million in 2011.

11. Income Taxes:

The continuing operations provision (benefit) for income taxes for 2009, 2010 and 2011 consisted of the following (in millions):

	SCC			SCCII			SunGard		
	2009	**2010**	**2011**	**2009**	**2010**	**2011**	**2009**	**2010**	**2011**
Current:									
Federal	$ (19)	$ (41)	**$ (24)**	$ (18)	$ (41)	**$ (24)**	$ (18)	$ (41)	**$ (26)**
State	8	3	**4**	8	3	**4**	8	3	**4**
Foreign	51	53	**62**	51	53	**62**	51	53	**62**
	40	15	**42**	41	15	**42**	41	15	**40**
Deferred:									
Federal	(131)	(63)	**(103)**	(131)	(63)	**(103)**	(131)	(63)	**(103)**
State	3	(8)	**(39)**	3	(8)	**(39)**	3	(8)	**(39)**
Foreign	(29)	(12)	**(16)**	(29)	(12)	**(16)**	(29)	(12)	**(16)**
	(157)	(83)	**(158)**	(157)	(83)	**(158)**	(157)	(83)	**(158)**
	$ (117)	$ (68)	**$ (116)**	$ (116)	$ (68)	**$ (116)**	$ (116)	$ (68)	**$ (118)**

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Income (loss) from continuing operations before income taxes for 2009, 2010 and 2011 consisted of the following (in millions):

	SCC			SCCII			SunGard		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
U.S. operations	$ (1,352)	$ (641)	**$ (341)**	$ (1,352)	$ (641)	**$ (341)**	$ (1,352)	$ (641)	**$ (341)**
Foreign operations	51	159	**150**	51	159	**150**	51	159	**150**
	$ (1,301)	$ (482)	**$ (191)**	$ (1,301)	$ (482)	**$ (191)**	$ (1,301)	$ (482)	**$ (191)**

Differences between income tax expense (benefit) at the U.S. federal statutory income tax rate and the Company s continuing operations effective income tax rate for 2009, 2010 and 2011 were as follows (in millions):

	SCC			SCCII			SunGard		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Tax at federal statutory rate	$ (455)	$ (169)	**$ (67)**	$ (455)	$ (169)	**$ (67)**	$ (455)	$ (169)	**$ (67)**
State income taxes, net of federal benefit	9	3	**(6)**	9	3	**(6)**	9	3	**(6)**
Foreign taxes, net of U.S. foreign tax credit(1)	(12)	(6)	**(20)**	(12)	(6)	**(20)**	(12)	(6)	**(20)**
Tax rate changes	(1)	(13)	**(31)(2)**	(1)	(13)	**(31)(2)**	(1)	(13)	**(31)(2)**
Nondeductible goodwill impairment charge	343	68	**17**	343	68	**17**	343	68	**17**
Nondeductible expenses	3	5	**6**	3	5	**6**	3	5	**6**
Change in tax positions	(1)		**(1)**	(1)		**(1)**	(1)		**(1)**
Research and development credit	(1)	(2)	**(3)**	(1)	(2)	**(3)**	(1)	(2)	**(3)**
U.S. income taxes on non-U.S. unremitted earnings	3	45	**(11)**	3	45	**(11)**	3	45	**(11)**
Other, net	(5)	1		(4)	1		(4)	1	**(2)**
	$ (117)	$ (68)	**$ (116)**	$ (116)	$ (68)	**$ (116)**	$ (116)	$ (68)	**$ (118)**
Effective income tax rate	9%	14%	**61%**	9%	14%	**61%**	9%	14%	**62%**

(1) Includes favorable adjustments in 2009 and 2011 of $12 million and $4 million, respectively, related to foreign tax credits not previously recognized. Also includes $5 million, $6 million and $8 million in 2009, 2010 and 2011, respectively, related to benefits of a temporary reduction in statutory tax rates. These temporary tax rates will 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).

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Deferred income taxes are recorded based upon differences between financial statement and tax bases of assets and liabilities. Deferred income tax assets and liabilities at December 31, 2010 and 2011 consisted of the following (in millions):

	SCC		SCCII		SunGard	
	December 31, 2010	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**	**December 31, 2010**	**December 31, 2011**
Current:						
Accounts receivable	$ 12	**$ 14**	$ 12	**$ 14**	$ 12	**$ 14**
Accrued expenses, net	7	**9**	7	**9**	7	**9**
Tax credit carryforwards		**55**		**55**		**55**
Outside basis difference		**(135)**		**(135)**		**(135)**
Total current deferred income tax asset (liability)	19	**(57)**	19	**(57)**	19	**(57)**
Valuation allowance	(7)	**(14)**	(7)	**(14)**	(7)	**(14)**
Net current deferred income tax asset (liability)	12	**(71)**	12	**(71)**	12	**(71)**
Less: amounts classified as held for sale	(5)	**(5)**	(5)	**(5)**	(5)	**(5)**
Net current deferred income tax asset (liability) continuing operations	$ 7	**$ (76)**	$ 7	**$ (76)**	$ 7	**$ (76)**
Long-term:						
Property and equipment	$ 29	**$ 7**	$ 29	**$ 7**	$ 29	**$ 7**
Intangible assets	(1,319)	**(1,302)**	(1,319)	**(1,302)**	(1,319)	**(1,302)**
Net operating loss carry-forwards	111	**111**	111	**111**	111	**111**
Tax credit carryforwards	25		25		25	
Stock compensation	50	**60**	50	**60**	50	**60**
U.S. income taxes on non-U.S. unremitted earnings	(52)	**(40)**	(52)	**(40)**	(52)	**(40)**
Other, net	6	**(8)**	6	**(8)**	10	**(2)**
Total long-term deferred income tax liability	(1,150)	**(1,172)**	(1,150)	**(1,172)**	(1,146)	**(1,166)**
Valuation allowance	(63)	**(52)**	(63)	**(52)**	(63)	**(52)**
Net long-term deferred income tax liability	(1,213)	**(1,224)**	(1,213)	**(1,224)**	(1,209)	**(1,218)**
Less: amounts classified as held for sale	103	**99**	103	**99**	103	**99**
Net long-term deferred income tax liability continuing operations	$ (1,110)	**$ (1,125)**	$ (1,110)	**$ (1,125)**	$ (1,106)	**$ (1,119)**

The deferred income tax assets and liabilities include amounts classified as held for sale on the face of the financial statements.

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 is reflected in discontinued operations.

As of December 31, 2011 the gross net operating loss carryforwards, totaling $890 million, are primarily U.S. state of $579 million, U.S. federal of $124 million and foreign of $187 million. These tax loss carryforwards expire between 2012 and 2031 and utilization is limited in certain jurisdictions.

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Foreign losses of $22 million are subject to a separate return limitation. The tax benefit of the net operating loss carryforwards of $111 million consists of U.S. state of $19 million, U.S. federal of $44 million and foreign of $48 million. The Company recorded the benefit of net operating loss carryforwards of $7 million, $10 million and $9 million in 2009, 2010 and 2011, respectively. The valuation allowance for deferred tax assets of $70 million and $66 million as of December 31, 2010 and 2011, respectively, relate principally to the uncertainty of the utilization of certain tax loss carryforwards in various jurisdictions.

Foreign tax credit carryforwards of $25 million and $30 million generated in 2010 and 2011, respectively, can be carried forward up to 10 years and expire in 2020 and 2021.

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

	2009	2010	2011
Balance at beginning of year	$ 38	$ 38	**$ 37**
Additions for tax positions of prior years	2	17	**1**
Reductions for tax positions of prior years	(4)	(4)	**(1)**
Additions for tax positions of current year	5	4	**2**
Settlements for tax positions of prior years	(3)	(18)	**(17)**
Balance at end of year	$ 38	$ 37	**$ 22**

As of December 31, 2011 the Company had unrecognized tax benefits of approximately $22 million which if recognized would affect the effective tax rate. Included in the balance of unrecognized tax benefits at December 31, 2011 is approximately $2 million (net of state benefit) of accrued interest and penalties. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Tax years after 2006 remain open for audit by the Internal Revenue Service. 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 $17 million of unrecognized tax benefits may be resolved within the next 12 months.

During the fourth quarter of 2010, the Company determined that it could no longer conclude that the earnings of all its foreign subsidiaries could be expected to be permanently reinvested outside the U.S. The recognition of U.S. income tax is required when earnings of the foreign subsidiaries are no longer considered permanently reinvested outside the U.S. As of December 31, 2010 and 2011, the Company provided a deferred income tax liability of approximately $52 million and $40 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.

12. Segment Information:

The Company has three segments: FS, AS and Other. FS primarily serves financial services companies through a broad range of complementary 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.

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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.

The Company evaluates the performance of its segments based on operating results before interest, income taxes, goodwill impairment, amortization of acquisition-related intangible assets, stock compensation and certain other costs. The operating results for each segment follow (in millions):

2009	FS	AS	Other	Total Operating Segments	Corporate and Other Items	Consolidated Total
Revenue	$ 3,068	$ 1,517	$ 221	$ 4,806	$	$ 4,806
Depreciation and amortization	77	192	6	275		275
Operating income (loss)	618	380	60	1,058	(1,744)(1)	(686)
Cash paid for property and equipment and software	82	222	11	315		315

2010	FS	AS	Other	Total Operating Segments	Corporate and Other Items	Consolidated Total
Revenue	$ 2,807	$ 1,469	$ 214	$ 4,490	$	$ 4,490
Depreciation and amortization	82	190	6	278		278
Operating income (loss)	622	326	57	1,005	(800)(1)	205
Total assets	8,830	5,957	852	15,639	(2,671)(2)	12,968
Cash paid for property and equipment and software	93	196	8	297	1	298

2011	FS	AS	Other	Total Operating Segments	Corporate and Other Items	Consolidated Total
Revenue	**$ 2,835**	**$ 1,461**	**$ 203**	**$ 4,499**	**$**	**$ 4,499**
Depreciation and amortization	**83**	**180**	**8**	**271**	**1**	**272**
Operating income (loss)	**600(3)**	**321(3)**	**57**	**978**	**(645)(1)(3)**	**333**
Total assets	**8,685**	**3,793**	**776**	**13,254**	**(704)(2)**	**12,550**
Cash paid for property and equipment and software	**89**	**178**	**5**	**272**	**4**	**276**

(1) Includes goodwill impairments; stock compensation expense; management fees paid to the Sponsors; certain other costs; amortization of acquisition-related intangible assets; and corporate administrative expenses of $57 million, $71 million and $96 million in the years ended December 31, 2009, 2010 and 2011, respectively.

(2) Includes items that are eliminated in consolidation, deferred income taxes and the assets of the Company s discontinued operations of $1,339 million in 2010 and $1,326 million in 2011.

(3) Includes $41 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. At December 31, 2011, the Company had accrued severance of $39 million which it expects to pay in 2012, the majority of which by the end of the second quarter.

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

	FS	AS	Other	Total Operating Segments	Corporate	Consolidated Total
2009	$ 303[(1)]	$ 170	$ 21	$ 494	$ 2	$ 496
2010	259	171	20	450	1	451
2011	**246[(2)]**	**172**	**19**	**437**	**1**	**438**

(1) Includes approximately $35 million of impairment charges related to software and customer base.

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

The FS segment is organized to align with customer-facing business areas. FS revenue by business area follows (in millions):

	2010	2011
Capital Markets	$ 670	**$ 730**
Global Trading	659	**567**
Asset Management	362	**388**
Wealth Management	389	**367**
Banking	203	**229**
Corporate Liquidity	175	**190**
Insurance	175	**175**
Other	174	**189**
Total Financial Systems	$ 2,807	**$ 2,835**

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

	Year ended December 31,		
	2009	2010	2011
United States	$ 3,358	$ 2,991	**$ 2,828**
International:			
United Kingdom	410	452	**451**
Continental Europe	591	581	**685**
Asia/Pacific	181	244	**263**
Canada	147	165	**173**
Other	119	57	**99**
	1,448	1,499	**1,671**
	$ 4,806	$ 4,490	**$ 4,499**

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

	December 31, 2010	December 31, 2011
United States	$ 586	**$ 593**
International:		
United Kingdom	179	**169**
Continental Europe	62	**59**
Canada	40	**38**
Asia/Pacific	22	**31**
Other	3	**3**
	$ 892	**$ 893**

13. 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, 2009, 2010 and 2011, SunGard recorded $14 million, $16 million and $12 million, respectively, relating to management fees in sales, marketing and administration expenses in the statement of comprehensive income, of which $6 million and $4 million, respectively, is included in other accrued expenses at December 31, 2010 and 2011, respectively. In addition, for the years ended December 31, 2009, 2010 and 2011, SunGard recorded $1 million, $2 million and $1 million, respectively, relating to management fees in income (loss) from discontinued operations in the statement of comprehensive income.

In connection with the sale of HE, the Sponsors are entitled to a management fee of $17.8 million which will be paid in the first quarter of 2012.

One of the Company s Sponsors, Goldman Sachs & Co. and/or its respective affiliates, served as a joint book-running manager in connection with SunGard s 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.

14. 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

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escalation for increases in utilities and property taxes. 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 $30 million of restoration liabilities included in accrued expenses at December 31, 2011.

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, 2011 follow (in millions):

2012	$ 190
2013	165
2014	145
2015	124
2016	110
Thereafter	391
	$ 1,125

Rent expense from continuing operations aggregated $238 million in 2009, $233 million in 2010 and $234 million in 2011. At December 31, 2011, the Company had $37 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 13 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, 2011, the Company has not accrued for any outstanding patent infringement or indemnification matters, except for legal fees that it expects to incur in order to defend itself against any asserted claims.

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In its outstanding legal matters in 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 for such matters 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.

15. Quarterly Financial Data (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2010				
Revenue	$ 1,080	$ 1,122	$ 1,079	$ 1,209
Gross profit(1)	575	635	605	738
Income (loss) before income taxes	(110)	(43)	(287)(2)	(42)
Income (loss) from continuing operations	(67)	(33)	(261)(2)	(53)
Income (loss) from discontinued operations	13	12	(117)(3)	(64)(4)
Net income (loss)	(54)	(21)	(378)(2)(3)	(117)(4)
Net loss attributable to SCC	(101)	(70)	(429)(2)(3)	(161)(4)
2011				
Revenue	**$ 1,086**	**$ 1,133**	**$ 1,110**	**$ 1,170**
Gross profit(1)	**593**	**657**	**633**	**725**
Income (loss) before income taxes	**(89)**	**(51)**	**(68)**	**17(6)**
Income (loss) from continuing operations (SCC & SCCII)	**(78)**	**(31)**	**(41)**	**75(6)**
Income (loss) from continuing operations (SunGard)	**(78)**	**(31)**	**(41)**	**77(6)**
Income (loss) from discontinued operations	**55**	**(42)**	**(106)(5)**	**17**
Net income (loss) (SCC & SCCII)	**(23)**	**(73)**	**(147)(5)**	**92(6)**
Net income (loss) (SunGard)	**(23)**	**(73)**	**(147)(5)**	**94(6)**
Net loss attributable to SCC	**(77)**	**(128)**	**(204)(5)**	**33(6)**

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

(2) Includes a pre-tax goodwill impairment charge of $205 million.

(3) Includes a pre-tax goodwill impairment charge of $123 million.

(4) Includes a pre-tax loss on sale of the discontinued operation of $94 million.

(5) 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.

(6) 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).

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16. Supplemental Cash Flow Information:

Supplemental cash flow information for 2009, 2010 and 2011 follows (in millions):

	Year ended December 31,		
	2009	2010	2011
Supplemental information:			
Interest paid	$ 607	$ 639	**$ 496**
Income taxes paid, net of refunds of $6 million, $64 million and $58 million, respectively	$ 137	$ 43	**$ 37**
Acquired businesses:			
Property and equipment	$	$ 5	**$ 1**
Software products	10	21	**21**
Customer base	5	27	**12**
Goodwill	2	25	**6**
Other intangible assets		8	
Deferred income taxes	(1)	(5)	**(5)**
Purchase price obligations and debt assumed	(1)	(2)	**(1)**
Net current liabilities assumed	(2)	3	**1**
Cash paid for acquired businesses, net of cash acquired of $1 and $10 and $4 million, respectively	$ 13	$ 82	**$ 35**

17. 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, 2010 and 2011, and for the years ended December 31, 2009, 2010 and 2011 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.

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Supplemental Condensed Consolidating Balance Sheet

(in millions)	Parent Company	Guarantor Subsidiaries	December 31, 2010 Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 179	$ 4	$ 588	$	$ 771
Intercompany balances	(6,865)	6,028	837		
Trade receivables, net	2	617	349		968
Prepaid expenses, taxes and other current assets	2,544	72	307	(2,520)	403
Assets held for sale		1,327	20	(8)	1,339
Total current assets	(4,140)	8,048	2,101	(2,528)	3,481
Property and equipment, net		576	316		892
Intangible assets, net	150	3,050	539		3,739
Goodwill		3,739	1,117		4,856
Intercompany balances	(4)		4		
Investment in subsidiaries	13,562	2,444		(16,006)	
Total Assets	$ 9,568	$ 17,857	$ 4,077	$ (18,534)	$ 12,968
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 2	$ 7	$	$ 9
Accounts payable and other current liabilities	203	3,343	928	(2,520)	1,954
Liabilities related to assets held for sale		235	11		246
Total current liabilities	203	3,580	946	(2,520)	2,209
Long-term debt	7,607	2	437		8,046
Intercompany debt	(195)	65	249	(119)	
Deferred income taxes	346	648	112		1,106
Total liabilities	7,961	4,295	1,744	(2,639)	11,361
Total stockholder s equity	1,607	13,562	2,333	(15,895)	1,607
Total Liabilities and Stockholder s Equity	$ 9,568	$ 17,857	$ 4,077	$ (18,534)	$ 12,968

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Supplemental Condensed Consolidating Balance Sheet

			December 31, 2011		
(in millions)	**Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Assets					
Current:					
Cash and cash equivalents	$ 529	$ (15)	$ 354	$	$ 868
Intercompany balances	(5,247)	4,516	731		
Trade receivables, net	2	603	346		951
Prepaid expenses, taxes and other current assets	1,461	54	271	(1,456)	330
Assets held for sale		1,315	13	(2)	1,326
Total current assets	(3,255)	6,473	1,715	(1,458)	3,475
Property and equipment, net		588	305		893
Intangible assets, net	120	2,701	476		3,297
Goodwill		3,784	1,101		4,885
Intercompany balances	250	1	(251)		
Investment in subsidiaries	12,673	2,253		(14,926)	
Total Assets	$ 9,788	$ 15,800	$ 3,346	$ (16,384)	$ 12,550
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 3	$ 7	$	$ 10
Accounts payable and other current liabilities	296	2,170	901	(1,456)	1,911
Liabilities related to assets held for sale		219	11		230
Total current liabilities	296	2,392	919	(1,456)	2,151
Long-term debt	7,612	2	205		7,819
Intercompany debt	82	19	16	(117)	
Deferred income taxes	337	714	68		1,119
Total liabilities	8,327	3,127	1,208	(1,573)	11,089
Total stockholder s equity	1,461	12,673	2,138	(14,811)	1,461
Total Liabilities and Stockholder s Equity	$ 9,788	$ 15,800	$ 3,346	$ (16,384)	$ 12,550

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Supplemental Condensed Consolidating Schedule of Operations

	Year ended December 31, 2009				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,928	$ 1,981	$ (103)	$ 4,806
Costs and expenses:					
Cost of sales and direct operating		1,193	1,159	(103)	2,249
Sales, marketing and administration	96	506	390		992
Product development and maintenance		171	183		354
Depreciation and amortization		201	74		275
Amortization of acquisition-related intangible assets	2	371	123		496
Goodwill impairment charges		1,126			1,126
	98	3,568	1,929	(103)	5,492
Operating income (loss)	(98)	(640)	52		(686)
Net interest income (expense)	(580)	(113)	63		(630)
Other income (expense)	(745)	39	(87)	808	15
Income (loss) from continuing operations before income taxes	(1,423)	(714)	28	808	(1,301)
Benefit from (provision for) income taxes	238	(63)	(59)		116
Income (loss) from continuing operations	(1,185)	(777)	(31)	808	(1,185)
Income (loss) from discontinued operations, net of tax	67	67	5	(72)	67
Net loss	$ (1,118)	$ (710)	$ (26)	$ 736	$ (1,118)

Supplemental Condensed Consolidating Schedule of Operations

	Year ended December 31, 2010				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 3,148	$ 1,505	$ (163)	$ 4,490
Costs and expenses:					
Cost of sales and direct operating		1,284	816	(163)	1,937
Sales, marketing and administration	109	403	530		1,042
Product development and maintenance		108	264		372
Depreciation and amortization		193	85		278
Amortization of acquisition-related intangible assets	1	373	77		451
Goodwill impairment charges		205			205
	110	2,566	1,772	(163)	4,285
Operating income (loss)	(110)	582	(267)		205
Net interest income (expense)	(591)	(382)	337		(636)
Other income (expense)	15	(12)	(267)	213	(51)

Income (loss) from continuing operations before income taxes	(686)	188	(197)	213	(482)
Benefit from (provision for) income taxes	272	(117)	(87)		68
Income (loss) from continuing operations	(414)	71	(284)	213	(414)
Income (loss) from discontinued operations, net of tax	(156)	(156)	(186)	342	(156)
Net loss	$ (570)	$ (85)	$ (470)	$ 555	$ (570)

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Supplemental Condensed Consolidating Schedule of Operations

	Year ended December 31, 2011				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,986	$ 1,513	$	$ 4,499
Costs and expenses:					
Cost of sales and direct operating		1,155	736		1,891
Sales, marketing and administration	132	511	452		1,095
Product development and maintenance		82			