

SUNGARD DATA SYSTEMS INC

Form 424B3

May 14, 2015

Table of Contents

FILED PURSUANT TO RULE 424(B)(3)

File Number 333-197772

SUNGARD DATA SYSTEMS INC.

SUPPLEMENT NO. 3 TO

MARKET-MAKING PROSPECTUS DATED SEPTEMBER 5, 2014

THE DATE OF THIS SUPPLEMENT IS MAY 14, 2015

ON MAY 14, 2015, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015

Table of Contents

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

**FORM 10-Q**

(Mark One)

**Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**  
**For the quarterly period ended March 31, 2015**

**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:**

|                                  |                  |
|----------------------------------|------------------|
| <b>SunGard Capital Corp.</b>     | <b>000-53653</b> |
| <b>SunGard Capital Corp. II</b>  | <b>000-53654</b> |
| <b>SunGard Data Systems Inc.</b> | <b>001-12989</b> |

**SunGard® Capital Corp.**  
**SunGard® Capital Corp. II**  
**SunGard® Data Systems Inc.**

(Exact name of registrant as specified in its charter)

|   |                                      |
|---|--------------------------------------|
| Delaware  | 20-3059890                           |
| Delaware  | 20-3060101                           |
| Delaware  | 51-0267091                           |
| (State or other jurisdiction of<br>incorporation or organization) | (IRS Employer<br>Identification No.) |
| 680 East Swedesford Road, Wayne, Pennsylvania 19087               |                                      |

(Address of principal executive offices, including zip code)

484-582-2000

(Registrants telephone number, including area code)

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

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

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

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

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 . Smaller reporting company .

Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

SunGard Capital Corp. II Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
SunGard Data Systems Inc. Large accelerated filer  Accelerated filer  Non-accelerated filer  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 <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| SunGard Capital Corp. II  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| SunGard Data Systems Inc. | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

The number of shares of the registrants' common stock outstanding as of March 31, 2015:

|                           |  |
|---------------------------|--|
| SunGard Capital Corp.     | 257,795,867 shares of Class A common stock and 28,643,983 shares of Class L common stock |
| SunGard Capital Corp. II  | 100 shares of common stock   |
| SunGard Data Systems Inc. | 100 shares of common stock   |

**Table of Contents**

**SUNGARD CAPITAL CORP.**  
**SUNGARD CAPITAL CORP. II**  
**SUNGARD DATA SYSTEMS INC.**  
**AND SUBSIDIARIES**  
**INDEX**

|          |   | PAGE |
|----------|---|------|
| PART I.  | <b><u>FINANCIAL INFORMATION</u></b>   | 1    |
| Item 1.  | <b><u>Condensed Consolidated Financial Statements: (unaudited)</u></b>  | 2    |
|          | <b>SunGard Capital Corp.</b>  |      |
|          | <b><u>Condensed Consolidated Balance Sheets as of December 31, 2014 and March 31, 2015</u></b>                                    | 2    |
|          | <b><u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2014 and 2015</u></b> | 3    |
|          | <b><u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2015</u></b>                  | 4    |
|          | <b>SunGard Capital Corp. II</b>   |      |
|          | <b><u>Condensed Consolidated Balance Sheets as of December 31, 2014 and March 31, 2015</u></b>                                    | 5    |
|          | <b><u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2014 and 2015</u></b> | 6    |
|          | <b><u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2015</u></b>                  | 7    |
|          | <b>SunGard Data Systems Inc.</b>  |      |
|          | <b><u>Condensed Consolidated Balance Sheets as of December 31, 2014 and March 31, 2015</u></b>                                    | 8    |
|          | <b><u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2014 and 2015</u></b> | 9    |
|          | <b><u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2015</u></b>                  | 10   |
|          | <b><u>Notes to Condensed Consolidated Financial Statements</u></b>  | 11   |
| Item 2.  | <b><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>                               | 28   |
| Item 3.  | <b><u>Quantitative and Qualitative Disclosures about Market Risk</u></b>  | 40   |
| Item 4.  | <b><u>Controls and Procedures</u></b>   | 40   |
| PART II. | <b><u>OTHER INFORMATION</u></b>   | 41   |
| Item 1.  | <b><u>Legal Proceedings</u></b>   | 41   |

|          |                          |    |
|----------|--------------------------|----|
| Item 1A. | <u>Risk Factors</u>      | 41 |
| Item 5.  | <u>Other Information</u> | 41 |
| Item 6.  | <u>Exhibits</u>          | 41 |
|          | <u>SIGNATURES</u>        | 42 |

**Table of Contents**

**PART I. FINANCIAL INFORMATION**

Explanatory Note

This Quarterly Report on Form 10-Q ( Report ) is a combined quarterly report being filed separately by three registrants: SunGard Capital Corp. ( SCC ), SunGard Capital Corp. II ( SCCII ) and SunGard Data Systems Inc. ( SunGard ). SCC and 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 quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

**Table of Contents****ITEM 1. FINANCIAL STATEMENTS****SunGard Capital Corp.****Condensed Consolidated Balance Sheets****(In millions except share and per-share amounts)****(Unaudited)**

|  | December 31,<br>2014 | March 31,<br>2015 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 447               | \$ 555            |
| Trade receivables, less allowance for doubtful accounts of \$22 and \$20 | 572                  | 449               |
| Earned but unbilled receivables  | 114                  | 110               |
| Prepaid expenses and other current assets                                | 116                  | 105               |
| <b>Total current assets</b>  | <b>1,249</b>         | <b>1,219</b>      |
| Property and equipment, less accumulated depreciation of \$414 and \$420 | 152                  | 147               |
| Software products, less accumulated amortization of \$1,754 and \$1,760  | 224                  | 220               |
| Customer base, less accumulated amortization of \$531 and \$539          | 360                  | 346               |
| Other assets, less accumulated amortization of \$22 and \$23             | 94                   | 74                |
| Trade name   | 672                  | 672               |
| Goodwill   | 3,760                | 3,711             |
| <b>Total Assets</b>  | <b>\$ 6,511</b>      | <b>\$ 6,389</b>   |
| <b>Liabilities and Equity</b>  |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                         | \$                   | \$ 1              |
| Accounts payable   | 21                   | 10                |
| Accrued compensation and benefits  | 227                  | 143               |
| Accrued interest expense   | 30                   | 68                |
| Other accrued expenses   | 131                  | 132               |
| Deferred revenue   | 589                  | 569               |
| <b>Total current liabilities</b>   | <b>998</b>           | <b>923</b>        |
| Long-term debt   | 4,669                | 4,669             |
| Deferred and other income taxes  | 616                  | 607               |
| Other long-term liabilities  | 39                   | 37                |
| <b>Total liabilities</b>   | <b>6,322</b>         | <b>6,236</b>      |



## Commitments and contingencies

|  |                 |                 |
|--|-----------------|-----------------|
| Noncontrolling interest in preferred stock of SCCII subject to a put option  | 37              | <b>37</b>       |
| Class L common stock subject to a put option   | 57              | <b>56</b>       |
| Class A common stock subject to a put option   | 3               | <b>3</b>        |
| Stockholders' equity:  |                 |                 |
| Class L common stock, convertible, par value \$.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of \$8,064 million and \$8,337 million; 50,000,000 shares authorized, 29,062,421 shares issued |                 |                 |
| Class A common stock, par value \$.001 per share; 550,000,000 shares authorized, 261,565,118 shares issued   |                 |                 |
| Capital in excess of par value   | 2,674           | <b>2,681</b>    |
| Treasury stock, 442,460 and 418,438 shares of Class L common stock; and 3,985,453 and 3,769,251 shares of Class A common stock   | (38)            | <b>(36)</b>     |
| Accumulated deficit  | (3,902)         | <b>(3,917)</b>  |
| Accumulated other comprehensive income (loss)  | (132)           | <b>(203)</b>    |
| Total SunGard Capital Corp. stockholders' equity (deficit)   | (1,398)         | <b>(1,475)</b>  |
| Noncontrolling interest in preferred stock of SCCII  | 1,490           | <b>1,532</b>    |
| Total equity   | 92              | <b>57</b>       |
| <b>Total Liabilities and Equity</b>  | <b>\$ 6,511</b> | <b>\$ 6,389</b> |

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

Table of Contents**SunGard Capital Corp.****Condensed Consolidated Statements of Comprehensive Income (Loss)****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |               |
|--|------------------------------|---------------|
|  | 2014                         | 2015          |
| Revenue  | \$ 653                       | \$ <b>671</b> |
| Costs and expenses:  |                              |               |
| Cost of sales and direct operating (excluding items described in Note 1) | 269                          | <b>268</b>    |
| Sales, marketing and administration                                      | 168                          | <b>152</b>    |
| Product development and maintenance                                      | 99                           | <b>86</b>     |
| Depreciation   | 24                           | <b>29</b>     |
| Amortization of acquisition-related intangible assets                    | 43                           | <b>21</b>     |
| Trade name impairment charge   | 339                          |               |
| Total costs and expenses   | 942                          | <b>556</b>    |
| Operating income (loss)  | (289)                        | <b>115</b>    |
| Other income (expense):  |                              |               |
| Interest expense and amortization of deferred financing fees             | (74)                         | <b>(71)</b>   |
| Loss on extinguishment of debt   | (61)                         |               |
| Other income (expense)   | (135)                        | <b>(71)</b>   |
| Income (loss) from continuing operations before income taxes             | (424)                        | <b>44</b>     |
| Benefit from (provision for) income taxes                                | 101                          | <b>(18)</b>   |
| Income (loss) from continuing operations                                 | (323)                        | <b>26</b>     |
| Income (loss) from discontinued operations, net of tax                   | (17)                         | <b>2</b>      |
| Net income (loss)  | (340)                        | <b>28</b>     |
| (Income) attributable to the noncontrolling interest                     | (50)                         | <b>(43)</b>   |
| Net income (loss) attributable to SunGard Capital Corp.                  | (390)                        | <b>(15)</b>   |
| Other comprehensive income (loss):                                       |                              |               |
| Foreign currency translation, net  | 22                           | <b>(67)</b>   |
| Unrealized gain (loss) on derivative instruments, net of tax             | 3                            | <b>(4)</b>    |
| Other comprehensive income (loss), net of tax                            | 25                           | <b>(71)</b>   |

|   |          |         |
|---|----------|---------|
| Comprehensive income (loss)   | (315)    | (43)    |
| Comprehensive (income) loss attributable to the noncontrolling interest | (50)     | (43)    |
| Comprehensive income (loss) attributable to SunGard Capital Corp.       | \$ (365) | \$ (86) |

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

**Table of Contents****SunGard Capital Corp.****Condensed Consolidated Statements of Cash Flows****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |       |
|--|------------------------------|-------|
|  | 2014                         | 2015  |
| <b><i>Cash flow from operations:</i></b>   |                              |       |
| Net income (loss)  | \$ (340)                     | \$ 28 |
| Income (loss) from discontinued operations   | (17)                         | 2     |
| Income (loss) from continuing operations   | (323)                        | 26    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                              |       |
| Depreciation and amortization  | 67                           | 50    |
| Trade name impairment charge   | 339                          |       |
| Deferred income tax provision (benefit)  | (83)                         | (6)   |
| Stock compensation expense   | 9                            | 10    |
| Amortization of deferred financing costs and debt discount   | 7                            | 4     |
| Loss on extinguishment of debt   | 61                           |       |
| Changes in working capital:  |                              |       |
| Accounts receivable and other current assets   | 101                          | 125   |
| Accounts payable and accrued expenses  | (111)                        | (104) |
| Accrued interest   | 34                           | 39    |
| Accrued income taxes   | (17)                         | 23    |
| Deferred revenue   | 2                            | (13)  |
| Cash flow from (used in) continuing operations   | 86                           | 154   |
| Cash flow from (used in) discontinued operations   | 36                           |       |
| Cash flow from (used in) operations  | 122                          | 154   |
| <b><i>Investment activities:</i></b>   |                              |       |
| Cash paid for acquired businesses, net of cash acquired  |                              | (4)   |
| Cash paid for property and equipment, and software   | (28)                         | (28)  |
| Cash provided by (used in) continuing operations   | (28)                         | (32)  |
| Cash provided by (used in) discontinued operations   | 5                            | 1     |
| Cash provided by (used in) investment activities   | (23)                         | (31)  |

***Financing activities:***

Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

|   |         |               |
|---|---------|---------------|
| Cash received from borrowings, net of fees  | (6)     |               |
| Cash used to repay debt   | (1,324) |               |
| Cash used to purchase treasury stock  | (4)     | <b>(1)</b>    |
| Other financing activities  | (4)     | <b>(3)</b>    |
| Cash provided by (used in) continuing operations  | (1,338) | <b>(4)</b>    |
| Cash provided by (used in) discontinued operations  | 887     |               |
| Cash provided by (used in) financing activities   | (451)   | <b>(4)</b>    |
| Effect of exchange rate changes on cash   | 1       | <b>(11)</b>   |
| Increase (decrease) in cash and cash equivalents  | (351)   | <b>108</b>    |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2014, \$31; 2015, \$ | 706     | <b>447</b>    |
| Ending cash and cash equivalents  | \$ 355  | \$ <b>555</b> |
| <b><i>Supplemental information:</i></b>   |         |               |
| Interest paid   | \$ 58   | \$ <b>28</b>  |
| Income taxes paid, net of refunds of \$12 million and \$12 million, respectively                        | \$ 4    | \$ <b>1</b>   |
| Non-cash financing activities:  |         |               |
| Distribution of net assets of SpinCo (See Note 1)   | \$ 223  | \$            |
| Receipt of SpinCo Notes in connection with the AS Split-Off (See Note 1)                                | \$ 425  | \$            |
| Exchange of SpinCo Notes for SunGard Notes  | \$ 389  | \$            |

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

**Table of Contents****SunGard Capital Corp. II****Condensed Consolidated Balance Sheets****(In millions except share and per-share amounts)****(Unaudited)**

|  | December 31,<br>2014 | March 31,<br>2015 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 447               | \$ 555            |
| Trade receivables, less allowance for doubtful accounts of \$22 and \$20 | 572                  | 449               |
| Earned but unbilled receivables  | 114                  | 110               |
| Prepaid expenses and other current assets                                | 116                  | 105               |
| <b>Total current assets</b>  | <b>1,249</b>         | <b>1,219</b>      |
| Property and equipment, less accumulated depreciation of \$414 and \$420 | 152                  | 147               |
| Software products, less accumulated amortization of \$1,754 and \$1,760  | 224                  | 220               |
| Customer base, less accumulated amortization of \$531 and \$539          | 360                  | 346               |
| Other assets, less accumulated amortization of \$22 and \$23             | 94                   | 74                |
| Trade name   | 672                  | 672               |
| Goodwill   | 3,760                | 3,711             |
| <b>Total Assets</b>  | <b>\$ 6,511</b>      | <b>\$ 6,389</b>   |
| <b>Liabilities and Equity</b>  |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                         | \$                   | \$ 1              |
| Accounts payable   | 21                   | 10                |
| Accrued compensation and benefits  | 227                  | 143               |
| Accrued interest expense   | 30                   | 68                |
| Other accrued expenses   | 127                  | 128               |
| Deferred revenue   | 589                  | 569               |
| <b>Total current liabilities</b>   | <b>994</b>           | <b>919</b>        |
| Long-term debt   | 4,669                | 4,669             |
| Deferred and other income taxes  | 616                  | 607               |
| Other long-term liabilities  | 32                   | 30                |
| <b>Total liabilities</b>   | <b>6,311</b>         | <b>6,225</b>      |

Commitments and contingencies

|  |                 |                 |
|--|-----------------|-----------------|
| Preferred stock subject to a put option  | 31              | <b>31</b>       |
| Stockholders' equity:  |                 |                 |
| Preferred stock, par value \$.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of \$1,498 million and \$1,542 million; 14,999,000 shares authorized, 10,060,069 shares issued |                 |                 |
| Common stock, par value \$.001 per share; 1,000 shares authorized, 100 shares issued and outstanding   |                 |                 |
| Capital in excess of par value   | 3,519           | <b>3,525</b>    |
| Treasury stock, 2,516,374 and 2,510,042 preferred shares   | (280)           | <b>(279)</b>    |
| Accumulated deficit  | (2,939)         | <b>(2,911)</b>  |
| Accumulated other comprehensive income (loss)  | (132)           | <b>(203)</b>    |
| Total stockholder's equity   | 168             | <b>132</b>      |
| Noncontrolling interest  | 1               | <b>1</b>        |
| Total Equity   | 169             | <b>133</b>      |
| <b>Total Liabilities and Equity</b>  | <b>\$ 6,511</b> | <b>\$ 6,389</b> |

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

Table of Contents**SunGard Capital Corp. II****Condensed Consolidated Statements of Comprehensive Income (Loss)****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |                |
|--|------------------------------|----------------|
|  | 2014                         | 2015           |
| Revenue  | \$ 653                       | \$ <b>671</b>  |
| Costs and expenses:  |                              |                |
| Cost of sales and direct operating (excluding items described in Note 1) | 269                          | <b>268</b>     |
| Sales, marketing and administration                                      | 168                          | <b>152</b>     |
| Product development and maintenance                                      | 99                           | <b>86</b>      |
| Depreciation   | 24                           | <b>29</b>      |
| Amortization of acquisition-related intangible assets                    | 43                           | <b>21</b>      |
| Trade name impairment charge   | 339                          |                |
| Total costs and expenses   | 942                          | <b>556</b>     |
| Operating income (loss)  | (289)                        | <b>115</b>     |
| Other income (expense):  |                              |                |
| Interest expense and amortization of deferred financing fees             | (74)                         | <b>(71)</b>    |
| Loss on extinguishment of debt   | (61)                         |                |
| Other income (expense)   | (135)                        | <b>(71)</b>    |
| Income (loss) from continuing operations before income taxes             | (424)                        | <b>44</b>      |
| Benefit from (provision for) income taxes                                | 101                          | <b>(18)</b>    |
| Income (loss) from continuing operations                                 | (323)                        | <b>26</b>      |
| Income (loss) from discontinued operations, net of tax                   | (17)                         | <b>2</b>       |
| Net income (loss)  | (340)                        | <b>28</b>      |
| Other comprehensive income (loss):                                       |                              |                |
| Foreign currency translation, net  | 22                           | <b>(67)</b>    |
| Unrealized gain (loss) on derivative instruments, net of tax             | 3                            | <b>(4)</b>     |
| Other comprehensive income (loss)  | 25                           | <b>(71)</b>    |
| Comprehensive income (loss)  | \$ (315)                     | \$ <b>(43)</b> |



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

**Table of Contents****SunGard Capital Corp. II****Condensed Consolidated Statements of Cash Flows****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |       |
|--|------------------------------|-------|
|  | 2014                         | 2015  |
| <b><i>Cash flow from operations:</i></b>   |                              |       |
| Net income (loss)  | \$ (340)                     | \$ 28 |
| Income (loss) from discontinued operations   | (17)                         | 2     |
| Income (loss) from continuing operations   | (323)                        | 26    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                              |       |
| Depreciation and amortization  | 67                           | 50    |
| Trade name impairment charge   | 339                          |       |
| Deferred income tax provision (benefit)  | (83)                         | (6)   |
| Stock compensation expense   | 9                            | 10    |
| Amortization of deferred financing costs and debt discount   | 7                            | 4     |
| Loss on extinguishment of debt   | 61                           |       |
| Changes in working capital:  |                              |       |
| Accounts receivable and other current assets   | 101                          | 125   |
| Accounts payable and accrued expenses  | (111)                        | (104) |
| Accrued interest   | 34                           | 39    |
| Accrued income taxes   | (17)                         | 23    |
| Deferred revenue   | 2                            | (13)  |
| Cash flow from (used in) continuing operations   | 86                           | 154   |
| Cash flow from (used in) discontinued operations   | 36                           |       |
| Cash flow from (used in) operations  | 122                          | 154   |
| <b><i>Investment activities:</i></b>   |                              |       |
| Cash paid for acquired businesses, net of cash acquired  |                              | (4)   |
| Cash paid for property and equipment, and software   | (28)                         | (28)  |
| Cash provided by (used in) continuing operations   | (28)                         | (32)  |
| Cash provided by (used in) discontinued operations   | 5                            | 1     |
| Cash provided by (used in) investment activities   | (23)                         | (31)  |

***Financing activities:***

Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

|   |         |               |
|---|---------|---------------|
| Cash received from borrowings, net of fees  | (6)     |               |
| Cash used to repay debt   | (1,324) |               |
| Cash used to purchase treasury stock  | (2)     | <b>(1)</b>    |
| Other financing activities  | (6)     | <b>(3)</b>    |
| Cash provided by (used in) continuing operations  | (1,338) | <b>(4)</b>    |
| Cash provided by (used in) discontinued operations  | 887     |               |
| Cash provided by (used in) financing activities   | (451)   | <b>(4)</b>    |
| Effect of exchange rate changes on cash   | 1       | <b>(11)</b>   |
| Increase (decrease) in cash and cash equivalents  | (351)   | <b>108</b>    |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2014, \$31; 2015, \$ | 706     | <b>447</b>    |
| Ending cash and cash equivalents  | \$ 355  | \$ <b>555</b> |
| <b><i>Supplemental information:</i></b>   |         |               |
| Interest paid   | \$ 58   | \$ <b>28</b>  |
| Income taxes paid, net of refunds of \$12 million and \$12 million, respectively                        | \$ 4    | \$ <b>1</b>   |
| Non-cash financing activities:  |         |               |
| Distribution of net assets of SpinCo (See Note 1)   | \$ 223  | \$            |
| Receipt of SpinCo Notes in connection with the AS Split-Off (See Note 1)                                | \$ 425  | \$            |
| Exchange of SpinCo Notes for SunGard Notes  | \$ 389  | \$            |

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

**Table of Contents****SunGard Data Systems Inc.****Condensed Consolidated Balance Sheets****(In millions except share and per-share amounts)****(Unaudited)**

|  | December 31,<br>2014 | March 31,<br>2015 |
|--|----------------------|-------------------|
| <b>Assets</b>  |                      |                   |
| Current:   |                      |                   |
| Cash and cash equivalents  | \$ 447               | \$ 555            |
| Trade receivables, less allowance for doubtful accounts of \$22 and \$20 | 572                  | 449               |
| Earned but unbilled receivables  | 114                  | 110               |
| Prepaid expenses and other current assets                                | 112                  | 101               |
| <b>Total current assets</b>  | <b>1,245</b>         | <b>1,215</b>      |
| Property and equipment, less accumulated depreciation of \$414 and \$420 | 152                  | 147               |
| Software products, less accumulated amortization of \$1,754 and \$1,760  | 224                  | 220               |
| Customer base, less accumulated amortization of \$531 and \$539          | 360                  | 346               |
| Other assets, less accumulated amortization of \$22 and \$23             | 94                   | 74                |
| Trade name   | 672                  | 672               |
| Goodwill   | 3,760                | 3,711             |
| <b>Total Assets</b>  | <b>\$ 6,507</b>      | <b>\$ 6,385</b>   |
| <b>Liabilities and Equity</b>  |                      |                   |
| Current:   |                      |                   |
| Short-term and current portion of long-term debt                         | \$                   | \$ 1              |
| Accounts payable   | 21                   | 10                |
| Accrued compensation and benefits  | 227                  | 143               |
| Accrued interest expense   | 30                   | 68                |
| Other accrued expenses   | 127                  | 128               |
| Deferred revenue   | 589                  | 569               |
| <b>Total current liabilities</b>   | <b>994</b>           | <b>919</b>        |
| Long-term debt   | 4,669                | 4,669             |
| Deferred and other income taxes  | 608                  | 599               |
| Other long-term liabilities  | 31                   | 30                |
| <b>Total liabilities</b>   | <b>6,302</b>         | <b>6,217</b>      |

## 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                | 3,380           | <b>3,386</b>    |
| Accumulated deficit                           | (3,044)         | <b>(3,016)</b>  |
| Accumulated other comprehensive income (loss) | (132)           | <b>(203)</b>    |
| Total stockholder s equity                    | 204             | <b>167</b>      |
| Noncontrolling interest                       | 1               | <b>1</b>        |
| Total Equity                                  | 205             | <b>168</b>      |
| <b>Total Liabilities and Equity</b>           | <b>\$ 6,507</b> | <b>\$ 6,385</b> |

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

Table of Contents**SunGard Data Systems Inc.****Condensed Consolidated Statements of Comprehensive Income (Loss)****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |                |
|--|------------------------------|----------------|
|  | 2014                         | 2015           |
| Revenue  | \$ 653                       | \$ <b>671</b>  |
| Costs and expenses:  |                              |                |
| Cost of sales and direct operating (excluding items described in Note 1) | 269                          | <b>268</b>     |
| Sales, marketing and administration                                      | 168                          | <b>152</b>     |
| Product development and maintenance                                      | 99                           | <b>86</b>      |
| Depreciation   | 24                           | <b>29</b>      |
| Amortization of acquisition-related intangible assets                    | 43                           | <b>21</b>      |
| Trade name impairment charge   | 339                          |                |
| Total costs and expenses   | 942                          | <b>556</b>     |
| Operating income (loss)  | (289)                        | <b>115</b>     |
| Other income (expense):  |                              |                |
| Interest expense and amortization of deferred financing fees             | (74)                         | <b>(71)</b>    |
| Loss on extinguishment of debt   | (61)                         |                |
| Other income (expense)   | (135)                        | <b>(71)</b>    |
| Income (loss) from continuing operations before income taxes             | (424)                        | <b>44</b>      |
| Benefit from (provision for) income taxes                                | 101                          | <b>(18)</b>    |
| Income (loss) from continuing operations                                 | (323)                        | <b>26</b>      |
| Income (loss) from discontinued operations, net of tax                   | (17)                         | <b>2</b>       |
| Net income (loss)  | (340)                        | <b>28</b>      |
| Other comprehensive income (loss):                                       |                              |                |
| Foreign currency translation, net  | 22                           | <b>(67)</b>    |
| Unrealized gain (loss) on derivative instruments, net of tax             | 3                            | <b>(4)</b>     |
| Other comprehensive income (loss)  | 25                           | <b>(71)</b>    |
| Comprehensive income (loss)  | \$ (315)                     | \$ <b>(43)</b> |

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

**Table of Contents****SunGard Data Systems Inc.****Condensed Consolidated Statements of Cash Flows****(In millions)****(Unaudited)**

|  | Three Months Ended March 31, |       |
|--|------------------------------|-------|
|  | 2014                         | 2015  |
| <b><i>Cash flow from operations:</i></b>   |                              |       |
| Net income (loss)  | \$ (340)                     | \$ 28 |
| Income (loss) from discontinued operations   | (17)                         | 2     |
| Income (loss) from continuing operations   | (323)                        | 26    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                              |       |
| Depreciation and amortization  | 67                           | 50    |
| Trade name impairment charge   | 339                          |       |
| Deferred income tax provision (benefit)  | (83)                         | (6)   |
| Stock compensation expense   | 9                            | 10    |
| Amortization of deferred financing costs and debt discount   | 7                            | 4     |
| Loss on extinguishment of debt   | 61                           |       |
| Changes in working capital:  |                              |       |
| Accounts receivable and other current assets   | 101                          | 125   |
| Accounts payable and accrued expenses  | (111)                        | (104) |
| Accrued interest   | 34                           | 39    |
| Accrued income taxes   | (17)                         | 23    |
| Deferred revenue   | 2                            | (13)  |
| Cash flow from (used in) continuing operations   | 86                           | 154   |
| Cash flow from (used in) discontinued operations   | 36                           |       |
| Cash flow from (used in) operations  | 122                          | 154   |
| <b><i>Investment activities:</i></b>   |                              |       |
| Cash paid for acquired businesses, net of cash acquired  |                              | (4)   |
| Cash paid for property and equipment, and software   | (28)                         | (28)  |
| Cash provided by (used in) continuing operations   | (28)                         | (32)  |
| Cash provided by (used in) discontinued operations   | 5                            | 1     |
| Cash provided by (used in) investment activities   | (23)                         | (31)  |

***Financing activities:***



Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

|   |         |        |
|---|---------|--------|
| Cash received from borrowings, net of fees  | (6)     |        |
| Cash used to repay debt   | (1,324) |        |
| Other financing activities  | (8)     | (4)    |
| Cash provided by (used in) continuing operations  | (1,338) | (4)    |
| Cash provided by (used in) discontinued operations  | 887     |        |
| Cash provided by (used in) financing activities   | (451)   | (4)    |
| Effect of exchange rate changes on cash   | 1       | (11)   |
| Increase (decrease) in cash and cash equivalents  | (351)   | 108    |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2014, \$31; 2015, \$ | 706     | 447    |
| Ending cash and cash equivalents  | \$ 355  | \$ 555 |

*Supplemental information:*

|  |        |       |
|--|--------|-------|
| Interest paid  | \$ 58  | \$ 28 |
| Income taxes paid, net of refunds of \$12 million and \$12 million, respectively | \$ 4   | \$ 1  |
| <b>Non-cash Financing activities:</b>  |        |       |
| Distribution of net assets of SpinCo (See Note 1)                                | \$ 227 | \$    |
| Receipt of SpinCo Notes in connection with the AS Split-Off (See Note 1)         | \$ 425 | \$    |
| Exchange of SpinCo Notes for SunGard Notes                                       | \$ 389 | \$    |

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

**Table of Contents**

**SUNGARD CAPITAL CORP.**

**SUNGARD CAPITAL CORP. II**

**SUNGARD DATA SYSTEMS INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. Basis of Presentation:**

SunGard Data Systems Inc. ( SunGard ) is one of the world's leading software and technology services companies and has two reportable segments: Financial Systems ( FS ) and Public Sector & Education ( PS&E ). The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

SunGard was acquired on August 11, 2005 in a leveraged buy-out (the 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 (collectively, the Sponsors ).

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II ( SCCII ), which is a subsidiary of SunGard Capital Corp. ( SCC ). All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company. The Holding Companies have no other operations beyond those of their ownership of SunGard.

On March 31, 2014, SunGard completed the split-off of its Availability Services ( AS ) business to its existing stockholders, including its private equity owners, on a tax-free and pro-rata basis. As part of that transaction, the assets and liabilities of the AS business were contributed to a new subsidiary, and then SunGard transferred all of its ownership interests in that subsidiary to Sungard Availability Services Capital, Inc. ( SpinCo ) in exchange for common stock of SpinCo, approximately \$425 million of SpinCo senior notes ( SpinCo Notes ), and \$1,005 million of net cash proceeds from the issuance of an AS term loan facility ( SpinCo Term Loan ). Immediately after these transactions, SunGard distributed the common stock of SpinCo through SunGard's ownership chain ultimately to SCCII, and then all stockholders of preferred stock of SCCII exchanged a portion of their shares of preferred stock for all of the shares of common stock of SpinCo on a pro-rata basis (together, with the transactions described above, the AS Split-Off ).

The AS business, which was split-off on March 31, 2014, and two small FS businesses, which were sold on January 31, 2014, have been included in our financial results as discontinued operations for all periods presented.

The accompanying interim condensed consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ( GAAP ), consistent in all material respects with those applied in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

The Condensed Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31, 2014 has been revised to present stock compensation expense and developer time spent on customer billable professional services projects in the correct functional expense categories. Refer to Note 2 for additional details.

**Table of Contents**

All of the previously-issued interim financial statements included in Quarterly Reports on Form 10-Q for 2014 included an error in the Condensed Consolidated Statements of Comprehensive Income (Loss) related to the removal of the cumulative foreign currency translation loss associated with the AS businesses that were split-off on March 31, 2014. The removal of the cumulative foreign currency translation loss was reflected in both the Condensed Consolidated Statements of Comprehensive Income (Loss) and the rollforwards of stockholders' equity included in the notes to the condensed consolidated financial statements in each of the Quarterly Reports. However, the inclusion of this item in the 2014 Condensed Consolidated Statements of Comprehensive Income (Loss) was not appropriate since it relates to the distribution of the AS businesses to the Company's owners and should have been excluded from the 2014 Other Comprehensive Income according to GAAP. Management does not believe the error is material to any of the previously-issued financial statements. The table below shows the impact of the correction of this error for the three months ended March 31, 2014. The following table presents the amounts as originally reported and as revised for each of SCC, SCCII and SunGard (in millions):

|  | Three Months Ended March 31, 2014 |               |
|--|-----------------------------------|---------------|
|  | As<br>Reported                    | As<br>Revised |
| Other Comprehensive Income (loss)  | \$ (57)                           | \$ 25         |
| Comprehensive Income (Loss)  | (397)                             | (315)         |
| Comprehensive Income (Loss) attributable to SunGard Capital Corp. (SCC only) | (447)                             | (365)         |

**Cost of Sales and Direct Operating Expenses**

Cost of sales and direct operating expenses represents the cost of providing the Company's software and services offerings to customers and excludes depreciation, amortization and the cost of maintenance.

**Recent Accounting Pronouncements*****Recently Adopted***

In April 2014, the Financial Accounting Standards Board ( FASB ) issued Auditing Standards Update ( ASU ) 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity that changes the criteria for reporting a discontinued operation. According to the new guidance, only disposals of a component that represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results is a discontinued operation. The new guidance also requires expanded disclosures about discontinued operations and disposals of a significant part of an entity that does not qualify for discontinued operations reporting. ASU 2014-08 was effective beginning January 1, 2015, but only for disposals (or classifications as held for sale) that have not been reported in previously-issued financial statements. ASU 2014-08 will affect how the Company identifies and presents discontinued operations in the consolidated financial statements.

---

**Table of Contents*****Recently Issued***

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which outlines a comprehensive revenue recognition model and supersedes most current revenue recognition guidance. This new guidance establishes a five step process that companies must use in order to recognize revenue properly. Those five steps are: (i) identifying contract(s) with a customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract, and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. The new ASU will affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. ASU 2014-09 was to be effective for the Company starting in the first quarter of fiscal 2017. However, in April 2015, the FASB proposed a deferral of the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). ASU 2014-09 allows for two methods of adoption: (a) full retrospective adoption, meaning the standard is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying ASU 2014-09 is recognized as an adjustment to the opening retained earnings balance. The Company is in the process of determining the adoption method as well as the effects the adoption of ASU 2014-09 will have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, in conjunction with their initiative to reduce complexity in accounting standards. This new guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with presentation of a debt discount. The new standard is limited to the presentation of debt issuance costs and will not affect the recognition and measurement of debt issuance costs. ASU 2015-03 will be effective for the Company for the annual period beginning after December 15, 2015 and interim periods beginning after December 15, 2016, with early adoption permitted. The adoption of ASU 2015-03 is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. Under the new standard, customers will apply the same criteria as vendors to determine whether a cloud computing arrangement contains a software license or is solely a service contract. For public companies, the new standard is effective for annual periods, including interim periods, beginning after December 15, 2015. For non-public companies, it is effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. The adoption of ASU 2015-05 is not expected to have a material impact on the Company's consolidated financial statements.

**2. Expense Classification:**

Effective December 31, 2014, within the Condensed Consolidated Statements of Comprehensive Income (Loss), the Company revised its presentation of stock compensation expense. Formerly, the Company presented this expense entirely within sales, marketing and administration expense. The Company's revised presentation allocates these costs to the appropriate functional areas. Further, the Company has revised its presentation of the costs for developer time spent on customer billable professional services projects. Formerly, the Company presented this expense within product development and maintenance expense. The Company's revised presentation records these amounts to cost of sales and direct operating expense. There was no impact on total reported costs and expenses for any period as a result of the changes. Management does not believe these revisions are material to the previously issued financial statements.



**Table of Contents**

The impact of these items within the functional areas for the three months ended March 31, 2014 is as follows (in millions):

|   | Three Months Ended March 31, 2014 |  |  |  |
|---|-----------------------------------|--|--|--|
|   | As reported                       | Revised presentation of stock compensation expense | Revised presentation of developer time spent on professional services projects | As presented in the statement of comprehensive income (loss) |
| Cost of sales and direct operating (See Note 1) | \$ 263                            | \$ 1   | \$ 5   | \$ 269   |
| Sales, marketing and administration             | 170                               | (2)  |  | 168  |
| Product development and maintenance             | 103                               | 1  | (5)  | 99   |
| Total functional expenses                       | \$ 536                            | \$   | \$   | \$ 536   |

**3. Discontinued Operations:**

On January 31, 2014, the Company completed the sale of two small businesses within the FS segment in exchange for 27 million paid at closing, 9 million to be paid no later than March 2016 ( deferred purchase price ) and 2 million to be paid upon the successful assignment of certain customer contracts. The deferred purchase price is unconditional and is secured by a bank guarantee. During the first quarter of 2015, the Company successfully assigned certain of these customer contracts and recognized a \$2 million gain in discontinued operations. Also included in discontinued operations are the results of our former AS business as a result of the AS Split-Off (see Note 1), which was completed on March 31, 2014. These businesses have been included in our financial results as discontinued operations for all periods presented.

The results for discontinued operations for the three months ended March 31, 2014 and 2015 were as follows (in millions):

|                                   | Three Months Ended March 31, |      |
|-----------------------------------|------------------------------|------|
|                                   | 2014                         | 2015 |
| Revenue                           | \$ 338                       | \$   |
| Operating income (loss)           | (26)                         |      |
| Interest expense                  | (18)                         |      |
| Gain on sale of business          | 23                           | 2    |
| Income (loss) before income taxes | (21)                         | 2    |
| Benefit from income taxes         | 4                            |      |

|  |    |      |    |   |
|--|----|------|----|---|
| Income (loss) from discontinued operations | \$ | (17) | \$ | 2 |
|--|----|------|----|---|

#### 4. Intangible Assets and Goodwill:

##### Goodwill

The following table summarizes the changes in goodwill, by segment, for the three months ended March 31, 2015 (in millions):

|  | FS       | Cost<br>PS&E | Subtotal | Accumulated<br>impairment<br>PS&E | Total    |
|--|----------|--------------|----------|-----------------------------------|----------|
| Balance at December 31, 2014           | \$ 3,433 | \$ 544       | \$ 3,977 | \$ (217)                          | \$ 3,760 |
| 2015 acquisitions                      | 2        |              | 2        |                                   | 2        |
| Effect of foreign currency translation | (50)     |              | (50)     |                                   | (50)     |
| Other                                  | (1)      |              | (1)      |                                   | (1)      |
| Balance at March 31, 2015              | \$ 3,384 | \$ 544       | \$ 3,928 | \$ (217)                          | \$ 3,711 |

A portion of the Company's goodwill is denominated in currencies other than the U.S. Dollar.



**Table of Contents****Intangible Asset amortization**

The total expected amortization of acquisition-related intangible assets for years ended December 31 is as follows (in millions):

|      |       |
|------|-------|
| 2015 | \$ 84 |
| 2016 | 68    |
| 2017 | 60    |
| 2018 | 55    |
| 2019 | 48    |

**5. Accumulated Other Comprehensive Income:**

The following table provides a rollforward of the components of accumulated other comprehensive loss, net of tax, for the three months ended March 31, 2015 (in millions):

|  | Gains and Losses on |             |        | Accumulated   |
|--|---------------------|-------------|--------|---------------|
|  | Cash Flow           | Currency    | Other  | Other         |
|  | Hedges              | Translation |        | Comprehensive |
|  |                     |             |        | Income        |
|  |                     |             |        | (Loss)        |
| Balance at December 31, 2014   | \$ (1)              | \$ (125)    | \$ (6) | \$ (132)      |
| Other comprehensive loss before reclassifications                            | (9)                 | (67)        |        | (76)          |
| Amounts reclassified from accumulated other comprehensive income, net of tax | 5                   |             |        | 5             |
| Net current-period other comprehensive loss                                  | (4)                 | (67)        |        | (71)          |
| Balance at March 31, 2015  | \$ (5)              | \$ (192)    | \$ (6) | \$ (203)      |

The following table summarizes the unrealized gains (losses) on derivative instruments, including the impact of components reclassified into net income from accumulated other comprehensive income, for the three months ended March 31, 2014 and 2015 (in millions):

|  | Affected Line Item in the Statement of Comprehensive Income |        |                       |
|--|---|--------|-----------------------|
|  | Three months ended March 31, 2014 and 2015                  |        |                       |
| Other Comprehensive Income (Loss) Components     | 2014  | 2015   | Reclassified from OCI |
| Unrealized gain (loss) on derivative instruments | \$ 2  | \$ (9) |                       |

## Loss (gain) on derivatives reclassified into income:

|  |      |        |  |
|--|------|--------|--|
| Interest rate contracts  | 2    | 2      | Interest expense and amortization of deferred financing fees |
| Forward currency hedges  | (1)  | 1      | Cost of sales and direct operating                           |
| Total reclassified into income   | 1    | 3      |  |
| Income tax benefit   |      | 2      |  |
| Amounts reclassified from accumulated other comprehensive income, net of tax | 1    | 5      |  |
| Unrealized gain (loss) on derivative instruments, net of tax                 | \$ 3 | \$ (4) |  |

**6. Debt and Derivatives:**

On March 31, 2015, the Company had \$593 million of available borrowing capacity and \$7 million of outstanding letters of credit under its \$600 million revolving credit facility. In addition, there were \$4 million of letters of credit outstanding at March 31, 2015 that did not impact availability under the revolving credit facilities.

SunGard's ability to make dividend payments to its equity holders is governed by the covenants in its debt agreements. Without obtaining an amendment to those documents, SunGard's covenants currently limit such a dividend to a total of \$200 million.

**Table of Contents**

Debt consisted of the following (in millions):

|   | December 31,<br>2014 | March 31,<br>2015 |
|---|----------------------|-------------------|
| <b>Senior Secured Credit Facilities:</b>                                    |                      |                   |
| Secured revolving credit facility due March 8, 2018                         | \$                   | \$                |
| Tranche C due February 28, 2017, effective interest rate of 4.44% and 4.44% | 400                  | 400               |
| Tranche E due March 8, 2020, effective interest rate of 4.31% and 4.31%     | 1,918                | 1,918             |
| <b>Total Senior Secured Credit Facilities</b>                               | <b>2,318</b>         | <b>2,318</b>      |
| Senior Notes due 2018 at 7.375%   | 511                  | 511               |
| Senior Notes due 2020 at 7.625%   | 700                  | 700               |
| Senior Subordinated Notes due 2019 at 6.625%                                | 1,000                | 1,000             |
| Secured Accounts Receivable Facility, at 3.16% and 3.18%                    | 140                  | 140               |
| Other   |                      | 1                 |
| <b>Total debt</b>   | <b>\$ 4,669</b>      | <b>\$ 4,670</b>   |
|   |                      |                   |
| Short-term borrowings and current portion of long-term debt                 | \$                   | \$ 1              |
| Long-term debt  | 4,669                | 4,669             |
| <b>Total debt</b>   | <b>\$ 4,669</b>      | <b>\$ 4,670</b>   |

**Future Maturities**

At March 31, 2015, the contractual future maturities of debt are as follows (in millions):

|                   | Contractual Maturities |
|-------------------|------------------------|
| 2015              | \$ 1                   |
| 2016              |                        |
| 2017              | 400                    |
| 2018              | 511                    |
| 2019              | 1,140                  |
| Thereafter        | 2,618                  |
| <b>Total debt</b> | <b>\$ 4,670</b>        |

SunGard uses interest rate swaps to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the Amended and Restated Credit Agreement ( Credit Agreement ).

Each swap agreement is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. At March 31, 2015, one-month and three-month LIBOR were 0.18% and 0.27%, respectively. The net receipt or payment from the interest rate swap agreements is included in the Condensed Consolidated Statements of Comprehensive Income (Loss) as interest expense. The interest rates in the components of the debt table above reflect the impact of the swaps.

A summary of the Company's interest rate swaps at March 31, 2015 follows (in millions):

| <b>Inception</b>                          | <b>Maturity</b> | <b>Notional amount<br/>(in<br/>millions)</b> | <b>Weighted-<br/>average Interest<br/>rate paid</b> | <b>Interest rate<br/>received<br/>(LIBOR)</b> |
|---|-----------------|--|---|---|
| August-September 2012                     | February 2017   | \$ 400                                       | 0.69%   | 1-Month                                       |
| June 2013                                 | June 2019       | 100  | 1.86%   | 3-Month                                       |
| September 2013                            | June 2019       | 100  | 2.26%   | 3-Month                                       |
| February-March 2014                       | March 2020      | 300  | 2.27%   | 3-Month                                       |
| Total / Weighted-Average Interest<br>Rate |                 | \$ 900                                       | 1.52%   |   |

The fair values of the swap agreements at December 31, 2014 were \$1 million and \$5 million and were included in other assets and other accrued expenses, respectively. The fair value of the swap agreements at March 31, 2015 is \$10 million and is included in other accrued expenses.

**Table of Contents**

The Company has no ineffectiveness related to its swap agreements. During the next twelve months, the Company expects to reclassify approximately \$8 million from accumulated other comprehensive income (loss) into earnings related to the Company's interest rate swaps based on the borrowing rates at March 31, 2015.

**7. Fair Value Measurements:**

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Under this guidance, the Company is required to classify certain assets and liabilities based on the following fair value hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 Unobservable inputs for the asset or liability.

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2015 (in millions):

|                               | Balance Sheet Caption                     | Fair Value Measures Using |         |         | Total |
|-------------------------------|---|---------------------------|---------|---------|-------|
|                               |   | Level 1                   | Level 2 | Level 3 |       |
| <b>Assets</b>                 |   |                           |         |         |       |
| Money market funds            | Cash and cash equivalents                 | \$ 60                     | \$      | \$      | \$ 60 |
| Currency forward contracts    | Prepaid expenses and other current assets |                           | 3       |         | 3     |
| <b>Total</b>                  |   | \$ 60                     | \$ 3    | \$      | \$ 63 |
| <b>Liabilities</b>            |   |                           |         |         |       |
| Interest rate swap agreements | Other accrued expenses                    | \$                        | \$ 10   | \$      | \$ 10 |
| Currency forward contracts    | Other accrued expenses                    |                           | 2       |         | 2     |
| <b>Total</b>                  |   | \$                        | \$ 12   | \$      | \$ 12 |

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2014 (in millions):

**Fair Value Measures Using**

|                               | <b>Balance Sheet Caption</b>              | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-------------------------------|---|----------------|----------------|----------------|--------------|
| <b>Assets</b>                 |   |                |                |                |              |
| Money market funds            | Cash and cash equivalents                 | \$ 106         | \$             | \$             | \$ 106       |
| Interest rate swap agreements | Other assets                              |                | 1              |                | 1            |
| Currency forward contracts    | Prepaid expenses and other current assets |                | 3              |                | 3            |
| <b>Total</b>                  |   | \$ 106         | \$ 4           | \$             | \$ 110       |
| <b>Liabilities</b>            |   |                |                |                |              |
| Interest rate swap agreements | Other accrued expenses                    | \$             | \$ 5           | \$             | \$ 5         |
| Currency forward contracts    | Other accrued expenses                    |                | 1              |                | 1            |
| <b>Total</b>                  |   | \$             | \$ 6           | \$             | \$ 6         |

Money market funds 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.

**Table of Contents**

The Company uses currency forward contracts to manage its exposure to fluctuations in costs caused by variations in Indian Rupee ( INR ) exchange rates. These INR forward contracts are designated as cash flow hedges. The fair value of these currency forward contracts is determined using currency exchange market rates, obtained from reliable, independent, third party banks, at the balance sheet date. The fair value of forward contracts is subject to changes in currency exchange rates. The Company has no ineffectiveness related to its use of currency forward contracts in connection with INR cash flow hedges. The Company expects to reclassify in the next twelve months approximately \$3 million from other comprehensive income (loss) into earnings related to the Company's INR forward contracts.

The fair value of the trade name is categorized as Level 3, a non-recurring fair value measurement using significant unobservable inputs, and is estimated by discounted cash flows based on projected future revenues. This requires the use of various assumptions including projections of future cash flows, perpetual growth rates and discount rates. During the three months ended March 31, 2014, the Company recorded a \$339 million trade name impairment charge. See Notes 1 and 7 of Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

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

The following table presents the carrying amount and estimated fair value of the Company's debt, including the current portion and excluding the interest rate swaps, as of December 31, 2014 and March 31, 2015 (in millions):

|                    | December 31,<br>2014 |               | March 31, 2015    |               |
|--------------------|----------------------|---------------|-------------------|---------------|
|                    | Carrying<br>Value    | Fair<br>Value | Carrying<br>Value | Fair<br>Value |
| Floating rate debt | \$ 2,458             | \$ 2,431      | \$ 2,458          | \$ 2,463      |
| Fixed rate debt    | 2,211                | 2,286         | 2,212             | 2,303         |

**8. Noncontrolling Interest:**

A rollforward of SCC's noncontrolling interest for the three months ended March 31, 2015 is as follows (in millions):

|   | Noncontrolling interest |                     | Total    |
|---|-------------------------|---------------------|----------|
|   | Temporary<br>equity     | Permanent<br>equity |          |
| Balances at December 31, 2014   | \$ 37                   | \$ 1,490            | \$ 1,527 |
| Net income  | 1                       | 42                  | 43       |
| Purchase of treasury stock  |                         | (1)                 | (1)      |
| Transfer intrinsic value of vested restricted stock units to temporary equity | 1                       |                     | 1        |
| Cancellation of put options due to employee terminations                      | (1)                     | 1                   |          |

|                            |       |          |          |
|----------------------------|-------|----------|----------|
| Other                      | (1)   |          | (1)      |
| Balances at March 31, 2015 | \$ 37 | \$ 1,532 | \$ 1,569 |



**Table of Contents**

A rollforward of SCC's noncontrolling interest for the three months ended March 31, 2014 follows (in millions):

|   | Noncontrolling interest |                  |          |
|---|-------------------------|------------------|----------|
|   | Temporary equity        | Permanent equity | Total    |
| Balances at December 31, 2013   | \$ 42                   | \$ 1,741         | \$ 1,783 |
| Net income  |                         | 50               | 50       |
| Issuance of common and preferred stock  | (1)                     |                  | (1)      |
| Purchase of treasury stock  |                         | (2)              | (2)      |
| Impact of exchange of SpinCo common stock for SCCII preferred stock           | (1)                     | (428)            | (429)    |
| Impact of modification of SunGard Awards                                      | (4)                     |                  | (4)      |
| Impact of modification of SpinCo Awards                                       | (6)                     |                  | (6)      |
| Transfer intrinsic value of vested restricted stock units to temporary equity | 2                       |                  | 2        |
| Cancellation of put options due to employee terminations                      | (4)                     | 4                |          |
| Balances at March 31, 2014  | \$ 28                   | \$ 1,365         | \$ 1,393 |

**9. Income Taxes:**

The effective income tax rates for the three month periods ended March 31, 2015 and 2014 were 41% and 24%, respectively. The Company's effective tax rate reflects changes in the mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between GAAP and local tax laws, the impact of valuation allowances, unrecognized tax benefits, and the timing of recording discrete items. The Company continues to generate losses in France which exceed the scheduled reversal of deferred tax liabilities. As a result, no benefit has been recorded for these losses for the three months ended March 31, 2015.

For the three months ended March 31, 2014, the benefit for income taxes includes a benefit of \$138 million recorded as a discrete item related to the impairment of the trade name, an expense of \$46 million recorded as a discrete item due to changes in certain state deferred tax rates, primarily driven by the change in the legal entity ownership of the trade name caused by the AS Split-Off, and an expense of \$9 million recorded as a discrete item to increase the valuation allowance on state net operating losses driven by the change in management's judgment of their realizability due to the AS Split-Off.

In evaluating the realizability of deferred tax assets, management considered the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax planning strategies in making this assessment. Changes in the mix of income, losses in particular jurisdictions or the total amount of income for 2015 may significantly impact the estimated effective income tax rate for the year.

**10. Segment Information:**

The Company's measure of segment profit or loss is Adjusted EBITDA. Management believes Adjusted EBITDA is an effective tool to measure the Company's operating performance since it excludes non-cash items, including depreciation (which includes amortization of capitalized software), amortization of acquisition-related intangible

assets, trade name and goodwill impairment charges and stock compensation expense, and certain variable charges including severance and facility closure costs, management fees paid to the Sponsors and certain other costs. Management uses Adjusted EBITDA extensively to measure the financial performance of

**Table of Contents**

SunGard and its reportable segments, and also to report the Company's results to its board of directors. The Company uses a similar measure, as defined in its senior secured credit agreement, for purposes of computing its debt covenants. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted.

The operating results for the three months ended March 31, 2015 and 2014 for each segment follow (in millions):

|   | Three Months Ended March 31, 2015 |       |                 |                          |        |
|---|-----------------------------------|-------|-----------------|--------------------------|--------|
|   | FS                                | PS&E  | Sum of segments | Corporate <sup>(1)</sup> | Total  |
| Software  | \$ 218                            | \$ 34 | \$ 252          | \$                       | \$ 252 |
| SaaS and Cloud  | 268                               | 9     | 277             |                          | 277    |
| Professional and Business Processing Services         | 131                               | 11    | 142             |                          | 142    |
| Total revenue   | \$ 617                            | \$ 54 | \$ 671          | \$                       | \$ 671 |
| Adjusted EBITDA                                       | \$ 174                            | \$ 16 | \$ 190          | \$ (15)                  | \$ 175 |
| Depreciation <sup>(2)</sup>                           | 26                                | 3     | 29              |                          | 29     |
| Amortization of acquisition-related intangible assets | 20                                | 1     | 21              |                          | 21     |
| Capital expenditures                                  | 22                                | 4     | 26              | 2                        | 28     |

|   | Three Months Ended March 31, 2014 |       |                 |                          |        |
|---|-----------------------------------|-------|-----------------|--------------------------|--------|
|   | FS                                | PS&E  | Sum of segments | Corporate <sup>(1)</sup> | Total  |
| Software  | \$ 217                            | \$ 34 | \$ 251          | \$                       | \$ 251 |
| SaaS and Cloud  | 259                               | 9     | 268             |                          | 268    |
| Professional and Business Processing Services         | 124                               | 10    | 134             |                          | 134    |
| Total revenue   | \$ 600                            | \$ 53 | \$ 653          | \$                       | \$ 653 |
| Adjusted EBITDA                                       | \$ 139                            | \$ 16 | \$ 155          | \$ (10)                  | \$ 145 |
| Depreciation <sup>(2)</sup>                           | 22                                | 2     | 24              |                          | 24     |
| Amortization of acquisition-related intangible assets | 41                                | 2     | 43              |                          | 43     |
| Capital expenditures                                  | 26                                | 2     | 28              |                          | 28     |

(1) Corporate is included to reconcile each item to the total for the Company.

Reconciliation of consolidated Adjusted EBITDA to income (loss) from continuing operations before income taxes:

|   | Three Months Ended March 31, |        |
|---|------------------------------|--------|
|   | 2014                         | 2015   |
| Adjusted EBITDA (including corporate)                 | \$ 145                       | \$ 175 |
| Depreciation <sup>(2)</sup>                           | (24)                         | (29)   |
| Amortization of acquisition-related intangible assets | (43)                         | (21)   |
| Trade name impairment charge                          | (339)                        |        |

Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

|   |          |       |
|---|----------|-------|
| Severance and facility closure costs                            | (5)      | (2)   |
| Stock compensation expense                                      | (9)      | (10)  |
| Management fees   | (2)      | (2)   |
| Other costs (included in operating income)                      | (12)     | 4     |
| Interest expense, net   | (74)     | (71)  |
| Loss on extinguishment of debt                                  | (61)     |       |
| Income (loss) from continuing operations before<br>income taxes | \$ (424) | \$ 44 |

(2) Includes amortization of capitalized software.

**Table of Contents****11. Employee Termination Benefits and Facility Closures:**

The following table provides a rollforward of the liability balances for workforce reductions and facility closures for the three months ended March 31, 2015 (in millions):

|                                 | Workforce-related | Facilities | Total |
|---------------------------------|-------------------|------------|-------|
| Balance at December 31, 2014    | \$ 12             | \$ 13      | \$ 25 |
| Expense related to 2015 actions | 4                 |            | 4     |
| Paid                            | (6)               |            | (6)   |
| Other adjustments               | (2)               | (1)        | (3)   |
| Balance at March 31, 2015       | \$ 8              | \$ 12      | \$ 20 |

The majority of the workforce-related actions are expected to be completed over the next 12 months. The facilities accruals are for ongoing obligations to pay rent for vacant space and are net of sublease reserves. The lengths of these obligations vary by lease with the majority ending in 2019.

**12. Related Party Transactions:*****Sponsor Transactions***

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded \$2 million of management fees in sales, marketing and administration expenses for each of the three months ended March 31, 2014 and 2015. In the three months ended March 31, 2014, the Company recorded approximately \$1 million of management fees in income (loss) from discontinued operations. At December 31, 2014 and March 31, 2015, the Company had accrued management fees included in other accrued expenses of \$3 million and \$2 million, respectively.

For the three months ended March 31, 2014, Goldman Sachs & Co. and/or its respective affiliates, received less than \$1 million in connection with amendments to SunGard's Credit Agreement.

In addition to the amounts above, on March 31, 2014 the Company recorded \$15 million of management fees, which is included in income (loss) from discontinued operations, as provided in the Management Agreement for services rendered in connection with the issuance of the \$1.025 billion SpinCo Term Loan and \$425 million of SpinCo Notes. Also during the first quarter of 2014, the Company recorded \$1 million of management fees which is included in income (loss) from discontinued operations resulting from the sale of two FS businesses.

***AS Transactions***

In connection with the Global Master Services Agreement ( GMSA ) with AS, the Company incurred expenses of \$8 million for services provided under the GMSA, most of which are included in cost of sales and direct operating expenses, in the condensed consolidated statement of comprehensive income (loss) for the three months ended March 31, 2015. At March 31, 2015, the Company had recorded approximately \$4 million of accounts payable, and a \$1 million prepaid maintenance contract from AS under the GMSA. The Company has a remaining commitment under the GMSA, which expires on March 31, 2016, of approximately \$34 million.

In addition, during the three months ended March 31, 2015, AS purchased certain data center outsourcing services and treasury products from FS, for which FS recognized approximately \$1 million of revenue.

### **13. Commitments and Contingencies:**

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

## **Table of Contents**

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. At March 31, 2015, the Company does not have any significant accruals related to patent indemnification or infringement claims.

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.

With respect to any current legal proceedings or claims pending against the Company for which it has not made an accrual, but for which it is reasonably possible that a loss may occur, the Company is unable to estimate a range of loss due to various reasons, including, among others: (1) that the proceedings are in early stages, (2) that there is uncertainty as to the outcome of pending appeals, motions, or settlements, (3) that there are significant factual issues to be resolved, and (4) that there are novel legal issues presented. Such legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control. Based on current knowledge, the Company believes that the final outcome of the matters discussed above will not, individually or in the aggregate, have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows. While the Company intends to vigorously defend these matters, in light of the uncertainties involved in such matters, there exists the possibility of adverse outcomes, and the final outcome of a particular matter could have a material adverse effect on results of operations or cash flows in a particular period.

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

The State of Delaware, Department of Finance, Division of Revenue (Unclaimed Property) and nine other states are currently conducting a joint examination of the books and records of certain wholly owned subsidiaries of the Company to determine compliance with the unclaimed property laws. Additionally, the Company has entered into voluntary disclosure agreements to address the potential unclaimed property exposure for certain entities not included in the scope of the ongoing unclaimed property examination. The potential exposure related to the examination and the voluntary disclosure programs is not currently determinable.

## **14. Subsequent Event**

On May 6, 2015, SunGard announced that SCC is considering pursuing an initial public offering of common stock in 2015. The timing, number of shares to be offered and the price range of the proposed offering have not yet been determined. The Company expects to use net proceeds of the proposed offering to repay debt.

## **15. Supplemental Guarantor Condensed Consolidating Financial Statements:**

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

certain circumstances as described below.

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

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

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

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

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

As a result of the AS Split-Off, all U.S. subsidiaries of AS were removed as guarantors as of March 31, 2014.



**Table of Contents**

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, 2014 and March 31, 2015, and for the three month periods ended March 31, 2014 and 2015, 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 of Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for 2014.

| <b>Supplemental Condensed Consolidating Balance Sheet</b> |                           |                                   |  |                     |                     |
|---|---------------------------|-----------------------------------|--|---------------------|---------------------|
| <b>December 31, 2014</b>                                  |                           |                                   |  |                     |                     |
| (in millions)   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-<br/>Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| <b>Assets</b>   |                           |                                   |  |                     |                     |
| <b>Current:</b>   |                           |                                   |  |                     |                     |
| Cash and cash equivalents                                 | \$ 202                    | \$ 1                              | \$ 244                                     | \$                  | \$ 447              |
| Intercompany balances                                     |                           | 3,049                             | 500  | (3,549)             |                     |
| Trade receivables, net                                    | 1                         | 446 <sup>(a)</sup>                | 239  |                     | 686                 |
| Prepaid expenses, taxes and other current assets          | 32                        | 43                                | 39   | (2)                 | 112                 |
| <b>Total current assets</b>                               | <b>235</b>                | <b>3,539</b>                      | <b>1,022</b>                               | <b>(3,551)</b>      | <b>1,245</b>        |
| Property and equipment, net                               |                           | 94                                | 58   |                     | 152                 |
| Intangible assets, net                                    | 68                        | 348                               | 262  |                     | 678                 |
| Trade name  |                           | 672                               |  |                     | 672                 |
| Deferred income taxes                                     | 69                        |                                   |  | (69)                |                     |
| Intercompany balances                                     | 194                       | 8                                 | 154  | (356)               |                     |
| Goodwill  |                           | 3,099                             | 661  |                     | 3,760               |
| Investment in subsidiaries                                | 8,039                     | 1,366                             |  | (9,405)             |                     |
| <b>Total Assets</b>                                       | <b>\$ 8,605</b>           | <b>\$ 9,126</b>                   | <b>\$ 2,157</b>                            | <b>\$ (13,381)</b>  | <b>\$ 6,507</b>     |
| <b>Liabilities and Equity</b>                             |                           |                                   |  |                     |                     |
| <b>Current:</b>   |                           |                                   |  |                     |                     |
| Short-term and current portion of long-term debt          | \$                        | \$                                | \$   | \$                  | \$                  |
| Intercompany balances                                     | 3,549                     |                                   |  | (3,549)             |                     |
| Accounts payable and other current liabilities            | 59                        | 510                               | 427  | (2)                 | 994                 |
| <b>Total current liabilities</b>                          | <b>3,608</b>              | <b>510</b>                        | <b>427</b>                                 | <b>(3,551)</b>      | <b>994</b>          |
| Long-term debt  | 4,529                     |                                   | 140  |                     | 4,669               |
| Intercompany debt   | 162                       |                                   | 194  | (356)               |                     |
| Deferred and other income taxes                           | 101                       | 559                               | 17   | (69)                | 608                 |
| Other liabilities   |                           | 18                                | 13   |                     | 31                  |

Edgar Filing: SUNGARD DATA SYSTEMS INC - Form 424B3

|                                     |                 |                 |                 |                    |                 |
|-------------------------------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| Total liabilities                   | 8,400           | 1,087           | 791             | (3,976)            | 6,302           |
| Total equity                        | 205             | 8,039           | 1,366           | (9,405)            | 205             |
| <b>Total Liabilities and Equity</b> | <b>\$ 8,605</b> | <b>\$ 9,126</b> | <b>\$ 2,157</b> | <b>\$ (13,381)</b> | <b>\$ 6,507</b> |

- (a) This balance is primarily comprised of a receivable from the Company's accounts receivable financing subsidiary, which is a non-guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first \$140 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

**Table of Contents**

| <b>Supplemental Condensed Consolidating Balance Sheet</b> |                           |                                   |  |                     |                     |
|---|---------------------------|-----------------------------------|--|---------------------|---------------------|
| <b>March 31, 2015</b>                                     |                           |                                   |  |                     |                     |
| (in millions)   | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-<br/>Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| <b>Assets</b>   |                           |                                   |  |                     |                     |
| Current:  |                           |                                   |  |                     |                     |
| Cash and cash equivalents                                 | \$ 256                    | \$                                | \$ 299                                     | \$                  | 555                 |
| Intercompany balances                                     |                           | 3,172                             | 472  | (3,644)             |                     |
| Trade receivables, net                                    |                           | 395 <sup>(a)</sup>                | 164  |                     | 559                 |
| Prepaid expenses, taxes and other current assets          | 23                        | 45                                | 35   | (2)                 | 101                 |
| <b>Total current assets</b>                               | <b>279</b>                | <b>3,612</b>                      | <b>970</b>                                 | <b>(3,646)</b>      | <b>1,215</b>        |
| Property and equipment, net                               | 1                         | 95                                | 51   |                     | 147                 |
| Intangible assets, net                                    | 65                        | 329                               | 246  |                     | 640                 |
| Trade name  |                           | 672                               |  |                     | 672                 |
| Deferred income taxes                                     | 69                        |                                   |  | (69)                |                     |
| Intercompany balances                                     | 172                       | 7                                 | 135  | (314)               |                     |
| Goodwill  |                           | 3,099                             | 612  |                     | 3,711               |
| Investment in subsidiaries                                | 8,106                     | 1,322                             |  | (9,428)             |                     |
| <b>Total Assets</b>                                       | <b>\$ 8,692</b>           | <b>\$ 9,136</b>                   | <b>\$ 2,014</b>                            | <b>\$ (13,457)</b>  | <b>\$ 6,385</b>     |
| <b>Liabilities and Equity</b>                             |                           |                                   |  |                     |                     |
| Current:  |                           |                                   |  |                     |                     |
| Short-term and current portion of long-term debt          | \$                        | \$                                | \$ 1                                       | \$                  | 1                   |
| Intercompany balances                                     | 3,644                     |                                   |  | (3,644)             |                     |
| Accounts payable and other current liabilities            | 115                       | 458                               | 347  | (2)                 | 918                 |
| <b>Total current liabilities</b>                          | <b>3,759</b>              | <b>458</b>                        | <b>348</b>                                 | <b>(3,646)</b>      | <b>919</b>          |
| Long-term debt  | 4,529                     |                                   | 140  |                     | 4,669               |
| Intercompany debt   | 142                       |                                   | 172  | (314)               |                     |
| Deferred and other income taxes                           | 94                        | 556                               | 18   | (69)                | 599                 |
| Other liabilities   |                           | 16                                | 14   |                     | 30                  |
| <b>Total liabilities</b>                                  | <b>8,524</b>              | <b>1,030</b>                      | <b>692</b>                                 | <b>(4,029)</b>      | <b>6,217</b>        |
| <b>Total equity</b>                                       | <b>168</b>                | <b>8,106</b>                      | <b>1,322</b>                               | <b>(9,428)</b>      | <b>168</b>          |
| <b>Total Liabilities and Equity</b>                       | <b>\$ 8,692</b>           | <b>\$ 9,136</b>                   | <b>\$ 2,014</b>                            | <b>\$ (13,457)</b>  | <b>\$ 6,385</b>     |

(a)

This balance is primarily comprised of a receivable from the Company's accounts receivable financing subsidiary, which is a non-guarantor, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first \$140 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.

**Table of Contents**

| (in millions)  | <b>Supplemental Condensed Consolidating Schedule of Comprehensive Income (Loss)</b> |                                   |                                       |                     |                     |
|--|---|-----------------------------------|---------------------------------------|---------------------|---------------------|
|  | <b>Three Months Ended March 31, 2014</b>  |                                   |                                       |                     |                     |
|  | <b>Parent<br/>Company</b>   | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| Revenue  | \$  | \$ 471                            | \$ 268                                | \$ (86)             | \$ 653              |
| Costs and expenses   | 25  | 740                               | 263                                   | (86)                | 942                 |
| Operating income (loss)                                      | (25)  | (269)                             | 5                                     |                     | (289)               |
| Net interest income (expense)                                | (69)  |                                   | (5)                                   |                     | (74)                |
| Net earnings (losses) of equity affiliates                   | (198)   | 7                                 |                                       | 191                 |                     |
| Other income (expense)                                       | (61)  |                                   |                                       |                     | (61)                |
| Income (loss) from continuing operations before income taxes | (353)   | (262)                             |                                       | 191                 | (424)               |
| Benefit from (provision for) income taxes                    | 40  | 63                                | (2)                                   |                     | 101                 |
| Income (loss) from continuing operations                     | (313)   | (199)                             | (2)                                   | 191                 | (323)               |
| Income (loss) from discontinued operations, net of tax       | (27)  | 1                                 | 9                                     |                     | (17)                |
| Net income (loss)  | \$ (340)  | \$ (198)                          | \$ 7                                  | \$ 191              | \$ (340)            |
| Comprehensive income (loss)                                  | \$ (315)  | \$ (226)                          | \$ 26                                 | \$ 200              | \$ (315)            |

As discussed in Note 1, all of the previously-issued interim financial statements included in Quarterly Reports on Form 10-Q for 2014 included an error in the Condensed Consolidated Statements of Comprehensive Income (Loss) related to the removal of the cumulative foreign currency translation loss associated with the AS businesses that were splitoff on March 31, 2014. The removal of the cumulative foreign currency translation loss was reflected in the 2014 Supplemental Condensed Consolidating Schedule of Comprehensive Income (Loss). However, the inclusion of this item was not appropriate since it relates to the distribution of the AS businesses to our owners and should have been excluded from the 2014 Other Comprehensive Income according to GAAP. Management does not believe the error is material to any of the previously-issued financial statements. The table below shows the impact of the correction of this error for the three months ended March 31, 2014.

|                      |               | <b>Three Months<br/>Ended<br/>March 31, 2014</b> |                       |
|----------------------|---------------|--|-----------------------|
|                      |               | <b>As<br/>Reported</b>                           | <b>As<br/>Revised</b> |
| Comprehensive Income | Parent        | \$ (397)   | \$ (315)              |
| Comprehensive Income | Guarantor     | (259)  | (226)                 |
| Comprehensive Income | Non-Guarantor | (23)   | 26                    |
| Comprehensive Income | Eliminations  | 282  | 200                   |

| (in millions)  | <b>Supplemental Condensed Consolidating Schedule of Comprehensive Income (Loss)</b> |                                   |                                       |                     |                     |
|--|---|-----------------------------------|---------------------------------------|---------------------|---------------------|
|  | <b>Three Months Ended March 31, 2015</b>  |                                   |                                       |                     |                     |
|  | <b>Parent<br/>Company</b>   | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| Revenue  | \$  | \$ 483                            | \$ 279                                | \$ (91)             | \$ 671              |
| Costs and expenses   | 23  | 369                               | 255                                   | (91)                | 556                 |
| Operating income (loss)                                      | (23)  | 114                               | 24                                    |                     | 115                 |
| Net interest income (expense)                                | (67)  |                                   | (4)                                   |                     | (71)                |
| Net earnings (losses) of equity affiliates                   | 91  | 14                                |                                       | (105)               |                     |
| Income (loss) from continuing operations before income taxes | 1   | 128                               | 20                                    | (105)               | 44                  |
| Benefit from (provision for) income taxes                    | 27  | (37)                              | (8)                                   |                     | (18)                |
| Income (loss) from continuing operations                     | 28  | 91                                | 12                                    | (105)               | 26                  |
| Income (loss) from discontinued operations, net of tax       |   |                                   | 2                                     |                     | 2                   |
| Net income (loss)  | \$ 28   | \$ 91                             | \$ 14                                 | \$ (105)            | \$ 28               |
| Comprehensive income (loss)                                  | \$ (43)   | \$ 44                             | \$ (32)                               | \$ (12)             | \$ (43)             |

**Table of Contents**

| (in millions)                                      | <b>Supplemental Condensed Consolidating Schedule of Cash Flows</b> |                                   |                                       |                     |                     |
|--|--|-----------------------------------|---------------------------------------|---------------------|---------------------|
|  | <b>Three Months Ended March 31, 2014</b>                           |                                   |                                       |                     |                     |
|  | <b>Parent<br/>Company</b>  | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| <i>Cash flow from operations:</i>                  |  |                                   |                                       |                     |                     |
| Net income (loss)                                  | \$ (340)   | \$ (198)                          | \$ 7                                  | \$ 191              | \$ (340)            |
| Income (loss) from discontinued operations         | (27)   | 1                                 | 9                                     |                     | (17)                |
| Income (loss) from continuing operations           | (313)  | (199)                             | (2)                                   | 191                 | (323)               |
| Non cash adjustments                               | 283  | 285                               | 23                                    | (191)               | 400                 |
| Changes in operating assets and liabilities        | (20)   | 30                                | (1)                                   |                     | 9                   |
| Cash flow from (used in) continuing operations     | (50)   | 116                               | 20                                    |                     | 86                  |
| Cash flow from (used in) discontinued operations   | (41)   | 52                                | 25                                    |                     | 36                  |
| Cash flow from (used in) operations (a)            | (91)   | 168                               | 45                                    |                     | 122                 |
| <i>Investment activities:</i>                      |  |                                   |                                       |                     |                     |
| Intercompany transactions                          | 6  | (19)                              | 43                                    | (30)                |                     |
| Cash paid for property and equipment, and software | (1)  | (17)                              | (10)                                  |                     | (28)                |
| Cash provided by (used in) continuing operations   | 5  | (36)                              | 33                                    | (30)                | (28)                |
| Cash provided by (used in) discontinued operations | 1,041  | (41)                              | (995)                                 |                     | 5                   |
| Cash provided by (used in) investment activities   | 1,046  | (77)                              | (962)                                 | (30)                | (23)                |
| <i>Financing activities:</i>                       |  |                                   |                                       |                     |                     |
| Intercompany dividends                             |  | (15)                              | (15)                                  | 30                  |                     |
| Net repayments of long-term debt                   | (1,268)  |                                   | (62)                                  |                     | (1,330)             |
| Other financing activities                         | (8)  |                                   |                                       |                     | (8)                 |
| Cash provided by (used in) continuing operations   | (1,276)  | (15)                              | (77)                                  | 30                  | (1,338)             |
| Cash provided by (used in) discontinued operations |  | (80)                              | 967                                   |                     | 887                 |
| Cash provided by (used in) financing activities    | (1,276)  | (95)                              | 890                                   | 30                  | (451)               |

|  |       |        |        |    |    |       |
|--|-------|--------|--------|----|----|-------|
| Effect of exchange rate changes on cash          |       |        | 1      |    |    | 1     |
| Increase (decrease) in cash and cash equivalents | (321) | (4)    | (26)   |    |    | (351) |
| Beginning cash and cash equivalents (b)          | 403   | 2      | 301    |    |    | 706   |
| Ending cash and cash equivalents                 | \$ 82 | \$ (2) | \$ 275 | \$ | \$ | 355   |

- (a) Cash flows from (used in) operations for the Parent Company and Guarantor Subsidiaries do not include any amounts related to their respective stand-alone income tax liabilities as the Company has not historically cash settled the intercompany balances associated with the push down of such liabilities to the Guarantor Subsidiaries. During the three months ended March 31, 2014, the Parent Company allocated approximately \$67 million of tax liabilities to its Guarantor Subsidiaries. During the three months ended March 31, 2014, the Parent Company and the Guarantor Subsidiaries decided to effect a non-cash settlement of the accumulated income tax receivable and payable balances in the amount of approximately \$1.5 billion. Therefore, these transactions are not reflected in the Condensed Consolidating Statement of Cash Flows presented above.
- (b) Includes cash of discontinued operations.



**Table of Contents**

| (in millions)   | <b>Supplemental Condensed Consolidating Schedule of Cash Flows</b> |                                   |                                       |                     |                     |
|---|--|-----------------------------------|---------------------------------------|---------------------|---------------------|
|   | <b>Three Months Ended March 31, 2015</b>                           |                                   |                                       |                     |                     |
|   | <b>Parent<br/>Company</b>  | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| <i>Cash flow from operations:</i>                       |  |                                   |                                       |                     |                     |
| Net income (loss)                                       | \$ 28  | \$ 91                             | \$ 14                                 | \$ (105)            | \$ 28               |
| Income (loss) from discontinued operations              |  |                                   | 2                                     |                     | 2                   |
| Income (loss) from continuing operations                | 28   | 91                                | 12                                    | (105)               | 26                  |
| Non cash adjustments                                    | (82)   | 13                                | 22                                    | 105                 | 58                  |
| Changes in operating assets and liabilities             | 21   | 37                                | 12                                    |                     | 70                  |
| Cash flow from (used in) continuing operations          | (33)   | 141                               | 46                                    |                     | 154                 |
| Cash flow from (used in) discontinued operations        |  |                                   |                                       |                     |                     |
| Cash flow from (used in) operations (a)                 | (33)   | 141                               | 46                                    |                     | 154                 |
| <i>Investment activities:</i>                           |  |                                   |                                       |                     |                     |
| Intercompany transactions                               | 93   | (111)                             | 42                                    | (24)                |                     |
| Cash paid for acquired businesses, net of cash acquired |  |                                   | (4)                                   |                     | (4)                 |
| Cash paid for property and equipment, and software      | (2)  | (19)                              | (7)                                   |                     | (28)                |
| Cash provided by (used in) continuing operations        | 91   | (130)                             | 31                                    | (24)                | (32)                |
| Cash provided by (used in) discontinued operations      |  |                                   | 1                                     |                     | 1                   |
| Cash provided by (used in) investment activities        | 91   | (130)                             | 32                                    | (24)                | (31)                |
| <i>Financing activities:</i>                            |  |                                   |                                       |                     |                     |
| Intercompany dividends                                  |  | (12)                              | (12)                                  | 24                  |                     |
| Other financing activities                              | (4)  |                                   |                                       |                     | (4)                 |
| Cash provided by (used in) continuing operations        | (4)  | (12)                              | (12)                                  | 24                  | (4)                 |
| Cash provided by (used in) discontinued operations      |  |                                   |                                       |                     |                     |
| Cash provided by (used in) financing activities         | (4)  | (12)                              | (12)                                  | 24                  | (4)                 |

|  |        |     |        |    |    |      |
|--|--------|-----|--------|----|----|------|
| Effect of exchange rate changes on cash          |        |     | (11)   |    |    | (11) |
| Increase (decrease) in cash and cash equivalents | 54     | (1) | 55     |    |    | 108  |
| Beginning cash and cash equivalents              | 202    | 1   | 244    |    |    | 447  |
| Ending cash and cash equivalents                 | \$ 256 | \$  | \$ 299 | \$ | \$ | 555  |

- (a) Cash flows from (used in) operations for the Parent Company and Guarantor Subsidiaries do not include any amounts related to their respective stand-alone income tax liabilities as the Company has not historically cash settled the intercompany balances associated with the push down of such liabilities to the Guarantor Subsidiaries. During the three months ended March 31, 2015, the Parent Company allocated approximately \$40 million of tax liabilities to its Guarantor Subsidiaries.

## **Table of Contents**

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

#### **Introduction**

The following discussion and analysis supplements management's discussion and analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and presumes that readers are familiar with the discussion and analysis in that filing. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Condensed Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of SunGard, which are materially the same as the results of operations and financial condition of SCC and SCCII. Therefore, the discussions provided are applicable to each of SCC, SCCII and SunGard unless otherwise noted.

We are supplementing certain GAAP measures with comparable measures on a constant-currency basis, a non-GAAP measure, which excludes the impacts from changes in currency translation. We believe providing explanations of the year to year variances in 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 our constant currency year over year changes, 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.

#### **Overview**

SunGard's business model is founded on software, which is surrounded by services, resulting in strong recurring revenue streams with attractive profit margins. At the heart of our business model is SunGard's proprietary intellectual property that is delivered both as traditional software licenses and also as SaaS offerings. Our license offerings have traditionally been run on our customer premises but are increasingly delivered from SunGard's cloud computing centers. In addition, we provide professional services and business processing services (collectively, "services").

We classify our revenue into three categories:

- (1) Software revenue
- (2) SaaS and Cloud revenue
- (3) Professional and Business Processing Services revenue

Our revenue streams are highly recurring as a result of long-running contracts and strong customer renewal rates for software maintenance, rentals, SaaS and Cloud. These offerings comprise approximately 70% of our overall revenue stream. We believe this high-margin revenue stream provides good visibility to future results and allows us to manage spending and profit proactively. We expect these offerings to grow in the future.

#### ***Software Revenue***

For the first quarter of 2015, our Software revenue represented approximately 38% of our total revenue and was comprised of traditional software license fees, maintenance and support fees, and fees from the resale of third party software licenses. These software license fees include term licenses, perpetual licenses and rental fees for customers who would prefer a periodic fee instead of a larger up-front payment. Maintenance and support fees provide customers with periodic technology updates and interactive support related to our software. Approximately three-fourths of our Software revenue is recurring due to our long-term maintenance and rental revenue streams and strong customer renewal rates.

The remainder of our Software revenue is generated from software license sales to new and existing customers. This is high margin revenue which may fluctuate from quarter to quarter. As a result, the timing of these license sales in any given quarter can impact that quarter's revenue growth and profitability.

**Table of Contents**

***SaaS and Cloud Revenue***

For the first quarter of 2015, our SaaS and Cloud offerings comprised approximately 41% of our total revenue. SaaS and Cloud offerings are delivered from SunGard data centers and provide customers with a secure and reliable environment operated by qualified SunGard personnel. These offerings allow customers to take advantage of SunGard's deep domain expertise while avoiding the upfront cost of licensing and IT infrastructure. SaaS and Cloud revenue also includes revenue from our proprietary trading algorithms and trade execution network.

These SaaS and Cloud offerings are generally sold on multi-year contracts and have historically generated high customer renewal rates. As such, they form a strong recurring revenue stream for our Company. Consistent with industry trends, we expect SaaS and Cloud revenue to become a greater portion of our overall revenue going forward.

***Professional and Business Processing Services Revenue***

For the first quarter of 2015, Professional and Business Processing Services revenue comprised approximately 21% of our total revenue.

Professional services offerings allow customers to install, optimize and integrate SunGard's software into their computing environment. While this is not a recurring revenue stream, per se, it has generated a consistent revenue stream of \$500 million to \$525 million annually for the past three fiscal years. The profit margin on this revenue stream is comparable to other professional services firms but lower than our software offerings. We are currently investing to expand our global delivery capacity further improving customers' adoption of our core technologies, but this investment puts some short-term pressure on our professional services profit margins.

Our business processing services offerings typically provide back-office processing services to our customers where the process is built on a SunGard application. The combination of our industry and application knowledge, coupled with our customers' desire to focus on their core competencies, is resulting in continued growth in these business processing services offerings.

**Table of Contents****Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014****Consolidated Results of Operations Unaudited**

| (\$ in millions)   | Three Months Ended March 31,<br>% of Revenue |            |      |      | Year over Year Change |                      |
|--|--|------------|------|------|-----------------------|----------------------|
|  | 2014   | 2015       | 2014 | 2015 | As Reported           | At Constant Currency |
| Revenue  | \$ 653                                       | \$ 671     | 100% | 100% | 3%                    | 6%                   |
| Costs and expenses:  |  |            |      |      |                       |                      |
| Cost of sales and direct operating                           | 269  | 268        | 41%  | 40%  | 0%                    | 3%                   |
| Sales, marketing and administration                          | 168  | 152        | 26%  | 23%  | -10%                  | -6%                  |
| Product development and maintenance                          | 99   | 86         | 15%  | 13%  | -12%                  | -7%                  |
| Depreciation   | 24   | 29         | 4%   | 4%   | 17%                   | 21%                  |
| Amortization of acquisition-related intangible assets        | 43   | 21         | 7%   | 3%   | -51%                  | -49%                 |
| Trade name impairment  | 339  |            | 52%  | 0%   | nm                    | nm                   |
| Total costs and expenses                                     | 942  | 556        | 144% | 83%  | -41%                  | -39%                 |
| Operating income (loss)                                      | (289)  | 115        | -44% | 17%  | 140%                  | 139%                 |
| <b>Operating margin</b>                                      | <b>-44%</b>                                  | <b>17%</b> |      |      | <b>61.3 pts</b>       | <b>60.5 pts</b>      |
| Other income (expense):                                      |  |            |      |      |                       |                      |
| Interest expense and amortization of deferred financing fees | (74)   | (71)       | -11% | -10% | 5%                    | 5%                   |
| Loss on extinguishment of debt                               | (61)   |            | -9%  | 0%   | nm                    | nm                   |
| Other income (expense)                                       | (135)  | (71)       | -21% | -10% | 48%                   | 49%                  |
| Income (loss) from continuing operations before income taxes | (424)  | 44         | -65% | 7%   | 110%                  | 110%                 |
| Benefit from (provision for) income taxes                    | 101  | (18)       | 15%  | -3%  | -118%                 | -119%                |
| Income (loss) from continuing operations before income taxes | (323)  | 26         | -50% | 4%   | 108%                  | 107%                 |
| Income (loss) from discontinued operations, net of tax       | (17)   | 2          | -3%  | 0%   | 112%                  | 112%                 |
| Net income (loss)  | \$ (340)                                     | \$ 28      | -52% | 4%   | 108%                  | 108%                 |
| <b>Other Financial Information</b>                           |  |            |      |      |                       |                      |
| Adjusted EBITDA (1)  | \$ 145                                       | \$ 175     | 22%  | 26%  | 21%                   | 20%                  |

**Note:** Columns may not total due to rounding.

nm = not meaningful

- (1) Adjusted EBITDA is a non-GAAP financial measure we use to evaluate the performance of SunGard and its reportable segments. Please refer to [Non-GAAP Financial Measures](#) for more information and a reconciliation to the nearest comparable GAAP financial measure.

## **Table of Contents**

### *Revenue:*

For the first quarter of 2015, consolidated revenue of \$671 million grew 3% as reported and 6% on a constant currency basis. Our revenue growth was largely due to market reception of our new technology, continued growth in the emerging markets, and growth in the broad array of services that surround and support our software. The mix of our revenue was similar year-over-year with Software representing approximately 38% of total revenue, SaaS and Cloud revenue representing approximately 41% of total revenue, and Professional and Business Processing Services revenue representing approximately 21% of total revenue. Key drivers in our revenue categories are as follows:

Software revenue grew 5% at constant currency in the current year quarter from strong license sales of our latest technology to both new and existing customers. Reported software license fee revenue was \$44 million, a \$9 million, or 24% increase, from the prior year period. Software license fees increased 32% on a constant-currency basis.

SaaS and Cloud revenue also grew 5% at constant currency in current year quarter primarily driven by increased volumes in our SaaS offerings and greater adoption of our Cloud offerings, supported by our global Cloud delivery centers.

Professional and Business Processing Services revenue increased approximately 9% at constant currency in the first quarter of 2015 from the prior year period primarily due to growth in professional services as customers increased their spending to implement our solutions and integrate them into their operating environments.

### *Cost of Sales and Direct Operating:*

Cost of sales and direct operating expense was 40% and 41% of total revenue in the three months ended March 31, 2015 and 2014, respectively. Cost of sales and direct operating expense increased \$9 million, or 3%, at constant currency primarily due to an increase in expenses associated with customer trading activity in our broker/dealer business and a \$3 million increase in employment-related costs partly due to the increase in professional services revenue, partially offset by \$5 million of currency transaction gains.

### *Sales, Marketing and Administration:*

Sales, marketing and administration expense was 23% and 26% of total revenue in the three months ended March 31, 2015 and 2014, respectively. Sales, marketing and administration expense decreased \$10 million, or 6%, at constant currency primarily due to approximately \$10 million of one-time, strategic initiative expenses related to the AS Split-Off in the first quarter of 2014 and a \$1 million decrease in severance and facilities restructuring expenses, partially offset by a \$5 million increase in medical expenses.

### *Product Development and Maintenance:*

Product development and maintenance expense was 13% and 15% of total revenue in the three months ended March 31, 2015 and 2014, respectively. Product development and maintenance expense decreased \$7 million, or 7%, at constant currency primarily due to a \$4 million decrease in employment-related expenses and a \$2 million increase in capitalized software related to our technology investments.



*Depreciation:*

Depreciation expense was 4% of total revenue in each of the three months ended March 31, 2015 and 2014. Depreciation expense increased 21% at constant currency primarily due to increased capitalization of software assets in the past year.

*Amortization of Acquisition-Related Intangible Assets:*

Amortization of acquisition-related intangible assets was 3% and 7% of total revenue in the three months ended March 31, 2015 and 2014, respectively. Amortization of acquisition-related intangible assets decreased 49% at constant currency primarily due to software intangible assets that were fully amortized during 2014.

*Trade Name Impairment:*

The AS Split-Off triggered an interim impairment test of the carrying value of the SunGard trade name as of March 31, 2014 due to the AS Split-Off. Based on the results of the impairment test, the fair value of the trade name was determined to be lower than its carrying value and resulted in a \$339 million impairment of the trade name as of March 31, 2014. There was no trade name impairment in the three months ended March 31, 2015.

---

**Table of Contents***Operating Income:*

Operating income increased 139% to \$115 million in the three months ended March 31, 2015 from an operating loss of \$289 million for the three months ended March 31, 2014. Operating income was impacted by the items discussed above. Our operating margin increased by 60.5 points primarily due to the 51.9 margin point impact of the trade name impairment charge, the 3.4 margin point impact of the decrease in amortization of acquisition-related intangible assets, and the 1.5 margin point impact of the decrease in strategic initiative expenses.

*Adjusted EBITDA:*

Adjusted EBITDA for the three months ended March 31, 2015 was \$175 million, an increase of \$30 million, or 20%, from the prior year period. Our reported Adjusted EBITDA margin increased 3.9 points to 26.1% for the three months ended March 31, 2015. On a constant-currency basis, our Adjusted EBITDA margin increased 3.1 points, driven primarily by the strength of our software and SaaS sales, improved professional services profitability, decreases in employee-related product development spending, and lower bad debt expense from the sale of a customer bankruptcy claim, partially offset by increased medical expenses.

*Interest expense and amortization of deferred financing costs:*

Interest expense was \$71 million and \$74 million for the three months ended March 31, 2015 and 2014, respectively. The \$3 million decrease in interest expense and amortization of deferred financing costs was primarily due to a \$3 million decrease in amortization of deferred financing costs resulting from the repayment and retirement of debt resulting from the AS Split-Off and fees paid in connection with the February 2014 amendment of the Credit Agreement.

*Loss on extinguishment of debt:*

Loss on extinguishment of debt was \$61 million for the three months ended March 31, 2014. The loss on extinguishment of debt in 2014 includes (i) a \$36 million loss associated with the exchange of approximately \$425 million of senior notes issued by Sungard Availability Services, Inc. ( SpinCo ) ( SpinCo Notes ) for approximately \$389 million of senior notes due 2018 issued by SunGard ( SunGard Notes ) in connection with the AS Split-Off and (ii) the write-off of \$25 million of deferred financing fees resulting from the early repayment of debt during the first quarter (see Note 1 of Notes to Condensed Consolidated Financial Statements).

*Benefit from (provision for) income taxes:*

The effective income tax rates for the three month periods ended March 31, 2015 and 2014 were 41% and 24%, respectively. The Company's effective tax rate reflects changes in the mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between GAAP and local tax laws, the impact of valuation allowances, unrecognized tax benefits and the timing of recording discrete items. The tax rate for the three month period ended March 31, 2015 reflects an increase in the expected full year effective tax rate due primarily to a change in the mix of income by country and the inability to utilize net operating losses generated in certain countries. Further changes in the mix of income, losses in particular jurisdictions or the total amount of income for 2015 may significantly impact the estimated effective income tax rate for the year.

The tax rate for the three month period ended March 31, 2014 includes a benefit of \$138 million recorded as a discrete item related to the impairment of the trade name, an expense of \$46 million recorded as a discrete item due to changes in certain state deferred tax rates, primarily driven by the change in the legal entity ownership of the trade name

caused by the AS Split-Off, and an expense of \$9 million recorded as a discrete item to increase the valuation allowance on state net operating losses driven by the change in management's judgment of their realizability due to the AS Split-Off.

*Loss from discontinued operations, net of tax:*

Loss from discontinued operations, net of tax, was \$17 million in the three months ended March 31, 2014. On March 31, 2014, we completed the AS Split-Off. Income (loss) from discontinued operations reflects the results of our AS business and two smaller FS subsidiaries that were sold in January 2014. Included in loss from discontinued operations in the three months ended March 31, 2014 is a gain on the sale of two FS businesses of approximately \$23 million. Also included in loss from discontinued operations in the three months ended March 31, 2014 is sponsor management fee expense of approximately \$15 million payable under the Management Agreement for services related to the issuance of the \$1.025 billion AS term loan and \$425 million of SpinCo Notes in connection with the AS Split-Off.

*(Income) attributable to the noncontrolling interest (SCC only):*

For SCC, accreted dividends on SCCII's cumulative preferred stock were \$43 million and \$50 million for the three months ended March 31, 2015 and 2014, respectively. The decrease in accreted dividends is due to the decrease in outstanding preferred shares resulting from the share exchange as part of the AS Split-Off, partially offset by compounding of the cumulative, undeclared dividend.

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

Our business is organized into two segments, FS and PS&E. Corporate spending, which includes the costs of various support functions such as corporate finance, human resources, and legal, are not allocated to our reporting segments. As reflected below, we measure our financial performance using Adjusted EBITDA, which is a non-GAAP financial measure. We believe Adjusted EBITDA is an effective tool to measure our operating performance since it excludes non-cash items and certain variable charges. We use Adjusted EBITDA extensively to measure the financial performance of SunGard and its reportable segments, and also to report our results to our board of directors. Please refer to **Non-GAAP Financial Measures** for more information and a reconciliation to the nearest comparable GAAP financial measure.

**Financial Systems segment:**

|   | Three Months Ended March 31, |        | Year over Year Change |                   |
|---|------------------------------|--------|-----------------------|-------------------|
|   | 2014                         | 2015   | Reported              | Constant Currency |
|   | (in millions)                |        |                       |                   |
| Software                                      | \$ 217                       | \$ 218 | 1%                    | 5%                |
| SaaS and Cloud                                | 259                          | 268    | 4%                    | 5%                |
| Professional and Business Processing Services | 124                          | 131    | 5%                    | 10%               |
| Total FS Revenue                              | \$ 600                       | \$ 617 | 3%                    | 6%                |
| Adjusted EBITDA                               | \$ 139                       | \$ 174 | 25%                   | 25%               |
| Adjusted EBITDA margin                        | 23.2%                        | 28.1%  | 4.9 pts               | 4.0 pts           |

**Revenue:**

In the first quarter of 2015, FS revenue grew 6% driven by Software, SaaS and Cloud, and Professional and Business Processing Services. These results reflect the customer reception of our new technology offerings, continued growth in the emerging markets, and growth in the array of services that surround and support our software. In the first quarter of 2015 and 2014, Software revenue was approximately 35% and 36%, respectively, SaaS and Cloud revenue was approximately 44% and 43%, respectively, and Professional and Business Processing Services revenue was approximately 21% of FS revenue.

Software increased 5% at constant currency in the first quarter of 2015 from the prior year period. Software revenue grew as a result of strong license sales of our latest technology to both new and existing customers. Reported software license fee revenue was \$42 million, a \$9 million, or 27% increase, from the prior year period. Software license fees increased 36% on a constant-currency basis.

SaaS and Cloud revenue increased approximately 5% at constant currency in the first quarter of 2015 from the prior year period. This growth was driven by increased volumes in our SaaS offerings and greater adoption of our Cloud offerings, supported by our global Cloud delivery centers.

Professional and Business Processing Services revenue increased approximately 10% at constant currency in the first quarter of 2015 from the prior year period primarily due to growth in professional services tied to our new technology

offerings and increasing global reach, as customers increased their spending to implement our solutions and integrate them into their operating environments.

Revenue from emerging markets, comprised of China, India, Southeast Asia, the Middle East, Africa, Latin America and Eastern Europe, increased 20% in the first quarter of 2015, driven by strong sales of our technology. Revenue in established markets, comprised of the US, Western Europe, Japan and Australia, increased approximately 5% in the first quarter of 2015.

*Adjusted EBITDA:*

FS Adjusted EBITDA was \$174 million in the first quarter of 2015, an increase of 25% from the prior year period. On a constant currency basis, FS adjusted EBITDA also increased 25% in the quarter. The FS Adjusted EBITDA margin was 28.1% and 23.2% for the first quarter of 2015 and 2014, respectively.

The FS Adjusted EBITDA margin increase was driven by the strength of our software and SaaS sales, improved professional services profitability, a \$5 million decrease in employment-related, product development spending, and lower bad debt expense from the sale of a customer bankruptcy claim.

**Table of Contents****Public Sector & Education segment:**

|   | Three Months Ended March 31, |       | Year over Year Change |                   |
|---|------------------------------|-------|-----------------------|-------------------|
|   | 2014                         | 2015  | Reported              | Constant Currency |
|   | (in millions)                |       |                       |                   |
| Software                                      | \$ 34                        | \$ 34 | (1)%                  | (1)%              |
| SaaS and Cloud                                | 9                            | 9     | 4%                    | 4%                |
| Professional and Business Processing Services | 10                           | 11    | 4%                    | 4%                |
| Total PS&E Revenue                            | \$ 53                        | \$ 54 | 1%                    | 1%                |
| Adjusted EBITDA                               | \$ 16                        | \$ 16 | (1)%                  | (1)%              |
| Adjusted EBITDA margin                        | 30.1%                        | 29.5% | (0.6) pts             | (0.6) pts         |

*Revenue:*

In the first quarter of 2015, PS&E revenue grew 1% principally driven by growth in professional services and accompanied by increases in SaaS and Cloud revenues. During the first quarter of 2015 and 2014, software revenue represented approximately 62% and 64%, respectively, SaaS and Cloud revenue was approximately 18% and 17%, respectively, and Professional and Business Processing Services revenue was approximately 20% and 19%, respectively, of PS&E revenue.

Software revenue decreased 1% primarily due to a decrease of approximately \$0.5 million of software license fees, partially offset by annual software maintenance increases. SaaS and Cloud revenue increased 4% primarily due to add-on cloud services to the existing customer base. Professional and Business Processing Services revenue increased 4% due to continuing to deliver the contracted backlog resulting from new software license sales and product upgrades from 2013 and 2014 which generate related implementation and integration services. There is no business processing services revenue in this segment.

*Adjusted EBITDA:*

PS&E Adjusted EBITDA was \$16 million, a decrease of 1% from the first quarter of 2014. On a constant currency basis, PS&E Adjusted EBITDA also decreased 1%. The PS&E Adjusted EBITDA margin was 29.5% and 30.1% for the first quarter of 2015 and 2014, respectively. The 0.6% margin decrease was driven by higher professional services revenue and higher costs associated with the delivery of our professional services.

**Corporate:**

Corporate spending, as measured on an adjusted EBITDA basis, increased by approximately \$5 million to \$15 million during the first quarter of 2015 mainly due to higher employee costs resulting from increased medical expenses.

**Table of Contents****Non-GAAP Financial Measures:**

We evaluate our performance using both GAAP and non-GAAP financial measures. Non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. In addition, SunGard's non-GAAP measures may be different from non-GAAP measures used by other companies.

Our primary non-GAAP measure is Adjusted EBITDA, whose corresponding GAAP measure is net income (loss). Adjusted EBITDA is defined as net income (loss) less income (loss) from discontinued operations, income taxes, loss on extinguishment of debt, interest expense and amortization of deferred financing fees, depreciation (including the amortization of capitalized software), amortization of acquisition-related intangible assets, trade name and goodwill impairment charges, severance and facility closure charges, stock compensation expense, management fees from our Sponsors, and certain other costs.

We believe Adjusted EBITDA is an effective tool to measure our operating performance since it excludes non-cash items and certain variable charges. We use Adjusted EBITDA extensively to measure the financial performance of SunGard and its reportable segments, and also to report our results to our board of directors. We use a similar measure, as defined in our senior secured credit agreement, for purposes of computing our debt covenants.

The following table presents a reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income (loss), which is the nearest comparable GAAP measure.

|  | (in millions)                |        | Year over Year Change |          |
|--|------------------------------|--------|-----------------------|----------|
|  | Three Months Ended March 31, |        | Reported              | Constant |
|  | 2014                         | 2015   |                       | Currency |
| Net income (loss)  | \$ (340)                     | \$ 28  |                       |          |
| Income (loss) from discontinued operations                   | 17                           | (2)    |                       |          |
| Benefit from (provision for ) income taxes                   | (101)                        | 18     |                       |          |
| Loss on extinguishment of debt                               | 61                           |        |                       |          |
| Interest expense and amortization of deferred financing fees | 74                           | 71     |                       |          |
| Operating income (loss)                                      | (289)                        | 115    | 140%                  | 139%     |
| Depreciation   | 24                           | 29     | 17%                   | 21%      |
| Amortization of acquisition-related intangible assets        | 43                           | 21     | (51)%                 | (51)%    |
| Trade name impairment charge                                 | 339                          |        | n/a                   | n/a      |
| Restructuring charges  | 5                            | 2      | (62)%                 | (41)%    |
| Stock compensation expense                                   | 9                            | 10     | 16%                   | 16%      |
| Management fees  | 2                            | 2      | 29%                   | 29%      |
| Other costs (included in operating income)                   | 12                           | (4)    | (129)%                | (134)%   |
| Adjusted EBITDA  | \$ 145                       | \$ 175 | 21%                   | 20%      |

Our business is organized into two segments, FS and PS&E. Corporate spending is held above the segments as noted in the table below. Corporate spending includes support functions such as corporate finance, human resources, and

legal. The following table details Adjusted EBITDA for each of our two reportable segments and corporate spending to reconcile to total SunGard Adjusted EBITDA, as reconciled above.

|           | Adjusted EBITDA              |        |
|-----------|------------------------------|--------|
|           | Three Months Ended March 31, |        |
|           | 2014                         | 2015   |
|           | (in millions)                |        |
| FS        | \$ 139                       | \$ 174 |
| PS&E      | 16                           | 16     |
| Corporate | (10)                         | (15)   |
| Total     | \$ 145                       | \$ 175 |



**Table of Contents****Liquidity and Capital Resources:**

At December 31, 2014 and March 31, 2015, our liquidity, a non-GAAP measure was as follows (in millions):

|                                     | December 31,<br>2014 | March 31,<br>2015 |
|-------------------------------------|----------------------|-------------------|
| Cash and cash equivalents           | \$ 447               | \$ 555            |
| Capacity: Revolving Credit Facility | 592                  | 593               |
| Capacity: Receivables Facility      | 39                   | 43                |
| <br>Total Liquidity                 | <br>\$ 1,078         | <br>\$ 1,191      |

Total liquidity represents the amount of cash and readily available sources of cash available for debt service and working capital needs. We use total liquidity to ensure we have an adequate amount of funds to meet our obligations.

Included in our total cash and cash equivalents at March 31, 2015 was approximately \$261 million held by our wholly-owned non-U.S. subsidiaries that is available to fund operations and strategic investment opportunities abroad. Also, approximately \$39 million of cash and cash equivalents at March 31, 2015 relates to our broker/dealer operations, some of which is not readily available for general corporate use.

Our cash flows in the United States continue to be sufficient to fund our current domestic operations and obligations, including financing activities such as debt service. In addition, we have several options available to improve liquidity in the short term in the U.S., including repatriation of funds from foreign subsidiaries, borrowing funds under our revolving credit facilities, and calling intercompany loans that are in place with certain foreign subsidiaries. To the extent we elect to repatriate the earnings of our foreign subsidiaries, additional cash taxes could be payable. See Note 12 of Notes to Consolidated Financial Statements in the Company's 2014 Annual Report on Form 10-K for more detail.

*Cash flow from operations:*

Cash flow from continuing operations was \$154 million for the three months ended March 31, 2015, an increase of \$68 million from the prior year period. The increase in 2015 cash flow from continuing operations was due to:

a \$49 million increase in cash earned from operations, primarily due to improved operating performance and from a decrease in transaction costs associated with the AS Split-Off in the first quarter of 2014;

a \$16 million increase in cash provided by working capital due primarily to the reduction of accounts receivable, and lower incentive payments due to the relatively stronger performance in 2013 compared to 2014, partially offset by more cash used for accounts payable and lower deferred revenue in the first quarter of 2015 compared to the first quarter of 2014; and

\$5 million less interest payments, partially offset by

\$2 million more income tax payments, net of refunds.

*Cash flow from investing activities:*

Net cash used by continuing operations in investing activities was \$32 million in the three months ended March 31, 2015, comprised mainly of \$28 million of cash paid for property and equipment and capitalized software development. This compares to \$28 million in the three months ended March 31, 2014, comprised mainly of cash paid for property and equipment and capitalized software development costs. Capitalized software development costs related to our product investments increased \$2 million in the first quarter of 2015 to \$15 million from the prior year period. In addition, we acquired a business in our FS segment for approximately \$4 million.

*Cash flow from financing activities:*

Net cash used by continuing operations in financing activities was \$4 million for the three months ended March 31, 2015, primarily related to payments of employee taxes from the net distribution of share-based awards to employees. Net cash used by continuing operations in financing activities was \$1,338 million for the three months ended March 31, 2014, primarily related to repayment of \$1,005 million of term loans as part of the AS Split-Off, repayment of our \$250 million senior secured notes due 2014 and \$60 million of our receivables facility term loan, and repayment of \$7 million of our tranche A term loan.

**Table of Contents**

Total debt outstanding as of December 31, 2014 and March 31, 2015 consisted of the following (in millions):

|  | December 31,<br>2014 | March 31,<br>2015 | Change from<br>December 31<br>to March 31 |
|--|----------------------|-------------------|---|
| <b>Senior Secured Credit Facilities:</b>                                       |                      |                   |   |
| Secured revolving credit facility due<br>March 8, 2018                         | \$                   | \$                | \$  |
| Tranche C due February 28, 2017, effective<br>interest rate of 4.44% and 4.44% | 400                  | 400               |   |
| Tranche E due March 8, 2020, effective<br>interest rate of 4.31% and 4.31%     | 1,918                | 1,918             |   |
| <b>Total Senior Secured Credit Facilities</b>                                  | <b>2,318</b>         | <b>2,318</b>      |   |
| Senior Notes due 2018 at 7.375%  | 511                  | 511               |   |
| Senior Notes due 2020 at 7.625%  | 700                  | 700               |   |
| Senior Subordinated Notes due 2019 at<br>6.625%                                | 1,000                | 1,000             |   |
| Secured accounts receivable facility, at<br>3.16% and 3.18%                    | 140                  | 140               |   |
| Other, primarily acquisition purchase price                                    |                      | 1                 | 1   |
| <b>Total debt</b>  | <b>\$ 4,669</b>      | <b>\$ 4,670</b>   | <b>\$ 1</b>                               |
| <br>   |                      |                   |   |
| Leverage Metric per Credit Agreement   | 5.41x                | 5.04x             | -0.37x                                    |
| Weighted Average Interest Rate   | 5.61%                | 5.62%             | 0.01 points                               |
| Percent Fixed Rate (swap adjusted)   | 67%                  | 67%               | 0 points                                  |
| Percent Bonds of Total Debt  | 47%                  | 47%               | 0 points                                  |

At December 31, 2014 and March 31, 2015, the contractual future maturities of debt were as follows (in millions):

|              | December 31,<br>2014 | March 31,<br>2015 | Change<br>from December 31<br>to March 31 |
|--------------|----------------------|-------------------|---|
| 2015         | \$                   | \$ 1              | \$ 1                                      |
| 2016         |                      |                   |   |
| 2017         | 400                  | 400               |   |
| 2018         | 511                  | 511               |   |
| 2019         | 1,140                | 1,140             |   |
| Thereafter   | 2,618                | 2,618             |   |
| <b>Total</b> | <b>\$ 4,669</b>      | <b>\$ 4,670</b>   | <b>\$ 1</b>                               |

At March 31, 2015, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were a potential of \$6 million, of which less than \$0.5 million is included in other long-term liabilities. We also have outstanding letters of credit and bid bonds that total approximately \$17 million.

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

SunGard's ability to make dividend payments to its equity holders is governed by the covenants in its debt documents. Without obtaining an amendment to those documents, SunGard's covenants currently limit such a dividend to a total of \$200 million.

#### *Covenant Compliance*

As of March 31, 2015, we are in compliance with all financial and nonfinancial covenants. In connection with the March 2013 senior secured credit agreement amendment, as further amended in February 2014, we removed the financial maintenance covenants for the term loan facility and modified the financial maintenance covenants for the senior secured revolving credit facility. As amended, the financial maintenance covenant is applicable at quarter end only if there is an amount outstanding under the revolving credit facility that is greater than or equal to 25% of the total revolving commitments (see footnote 1 below for further details). If applicable, starting with the quarter ended March 31, 2015, the financial maintenance covenant allows a maximum total leverage ratio of 6.00x at the end of such quarter through December 31, 2015 and 5.75x thereafter.

**Table of Contents**

If the financial maintenance covenant in the revolving credit facility were to apply and we failed to satisfy such covenant, then a default solely of the revolving credit facility would occur. If the revolving credit lenders fail to waive such default, then the revolving credit lenders could elect (upon a determination by a majority of the revolving credit lenders) to terminate their commitments and declare all amounts borrowed under the revolving credit facility due and payable. If this happens, all amounts borrowed under the senior secured term loan facilities would be due and payable as well. This acceleration would also result in a default under the indentures.

Under the indentures governing SunGard's senior notes due 2018 and 2020 and senior subordinated notes due 2019 and SunGard's senior secured credit agreement, our ability to incur additional indebtedness, make investments and pay dividends remains tied to a leverage or fixed charge ratio based on Adjusted EBITDA. Adjusted EBITDA is defined as EBITDA, which we define as earnings before interest, taxes, depreciation and amortization, further adjusted to exclude certain adjustments permitted in calculating covenant compliance under the indentures and senior secured credit facilities. Adjusted EBITDA is a non-GAAP measure used to determine our compliance with certain covenants contained in the indentures governing the senior notes due 2018 and 2020 and senior subordinated notes due 2019 and in our senior secured credit agreement. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants.

Adjusted EBITDA does not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Adjusted EBITDA in the indentures allows us to add back certain noncash, extraordinary or unusual charges that are deducted in calculating net income (loss). However, these are expenses that may recur, vary greatly and are difficult to predict. Further, our debt instruments require that Adjusted EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year. Adjusted EBITDA is similar, but not identical, to Adjusted EBITDA used to measure our performance (see Note 10 of Notes to Condensed Consolidated Financial Statements for the three months ended March 31, 2015).

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). This is similar, but not identical, to Adjusted EBITDA used for segment reporting as disclosed earlier. The terms and related calculations are defined in the credit agreement. Adjusted EBITDA is calculated as follows (in millions):

|   | Three Months Ended March 31, |       | Last Twelve<br>Months Ended |
|---|------------------------------|-------|-----------------------------|
|   | 2014                         | 2015  | March 31,<br>2015           |
| Income (loss) from continuing operations              | \$ (323)                     | \$ 26 | \$ 142                      |
| Interest expense, net                                 | 74                           | 71    | 287                         |
| Provision for (benefit from) income taxes             | (101)                        | 18    | 62                          |
| Depreciation  | 24                           | 29    | 112                         |
| Amortization of acquisition-related intangible assets | 43                           | 21    | 114                         |

|   |        |        |        |
|---|--------|--------|--------|
| EBITDA  | (283)  | 165    | 717    |
| Trade name impairment charge  | 339    |        |        |
| Purchase accounting adjustments <sup>(a)</sup>  |        |        | 1      |
| Stock compensation expense  | 9      | 10     | 43     |
| Restructuring charges <sup>(b)</sup>  | 5      | 2      | 24     |
| Management fees   | 2      | 2      | 9      |
| Other costs <sup>(c)</sup>  | 11     |        | 5      |
| Loss on extinguishment of debt <sup>(d)</sup>   | 61     |        |        |
| Adjusted EBITDA – senior secured credit facilities, senior notes due 2018 and 2020 and senior subordinated notes due 2019 | \$ 144 | \$ 179 | \$ 799 |

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

**Table of Contents**

- (b) Restructuring charges include severance and related payroll taxes, and reserves to consolidate or exit certain facilities.
- (c) Other costs includes strategic initiative expenses, certain other expenses associated with acquisitions made by the Company, franchise and similar taxes reported in operating expenses and loss on the sale of assets, partially offset by certain charges relating to the receivables facility.
- (d) Loss on extinguishment of debt for the three months ended March 31, 2014 primarily includes (i) a \$36 million loss associated with the exchange of SpinCo Notes for SunGard Notes and (ii) the write-off of deferred financing fees associated with (a) the repayment of \$1.005 billion of term loans and the retirement of \$389 million of senior notes due 2018, both resulting from the AS Split-Off, (b) the \$250 million reduction of the revolving credit facility and (c) the repayment of \$60 million of the accounts receivable facility term loans.

The covenant requirements and actual ratios for the twelve months ended March 31, 2015 are as follows:

|   | <b>Covenant<br/>Requirements</b> | <b>Actual<br/>Ratios</b> |
|---|----------------------------------|--------------------------|
| <b>Senior secured credit facilities <sup>(1)</sup></b>  |                                  |                          |
| Maximum total debt to Adjusted EBITDA   | 6.00x                            | 5.04x                    |
| <b>Senior notes due 2018 and 2020 and senior subordinated notes due 2015 <sup>(2)</sup></b>                   |                                  |                          |
| Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions | 2.00x                            | 3.02x                    |

- (1) If on the last day of any four consecutive fiscal quarters ending on or before December 31, 2015, but after December 31, 2014, our total revolving credit exposure minus the lesser of (x) the amount of outstanding letters of credit under the senior secured revolving credit facility and (y) \$25 million, is equal to or greater than an amount equal to 25% of our aggregate revolving credit commitments, then on such day, we would be required to maintain a maximum consolidated total debt to Adjusted EBITDA ratio of 6.00x which steps down to 5.75x after December 31, 2015. Consolidated total debt is defined in the senior secured credit facilities as total debt less (i) certain indebtedness and (ii) cash and cash equivalents on our balance sheet in excess of \$50 million. Failure to satisfy this ratio requirement would constitute a default solely under the senior secured revolving credit facility. If our revolving credit facility lenders failed to waive any such default and subsequently accelerated our obligations or terminated their commitments under the senior secured revolving credit facility, our repayment obligations under the senior secured term loan facilities would be accelerated as well, which would also constitute a default under our indentures.
- (2) SunGard's ability to incur additional debt and make certain restricted payments under our indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x, except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of \$5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of March 31, 2015, we had \$2.32 billion outstanding under the term loan facilities and available commitments of \$593 million under the revolving credit facility), to acquire persons engaged in a similar business that become restricted subsidiaries and to make other investments equal to 6% of our consolidated assets. Fixed charges is defined in the indentures governing the Senior Notes due 2018 and 2020 and the Senior Subordinated Notes due 2019 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for non-cash interest and the elimination of interest expense and fees associated with the receivables facility.

**Certain Risks and Uncertainties**

Certain of the matters we discuss in this Report may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, or anticipates or similar expressions which concern our strategy, plans and intentions. All statements we make relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Some of the factors that we believe could affect our results include: global economic and market conditions; the condition of the financial services industry, including the effect of any further consolidation among financial services firms; our high degree of debt-related leverage; the effect of war, terrorism, natural disasters or other catastrophic events; the effect of disruptions to our systems and infrastructure; the timing and magnitude of software sales; the timing and scope of technological advances; 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



## **Table of Contents**

internal controls; unanticipated changes in our income tax provision or the enactment of new tax legislation, issuance of regulations or relevant judicial decisions and if the split-off of the AS business fails to qualify as a tax-free transaction, there could be a significant tax liability, and Spinco may be unable to fully indemnify us to the extent its or its stockholders' actions caused the split-off to be taxable. The factors described in this paragraph and other factors that may affect our business or future financial results are discussed in our filings with the Securities and Exchange Commission, including this Form 10-Q. We assume no obligation to update any written or oral forward-looking statement made by us or on our behalf as a result of new information, future events or other factors.

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

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

At March 31, 2015, we had total debt of \$4.67 billion, including \$2.46 billion of variable rate debt. We have entered into interest rate swap agreements which fix the interest rates for \$900 million of our variable rate debt. Swap agreements expiring in February 2017 with a notional value of \$400 million effectively fix our interest rates at 0.69%. Swap agreements expiring in June 2019 with a notional value of \$200 million effectively fix our interest rates at 2.06%. Swap agreements expiring in March 2020 with a notional value of \$300 million effectively fix our interest rates at 2.27%. Our remaining variable rate debt of \$1.56 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 \$16 million per year. Upon the expiration of the \$400 million interest rate swap agreements in February 2017, a 1% change in interest rates would result in an incremental change in interest of approximately \$4 million, or a total of \$20 million. Upon the expiration of the \$200 million interest rate swap agreements in June 2019, a 1% change in interest rates would result in an incremental change in interest of approximately \$2 million, or a total of \$22 million. Upon the expiration of the \$300 million interest rate swap agreements in March 2020, a 1% change in interest rates would result in an incremental change in interest of approximately \$3 million, or a total of \$25 million.

### **Item 4. Controls and Procedures:**

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

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

**Table of Contents****Part II. Other Information:**

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

**Item 1A. Risk Factors:** There have been no material changes to SCC's, SCCII's or SunGard's Risk Factors as previously disclosed in their Form 10-K for the year ended December 31, 2014.

**Item 5. Other Information:****Disclosure of Iranian Activities under Section 13(r) of the Securities Exchange Act of 1934**

Because of the broad definition of "affiliate" in Rule 12b-2 of the Securities Exchange Act of 1934, certain of our Sponsors and the companies in which their affiliated funds are invested ("portfolio companies") may be deemed to be affiliates of ours. Accordingly, we note that affiliates of one of our Sponsors, The Blackstone Group L.P., has included information in its Quarterly Report on Form 10-Q, as required by Section 13(r) of the Exchange Act, regarding activities of its portfolio companies. These disclosures are reproduced on Exhibit 99.1 of this report, which disclosures are hereby incorporated by reference herein. We have no involvement in or control over such activities, and we have not independently verified or participated in the preparation of the disclosures described in that filing. To the extent any of our Sponsors make additional disclosures under Section 13(r), we will provide updates in our subsequent periodic filings.

**Item 6. Exhibits:**

| <b>Number</b> | <b>Document</b>  |
|---------------|--|
| 12.1          | Computation of Ratio of Earnings to Fixed Charges.   |
| 31.1          | Certification of Russell P. Fradin, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2          | Certification of Charles J. Neral, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32.1          | Certification of Russell P. Fradin, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2          | Certification of Charles J. Neral, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 99.1          | Section 13(r) Disclosure of Certain Sponsors   |
| 101           | Interactive Data Files for SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Balance Sheets as of   |

December 31, 2014 and March 31, 2015, (ii) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2014 and 2015, (iii) Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2015 and (iv) Notes to Condensed Consolidated Financial Statements.

Table of Contents

**SIGNATURES**

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

**SUNGARD CAPITAL CORP.**

**SUNGARD CAPITAL CORP.II**

**SUNGARD DATA SYSTEMS INC.**

Dated: May 14, 2015

By: /s/ Charles J. Neral  
Charles J. Neral  
Senior Vice President-Finance and Chief Financial  
Officer (Principal Financial Officer)

**Table of Contents**

**EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Document</b>   |
|--------------------|---|
| 12.1               | Computation of Ratio of Earnings to Fixed Charges.  |
| 31.1               | Certification of Russell P. Fradin, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 31.2               | Certification of Charles J. Neral, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(a) or Rule 15d-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002.   |
| 32.1               | Certification of Russell P. Fradin, Chief Executive Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2               | Certification of Charles J. Neral, Chief Financial Officer of SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002.   |
| 99.1               | Section 13(r) Disclosure of Certain Sponsors  |
| 101                | Interactive Data Files for SunGard Capital Corp., SunGard Capital Corp. II and SunGard Data Systems Inc. pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Balance Sheets as of December 31, 2014 and March 31, 2015, (ii) Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2014 and 2015, (iii) Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2015 and (iv) Notes to Condensed Consolidated Financial Statements. |