

SUNGARD CAPITAL CORP  
Form 10-Q  
November 12, 2014  
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**United States**  
**Securities and Exchange Commission**  
**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2014**

**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)**

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

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

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 September 30, 2014:

|                           |                                                                                          |
|---------------------------|------------------------------------------------------------------------------------------|
| SunGard Capital Corp.     | 257,524,435 shares of Class A common stock and 28,613,824 shares of Class L common stock |
| SunGard Capital Corp. II  | 100 shares of common stock                                                               |
| SunGard Data Systems Inc. | 100 shares of common stock                                                               |

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**SUNGARD CAPITAL CORP.**

**SUNGARD CAPITAL CORP. II**

**SUNGARD DATA SYSTEMS INC.**

**AND SUBSIDIARIES**

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**PART I. FINANCIAL INFORMATION**

Explanatory Note

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

|                                                                          | December 31,<br>2013 | September 30,<br>2014 |
|--------------------------------------------------------------------------|----------------------|-----------------------|
| <b><i>Assets</i></b>                                                     |                      |                       |
| Current:                                                                 |                      |                       |
| Cash and cash equivalents                                                | \$ 675               | \$ 396                |
| Trade receivables, less allowance for doubtful accounts of \$17 and \$20 | 565                  | 398                   |
| Earned but unbilled receivables                                          | 92                   | 111                   |
| Prepaid expenses and other current assets                                | 127                  | 134                   |
| Assets of discontinued operations                                        | 2,516                |                       |
| Total current assets                                                     | 3,975                | 1,039                 |
| Property and equipment, less accumulated depreciation of \$376 and \$405 | 152                  | 147                   |
| Software products, less accumulated amortization of \$1,644 and \$1,735  | 270                  | 222                   |
| Customer base, less accumulated amortization of \$486 and \$520          | 421                  | 375                   |
| Other assets, less accumulated amortization of \$21 and \$22             | 113                  | 100                   |
| Trade name                                                               | 1,019                | 672                   |
| Goodwill                                                                 | 3,828                | 3,784                 |
| <b>Total Assets</b>                                                      | <b>\$ 9,778</b>      | <b>\$ 6,339</b>       |
| <b><i>Liabilities and Equity</i></b>                                     |                      |                       |
| Current:                                                                 |                      |                       |
| Short-term and current portion of long-term debt                         | \$ 290               | \$ 2                  |
| Accounts payable                                                         | 8                    | 8                     |
| Accrued compensation and benefits                                        | 245                  | 194                   |
| Accrued interest expense                                                 | 40                   | 69                    |
| Other accrued expenses                                                   | 129                  | 98                    |
| Deferred revenue                                                         | 589                  | 509                   |
| Liabilities of discontinued operations                                   | 799                  |                       |
| Total current liabilities                                                | 2,100                | 880                   |
| Long-term debt                                                           | 6,094                | 4,669                 |
| Deferred and other income taxes                                          | 746                  | 639                   |
| Other long-term liabilities                                              | 39                   | 39                    |

|                                                                                                                                                                                                                                                  |                 |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Total liabilities                                                                                                                                                                                                                                | 8,979           | 6,227           |
| Commitments and contingencies                                                                                                                                                                                                                    |                 |                 |
| Noncontrolling interest in preferred stock of SCCII subject to a put option                                                                                                                                                                      | 42              | 32              |
| Class L common stock subject to a put option                                                                                                                                                                                                     | 58              | 53              |
| Class A common stock subject to a put option                                                                                                                                                                                                     | 4               | 3               |
| Stockholders' equity:                                                                                                                                                                                                                            |                 |                 |
| Class L common stock, convertible, par value \$.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of \$7,040 million and \$7,799 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                                                                                                                                                                                                                   | 2,482           | 2,674           |
| Treasury stock, 528,709 and 448,597 shares of Class L common stock; and 4,761,694 and 4,040,683 shares of Class A common stock                                                                                                                   | (47)            | (39)            |
| Accumulated deficit                                                                                                                                                                                                                              | (3,497)         | (3,964)         |
| Accumulated other comprehensive income (loss)                                                                                                                                                                                                    | 16              | (94)            |
| Total SunGard Capital Corp. stockholders' equity (deficit)                                                                                                                                                                                       | (1,046)         | (1,423)         |
| Noncontrolling interest in preferred stock of SCCII                                                                                                                                                                                              | 1,741           | 1,447           |
| Total equity                                                                                                                                                                                                                                     | 695             | 24              |
| <b>Total Liabilities and Equity</b>                                                                                                                                                                                                              | <b>\$ 9,778</b> | <b>\$ 6,339</b> |

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

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

|                                                              | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|--------------------------------------------------------------|----------------------------------|--------|---------------------------------|----------|
|                                                              | 2013                             | 2014   | 2013                            | 2014     |
| <b>Revenue:</b>                                              |                                  |        |                                 |          |
| Services                                                     | \$ 607                           | \$ 624 | \$ 1,801                        | \$ 1,842 |
| License and resale fees                                      | 64                               | 59     | 164                             | 150      |
| Total products and services                                  | 671                              | 683    | 1,965                           | 1,992    |
| Reimbursed expenses                                          | 7                                | 8      | 24                              | 25       |
| Total revenue                                                | 678                              | 691    | 1,989                           | 2,017    |
| <b>Costs and expenses:</b>                                   |                                  |        |                                 |          |
| Cost of sales and direct operating (excluding depreciation)  | 244                              | 271    | 757                             | 799      |
| Sales, marketing and administration                          | 157                              | 171    | 471                             | 503      |
| Product development and maintenance                          | 103                              | 96     | 309                             | 300      |
| Depreciation                                                 | 24                               | 28     | 73                              | 79       |
| Amortization of acquisition-related intangible assets        | 43                               | 30     | 138                             | 114      |
| Trade name impairment charge                                 |                                  |        |                                 | 339      |
| Total costs and expenses                                     | 571                              | 596    | 1,748                           | 2,134    |
| Operating income (loss)                                      | 107                              | 95     | 241                             | (117)    |
| <b>Other income (expense):</b>                               |                                  |        |                                 |          |
| Interest income                                              | 1                                |        | 1                               | 1        |
| Interest expense and amortization of deferred financing fees | (78)                             | (73)   | (247)                           | (220)    |
| Loss on extinguishment of debt                               | (1)                              |        | (6)                             | (61)     |
| Other income (expense)                                       |                                  |        | (2)                             |          |
| Other income (expense)                                       | (78)                             | (73)   | (254)                           | (280)    |
| Income (loss) from continuing operations before income taxes | 29                               | 22     | (13)                            | (397)    |

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|                                                                         |       |                |          |                 |
|-------------------------------------------------------------------------|-------|----------------|----------|-----------------|
| Benefit from (provision for) income taxes                               | (7)   | <b>(11)</b>    | 5        | <b>88</b>       |
| Income (loss) from continuing operations                                | 22    | <b>11</b>      | (8)      | <b>(309)</b>    |
| Income (loss) from discontinued operations, net of tax                  | 1     |                | (1)      | <b>(17)</b>     |
| Net income (loss)                                                       | 23    | <b>11</b>      | (9)      | <b>(326)</b>    |
| (Income) attributable to the noncontrolling interest                    | (49)  | <b>(42)</b>    | (121)    | <b>(132)</b>    |
| Net income (loss) attributable to SunGard Capital Corp.                 | (26)  | <b>(31)</b>    | (130)    | <b>(458)</b>    |
| Other comprehensive income (loss):                                      |       |                |          |                 |
| Foreign currency translation, net                                       | 54    | <b>(49)</b>    | 10       | <b>(110)</b>    |
| Unrealized gain (loss) on derivative instruments, net of tax            | (1)   | <b>2</b>       |          |                 |
| Other, net of tax                                                       | (1)   |                | (6)      |                 |
| Other comprehensive income (loss), net of tax                           | 52    | <b>(47)</b>    | 4        | <b>(110)</b>    |
| Comprehensive income (loss)                                             | 75    | <b>(36)</b>    | (5)      | <b>(436)</b>    |
| Comprehensive (income) loss attributable to the noncontrolling interest | (49)  | <b>(42)</b>    | (121)    | <b>(132)</b>    |
| Comprehensive income (loss) attributable to SunGard Capital Corp.       | \$ 26 | <b>\$ (78)</b> | \$ (126) | <b>\$ (568)</b> |

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

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

|                                                                                                    | Nine Months Ended September 30, |          |
|----------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                    | 2013                            | 2014     |
| <b><i>Cash flow from operations:</i></b>                                                           |                                 |          |
| Net income (loss)                                                                                  | \$ (9)                          | \$ (326) |
| Income (loss) from discontinued operations                                                         | (1)                             | (17)     |
| Income (loss) from continuing operations                                                           | (8)                             | (309)    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                                 |          |
| Depreciation and amortization                                                                      | 211                             | 193      |
| Trade name impairment charge                                                                       |                                 | 339      |
| Deferred income tax provision (benefit)                                                            | (20)                            | (105)    |
| Stock compensation expense                                                                         | 30                              | 33       |
| Amortization of deferred financing costs and debt discount                                         | 30                              | 14       |
| Loss on extinguishment of debt                                                                     | 6                               | 61       |
| Other noncash items                                                                                | 2                               |          |
| Changes in working capital:                                                                        |                                 |          |
| Accounts receivable and other current assets                                                       | 169                             | 135      |
| Accounts payable and accrued expenses                                                              | (45)                            | (65)     |
| Deferred revenue                                                                                   | (51)                            | (74)     |
| Cash flow from (used in) continuing operations                                                     | 324                             | 222      |
| Cash flow from (used in) discontinued operations                                                   | 242                             | 34       |
| Cash flow from (used in) operations                                                                | 566                             | 256      |
| <b><i>Investment activities:</i></b>                                                               |                                 |          |
| Cash paid for acquired businesses, net of cash acquired                                            | (1)                             | (4)      |
| Cash paid for property and equipment, and software                                                 | (70)                            | (98)     |
| Cash provided by (used in) continuing operations                                                   | (71)                            | (102)    |
| Cash provided by (used in) discontinued operations                                                 | (89)                            | 7        |
| Cash provided by (used in) investment activities                                                   | (160)                           | (95)     |
| <b><i>Financing activities:</i></b>                                                                |                                 |          |
| Cash received from borrowings, net of fees                                                         | 2,173                           | (7)      |

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|                                                                                                           |         |         |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Cash used to repay debt                                                                                   | (2,418) | (1,324) |
| Cash used to purchase treasury stock                                                                      | (7)     | (7)     |
| Other financing activities                                                                                | (8)     | (11)    |
| Cash provided by (used in) continuing operations                                                          | (260)   | (1,349) |
| Cash provided by (used in) discontinued operations                                                        | (1)     | 887     |
| Cash provided by (used in) financing activities                                                           | (261)   | (462)   |
| Effect of exchange rate changes on cash                                                                   | (2)     | (9)     |
| Increase (decrease) in cash and cash equivalents                                                          | 143     | (310)   |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2013, \$11; 2014, \$31 | 546     | 706     |
| Ending cash and cash equivalents, including cash of discontinued operations:<br>2013, \$31; 2014, \$-     | \$ 689  | \$ 396  |

***Supplemental information:***

|                                                                               |        |        |
|-------------------------------------------------------------------------------|--------|--------|
| Interest paid                                                                 | \$ 223 | \$ 195 |
| Income taxes paid, net of refunds of \$13 million, \$17 million, respectively | \$ 64  | \$ 32  |
| Non-cash financing activities:                                                |        |        |
| Distribution of net assets of SpinCo (see Note 1)                             | \$     | \$ 229 |
| Receipt of SpinCo Notes in connection with the AS Split-Off (see Note 1)      | \$     | \$ 425 |
| Exchange of SpinCo Notes for SunGard Notes (see Note 6)                       | \$     | \$ 389 |

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

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

|                                                                          | December 31,<br>2013 | September 30,<br>2014 |
|--------------------------------------------------------------------------|----------------------|-----------------------|
| <b>Assets</b>                                                            |                      |                       |
| Current:                                                                 |                      |                       |
| Cash and cash equivalents                                                | \$ 675               | \$ 396                |
| Trade receivables, less allowance for doubtful accounts of \$17 and \$20 | 565                  | 398                   |
| Earned but unbilled receivables                                          | 92                   | 111                   |
| Prepaid expenses and other current assets                                | 127                  | 134                   |
| Assets of discontinued operations                                        | 2,516                |                       |
| Total current assets                                                     | 3,975                | 1,039                 |
| Property and equipment, less accumulated depreciation of \$376 and \$405 | 152                  | 147                   |
| Software products, less accumulated amortization of \$1,644 and \$1,735  | 270                  | 222                   |
| Customer base, less accumulated amortization of \$486 and \$520          | 421                  | 375                   |
| Other assets, less accumulated amortization of \$21 and \$22             | 113                  | 100                   |
| Trade name                                                               | 1,019                | 672                   |
| Goodwill                                                                 | 3,828                | 3,784                 |
| <b>Total Assets</b>                                                      | <b>\$ 9,778</b>      | <b>\$ 6,339</b>       |
| <b>Liabilities and Stockholders Equity</b>                               |                      |                       |
| Current:                                                                 |                      |                       |
| Short-term and current portion of long-term debt                         | \$ 290               | \$ 2                  |
| Accounts payable                                                         | 8                    | 8                     |
| Accrued compensation and benefits                                        | 245                  | 194                   |
| Accrued interest expense                                                 | 40                   | 69                    |
| Other accrued expenses                                                   | 128                  | 97                    |
| Deferred revenue                                                         | 589                  | 509                   |
| Liabilities of discontinued operations                                   | 799                  |                       |
| Total current liabilities                                                | 2,099                | 879                   |
| Long-term debt                                                           | 6,094                | 4,669                 |
| Deferred and other income taxes                                          | 746                  | 639                   |
| Other long-term liabilities                                              | 22                   | 28                    |
| Total liabilities                                                        | 8,961                | 6,215                 |

|                                                                                                                                                                                                                                |                 |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Commitments and contingencies                                                                                                                                                                                                  |                 |                 |
| Preferred stock subject to a put option                                                                                                                                                                                        | 37              | <b>28</b>       |
| Stockholders' equity:                                                                                                                                                                                                          |                 |                 |
| Preferred stock, par value \$.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of \$1,752 million and \$1,456 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                                                                                                                                                                                                 | 3,501           | <b>3,517</b>    |
| Treasury stock, 183,014 and 2,517,991 shares                                                                                                                                                                                   | (29)            | <b>(284)</b>    |
| Accumulated deficit                                                                                                                                                                                                            | (2,708)         | <b>(3,043)</b>  |
| Accumulated other comprehensive income (loss)                                                                                                                                                                                  | 16              | <b>(94)</b>     |
| Total stockholders' equity                                                                                                                                                                                                     | 780             | <b>96</b>       |
| <b>Total Liabilities and Stockholders' Equity</b>                                                                                                                                                                              | <b>\$ 9,778</b> | <b>\$ 6,339</b> |

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

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

|                                                              | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|--------------------------------------------------------------|----------------------------------|--------|---------------------------------|----------|
|                                                              | 2013                             | 2014   | 2013                            | 2014     |
| <b>Revenue:</b>                                              |                                  |        |                                 |          |
| Services                                                     | \$ 607                           | \$ 624 | \$ 1,801                        | \$ 1,842 |
| License and resale fees                                      | 64                               | 59     | 164                             | 150      |
| Total products and services                                  | 671                              | 683    | 1,965                           | 1,992    |
| Reimbursed expenses                                          | 7                                | 8      | 24                              | 25       |
| Total revenue                                                | 678                              | 691    | 1,989                           | 2,017    |
| <b>Costs and expenses:</b>                                   |                                  |        |                                 |          |
| Cost of sales and direct operating (excluding depreciation)  | 244                              | 271    | 757                             | 799      |
| Sales, marketing and administration                          | 157                              | 171    | 471                             | 503      |
| Product development and maintenance                          | 103                              | 96     | 309                             | 300      |
| Depreciation                                                 | 24                               | 28     | 73                              | 79       |
| Amortization of acquisition-related intangible assets        | 43                               | 30     | 138                             | 114      |
| Trade name impairment charge                                 |                                  |        |                                 | 339      |
| Total costs and expenses                                     | 571                              | 596    | 1,748                           | 2,134    |
| Operating income (loss)                                      | 107                              | 95     | 241                             | (117)    |
| <b>Other income (expense):</b>                               |                                  |        |                                 |          |
| Interest income                                              | 1                                |        | 1                               | 1        |
| Interest expense and amortization of deferred financing fees | (78)                             | (73)   | (247)                           | (220)    |
| Loss on extinguishment of debt                               | (1)                              |        | (6)                             | (61)     |
| Other income (expense)                                       |                                  |        | (2)                             |          |
| Other income (expense)                                       | (78)                             | (73)   | (254)                           | (280)    |
| Income (loss) from continuing operations before income taxes | 29                               | 22     | (13)                            | (397)    |

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|                                                              |       |                |        |                 |
|--------------------------------------------------------------|-------|----------------|--------|-----------------|
| Benefit from (provision for) income taxes                    | (7)   | <b>(11)</b>    | 5      | <b>88</b>       |
| Income (loss) from continuing operations                     | 22    | <b>11</b>      | (8)    | <b>(309)</b>    |
| Income (loss) from discontinued operations, net of tax       | 1     |                | (1)    | <b>(17)</b>     |
| Net income (loss)                                            | 23    | <b>11</b>      | (9)    | <b>(326)</b>    |
| Other comprehensive income (loss):                           |       |                |        |                 |
| Foreign currency translation, net                            | 54    | <b>(49)</b>    | 10     | <b>(110)</b>    |
| Unrealized gain (loss) on derivative instruments, net of tax | (1)   | <b>2</b>       |        |                 |
| Other, net of tax                                            | (1)   |                | (6)    |                 |
| Other comprehensive income (loss)                            | 52    | <b>(47)</b>    | 4      | <b>(110)</b>    |
| Comprehensive income (loss)                                  | \$ 75 | \$ <b>(36)</b> | \$ (5) | \$ <b>(436)</b> |

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

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

|                                                                                                    | Nine Months Ended September 30, |          |
|----------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                    | 2013                            | 2014     |
| <b><i>Cash flow from operations:</i></b>                                                           |                                 |          |
| Net income (loss)                                                                                  | \$ (9)                          | \$ (326) |
| Income (loss) from discontinued operations                                                         | (1)                             | (17)     |
| Income (loss) from continuing operations                                                           | (8)                             | (309)    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                                 |          |
| Depreciation and amortization                                                                      | 211                             | 193      |
| Trade name impairment charge                                                                       |                                 | 339      |
| Deferred income tax provision (benefit)                                                            | (20)                            | (105)    |
| Stock compensation expense                                                                         | 30                              | 33       |
| Amortization of deferred financing costs and debt discount                                         | 30                              | 14       |
| Loss on extinguishment of debt                                                                     | 6                               | 61       |
| Other noncash items                                                                                | 2                               |          |
| Changes in working capital:                                                                        |                                 |          |
| Accounts receivable and other current assets                                                       | 169                             | 135      |
| Accounts payable and accrued expenses                                                              | (42)                            | (65)     |
| Deferred revenue                                                                                   | (51)                            | (74)     |
| Cash flow from (used in) continuing operations                                                     | 327                             | 222      |
| Cash flow from (used in) discontinued operations                                                   | 242                             | 34       |
| Cash flow from (used in) operations                                                                | 569                             | 256      |
| <b><i>Investment activities:</i></b>                                                               |                                 |          |
| Cash paid for acquired businesses, net of cash acquired                                            | (1)                             | (4)      |
| Cash paid for property and equipment, and software                                                 | (70)                            | (98)     |
| Cash provided by (used in) continuing operations                                                   | (71)                            | (102)    |
| Cash provided by (used in) discontinued operations                                                 | (89)                            | 7        |
| Cash provided by (used in) investment activities                                                   | (160)                           | (95)     |
| <b><i>Financing activities:</i></b>                                                                |                                 |          |
| Cash received from borrowings, net of fees                                                         | 2,173                           | (7)      |

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|                                                                                                           |         |         |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Cash used to repay debt                                                                                   | (2,418) | (1,324) |
| Cash used to purchase treasury stock                                                                      | (3)     | (3)     |
| Other financing activities                                                                                | (15)    | (15)    |
| Cash provided by (used in) continuing operations                                                          | (263)   | (1,349) |
| Cash provided by (used in) discontinued operations                                                        | (1)     | 887     |
| Cash provided by (used in) financing activities                                                           | (264)   | (462)   |
| Effect of exchange rate changes on cash                                                                   | (2)     | (9)     |
| Increase (decrease) in cash and cash equivalents                                                          | 143     | (310)   |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2013, \$11; 2014, \$31 | 546     | 706     |
| Ending cash and cash equivalents, including cash of discontinued operations:<br>2013, \$31; 2014, \$-     | \$ 689  | \$ 396  |
| <b><i>Supplemental information:</i></b>                                                                   |         |         |
| Interest paid                                                                                             | \$ 223  | \$ 195  |
| Income taxes paid, net of refunds of \$13 million, \$17 million, respectively                             | \$ 64   | \$ 32   |
| <b>Non-cash financing activities:</b>                                                                     |         |         |
| Distribution of net assets of SpinCo (see Note 1)                                                         | \$      | \$ 229  |
| Receipt of SpinCo Notes in connection with the AS Split-Off (see Note 1)                                  | \$      | \$ 425  |
| Exchange of SpinCo Notes for SunGard Notes (see Note 6)                                                   | \$      | \$ 389  |

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

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

|                                                                          | December 31,<br>2013 | September 30,<br>2014 |
|--------------------------------------------------------------------------|----------------------|-----------------------|
| <b>Assets</b>                                                            |                      |                       |
| Current:                                                                 |                      |                       |
| Cash and cash equivalents                                                | \$ 675               | \$ 396                |
| Trade receivables, less allowance for doubtful accounts of \$17 and \$20 | 565                  | 398                   |
| Earned but unbilled receivables                                          | 92                   | 111                   |
| Prepaid expenses and other current assets                                | 123                  | 134                   |
| Assets of discontinued operations                                        | 2,516                |                       |
| <b>Total current assets</b>                                              | <b>3,971</b>         | <b>1,039</b>          |
| Property and equipment, less accumulated depreciation of \$376 and \$405 | 152                  | 147                   |
| Software products, less accumulated amortization of \$1,644 and \$1,735  | 270                  | 222                   |
| Customer base, less accumulated amortization of \$486 and \$520          | 421                  | 375                   |
| Other assets, less accumulated amortization of \$21 and \$22             | 113                  | 100                   |
| Trade name                                                               | 1,019                | 672                   |
| Goodwill                                                                 | 3,828                | 3,784                 |
| <b>Total Assets</b>                                                      | <b>\$ 9,774</b>      | <b>\$ 6,339</b>       |
| <b>Liabilities and Stockholder's Equity</b>                              |                      |                       |
| Current:                                                                 |                      |                       |
| Short-term and current portion of long-term debt                         | \$ 290               | \$ 2                  |
| Accounts payable                                                         | 8                    | 8                     |
| Accrued compensation and benefits                                        | 245                  | 194                   |
| Accrued interest expense                                                 | 40                   | 69                    |
| Other accrued expenses                                                   | 127                  | 96                    |
| Deferred revenue                                                         | 589                  | 509                   |
| Liabilities of discontinued operations                                   | 799                  |                       |
| <b>Total current liabilities</b>                                         | <b>2,098</b>         | <b>878</b>            |
| Long-term debt                                                           | 6,094                | 4,669                 |
| Deferred and other income taxes                                          | 739                  | 631                   |
| Other long-term liabilities                                              | 22                   | 28                    |
| <b>Total liabilities</b>                                                 | <b>8,953</b>         | <b>6,206</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                    | 3,513           | <b>3,373</b>    |
| Accumulated deficit                               | (2,708)         | <b>(3,146)</b>  |
| Accumulated other comprehensive income (loss)     | 16              | <b>(94)</b>     |
| Total stockholder's equity                        | 821             | <b>133</b>      |
| <b>Total Liabilities and Stockholder's Equity</b> | <b>\$ 9,774</b> | <b>\$ 6,339</b> |

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

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

|                                                              | Three Months Ended<br>September 30, |        | Nine Months Ended<br>September 30, |          |
|--------------------------------------------------------------|-------------------------------------|--------|------------------------------------|----------|
|                                                              | 2013                                | 2014   | 2013                               | 2014     |
| <b>Revenue:</b>                                              |                                     |        |                                    |          |
| Services                                                     | \$ 607                              | \$ 624 | \$ 1,801                           | \$ 1,842 |
| License and resale fees                                      | 64                                  | 59     | 164                                | 150      |
| Total products and services                                  | 671                                 | 683    | 1,965                              | 1,992    |
| Reimbursed expenses                                          | 7                                   | 8      | 24                                 | 25       |
| Total revenue                                                | 678                                 | 691    | 1,989                              | 2,017    |
| <b>Costs and expenses:</b>                                   |                                     |        |                                    |          |
| Cost of sales and direct operating (excluding depreciation)  | 244                                 | 271    | 757                                | 799      |
| Sales, marketing and administration                          | 157                                 | 171    | 471                                | 503      |
| Product development and maintenance                          | 103                                 | 96     | 309                                | 300      |
| Depreciation                                                 | 24                                  | 28     | 73                                 | 79       |
| Amortization of acquisition-related intangible assets        | 43                                  | 30     | 138                                | 114      |
| Trade name impairment charge                                 |                                     |        |                                    | 339      |
| Total costs and expenses                                     | 571                                 | 596    | 1,748                              | 2,134    |
| Operating income (loss)                                      | 107                                 | 95     | 241                                | (117)    |
| <b>Other income (expense):</b>                               |                                     |        |                                    |          |
| Interest income                                              | 1                                   |        | 1                                  | 1        |
| Interest expense and amortization of deferred financing fees | (78)                                | (73)   | (247)                              | (220)    |
| Loss on extinguishment of debt                               | (1)                                 |        | (6)                                | (61)     |
| Other income (expense)                                       |                                     |        | (2)                                |          |
| Other income (expense)                                       | (78)                                | (73)   | (254)                              | (280)    |
| Income (loss) from continuing operations before income taxes | 29                                  | 22     | (13)                               | (397)    |
| Benefit from (provision for) income taxes                    | (7)                                 | (11)   | 5                                  | 88       |
| Income (loss) from continuing operations                     | 22                                  | 11     | (8)                                | (309)    |

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|                                                              |       |                |        |                 |
|--------------------------------------------------------------|-------|----------------|--------|-----------------|
| Income (loss) from discontinued operations, net of tax       | 1     |                | (1)    | <b>(17)</b>     |
| Net income (loss)                                            | 23    | <b>11</b>      | (9)    | <b>(326)</b>    |
| Other comprehensive income (loss):                           |       |                |        |                 |
| Foreign currency translation, net                            | 54    | <b>(49)</b>    | 10     | <b>(110)</b>    |
| Unrealized gain (loss) on derivative instruments, net of tax | (1)   | <b>2</b>       |        |                 |
| Other, net of tax                                            | (1)   |                | (6)    |                 |
| Other comprehensive income (loss)                            | 52    | <b>(47)</b>    | 4      | <b>(110)</b>    |
| Comprehensive income (loss)                                  | \$ 75 | \$ <b>(36)</b> | \$ (5) | \$ <b>(436)</b> |

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

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

|                                                                                                    | Nine Months Ended September 30, |          |
|----------------------------------------------------------------------------------------------------|---------------------------------|----------|
|                                                                                                    | 2013                            | 2014     |
| <b><i>Cash flow from operations:</i></b>                                                           |                                 |          |
| Net income (loss)                                                                                  | \$ (9)                          | \$ (326) |
| Income (loss) from discontinued operations                                                         | (1)                             | (17)     |
| Income (loss) from continuing operations                                                           | (8)                             | (309)    |
| Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations: |                                 |          |
| Depreciation and amortization                                                                      | 211                             | 193      |
| Trade name impairment charge                                                                       |                                 | 339      |
| Deferred income tax provision (benefit)                                                            | (20)                            | (105)    |
| Stock compensation expense                                                                         | 30                              | 33       |
| Amortization of deferred financing costs and debt discount                                         | 30                              | 14       |
| Loss on extinguishment of debt                                                                     | 6                               | 61       |
| Other noncash items                                                                                | 2                               |          |
| Changes in working capital:                                                                        |                                 |          |
| Accounts receivable and other current assets                                                       | 169                             | 135      |
| Accounts payable and accrued expenses                                                              | (42)                            | (65)     |
| Deferred revenue                                                                                   | (51)                            | (74)     |
| Cash flow from (used in) continuing operations                                                     | 327                             | 222      |
| Cash flow from (used in) discontinued operations                                                   | 242                             | 34       |
| Cash flow from (used in) operations                                                                | 569                             | 256      |
| <b><i>Investment activities:</i></b>                                                               |                                 |          |
| Cash paid for acquired businesses, net of cash acquired                                            | (1)                             | (4)      |
| Cash paid for property and equipment, and software                                                 | (70)                            | (98)     |
| Cash provided by (used in) continuing operations                                                   | (71)                            | (102)    |
| Cash provided by (used in) discontinued operations                                                 | (89)                            | 7        |
| Cash provided by (used in) investment activities                                                   | (160)                           | (95)     |
| <b><i>Financing activities:</i></b>                                                                |                                 |          |
| Cash received from borrowings, net of fees                                                         | 2,173                           | (7)      |

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|                                                                                                           |         |         |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Cash used to repay debt                                                                                   | (2,418) | (1,324) |
| Other financing activities                                                                                | (18)    | (18)    |
| Cash provided by (used in) continuing operations                                                          | (263)   | (1,349) |
| Cash provided by (used in) discontinued operations                                                        | (1)     | 887     |
| Cash provided by (used in) financing activities                                                           | (264)   | (462)   |
| Effect of exchange rate changes on cash                                                                   | (2)     | (9)     |
| Increase (decrease) in cash and cash equivalents                                                          | 143     | (310)   |
| Beginning cash and cash equivalents, including cash of discontinued operations:<br>2013, \$11; 2014, \$31 | 546     | 706     |
| Ending cash and cash equivalents, including cash of discontinued operations:<br>2013, \$31; 2014, \$-     | \$ 689  | \$ 396  |
| <b>Supplemental information:</b>                                                                          |         |         |
| Interest paid                                                                                             | \$ 223  | \$ 195  |
| Income taxes paid, net of refunds of \$13 million, \$17 million, respectively                             | \$ 64   | \$ 32   |
| Non-cash Financing activities:                                                                            |         |         |
| Distribution of net assets of SpinCo (see Note 1)                                                         | \$      | \$ 233  |
| Receipt of SpinCo Notes in connection with the AS Split-Off (see Note 1)                                  | \$      | \$ 425  |
| Exchange of SpinCo Notes for SunGard Notes (see Note 6)                                                   | \$      | \$ 389  |

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

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**SUNGARD CAPITAL CORP.**

**SUNGARD CAPITAL CORP. II**

**SUNGARD DATA SYSTEMS INC.**

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

**1. Basis of Presentation:**

SunGard Data Systems Inc. ( SunGard ) 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 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 ). As a result, on March 31, 2014 the preferred stockholders of SCCII owned 100% of the common stock of SpinCo, a separate, independent company. The distribution of AS's net assets in connection with the AS Split-Off was based on the recorded amount of the net assets and did not result in a gain or loss upon disposal in the consolidated financial statements.

The AS business 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 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, 2013. The Company's annual financial statements were revised in the Registration Statement on Form S-1/A filed on September 3, 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, 2014.

Certain prior year amounts have been reclassified to conform to current presentation. Refer to Note 2 of the Notes to Consolidated Financial Statements for information regarding the reclassification of facilities and information technology-related expenses to more accurately present them within the functional classes of expenses for the three and nine month periods ended September 30, 2013.

The Consolidated Balance Sheet as of December 31, 2013 has been revised to correct an immaterial misclassification of certain income tax receivable balances. Total assets and total liabilities each decreased by \$7 million at December 31, 2013.

### **Recent Accounting Pronouncements**

#### ***Recently Adopted***

In March 2013, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) 2013-05, Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets

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within a Foreign Entity or of an Investment in Foreign Entity. This new guidance clarified that when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business, the parent should only release the related cumulative translation adjustment (CTA) into net income if the deconsolidation or derecognition results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets resided. The adoption of ASU 2013-05 on January 1, 2014 did not have an impact on the consolidated financial statements as the Company has historically accounted for the removal of CTA related to sales of non-U.S. entities consistent with this new guidance.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* to eliminate diversity in practice in the presentation of unrecognized tax benefits in those instances. This ASU requires that companies net their unrecognized tax benefits against all same-jurisdiction deferred tax assets for net operating losses or tax credit carryforwards that would be used to settle the position with a tax authority to the extent such deferred tax assets are available. If this criteria does not apply or the tax law of the applicable jurisdiction does not require the entity to use and the entity does not intend to use the deferred tax assets for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The adoption of ASU 2013-11 on January 1, 2014 did not have a material impact on the consolidated financial statements.

***Recently Issued***

In April 2014, the FASB issued 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 is effective beginning January 1, 2015 with early adoption permitted, but only for disposals (or classifications as held for sale) that have not been reported in previously-issued financial statements. Once adopted, ASU 2014-08 will affect how the Company identifies and presents discontinued operations in the consolidated financial statements.

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, which 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 will be effective for the Company starting in the first quarter of fiscal 2017. 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 fiscal 2017 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 August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern*, which establishes that in connection with the preparation of financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that

the financial statements are issued. ASU 2014-15 requires management to consider qualitative and quantitative information about conditions and events known and reasonably knowable at the date the financial statements are issued. ASU 2014-15 will be effective for the Company for the annual period ending after December 15, 2016 and interim periods beginning after December 15, 2016. The adoption of ASU 2014-15 is not expected to have a material impact on the Company's consolidated financial statements.

## **2. Expense Classification:**

Effective January 1, 2014, within the Consolidated Statements of Comprehensive Income (Loss), the Company changed its presentation of facilities and information technology-related expenses that are not directly associated with the delivery of its products and services. Formerly, the Company presented these expenses within sales, marketing and administration expense. The Company's new method for presenting facilities and information technology-related expenses includes allocating these items to all of its functional areas, which the Company considers a better presentation as it more accurately reflects the actual cost of these functions. The presentation of prior year amounts in the consolidated financial statements has been reclassified to conform to the current year presentation. There was no impact on total reported costs and expenses for any period as a result of the change.

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The impact of this change within the functional areas, including the impact of discontinued operations, is as follows for the three and nine months ended September 30, 2013 (in millions):

|                                                             | Three Months Ended September 30, 2013 |                                   |                                                    |                 |        |
|-------------------------------------------------------------|---------------------------------------|-----------------------------------|----------------------------------------------------|-----------------|--------|
|                                                             | As reported                           | Impact of discontinued operations | As reported - adjusted for discontinued operations | As reclassified | Change |
| Cost of sales and direct operating (excluding depreciation) | \$ 423                                | \$ (191)                          | \$ 232                                             | \$ 244          | \$ 12  |
| Sales, marketing and administration                         | 232                                   | (53)                              | 179                                                | 157             | (22)   |
| Product development and maintenance                         | 96                                    | (3)                               | 93                                                 | 103             | 10     |
| Total functional expenses                                   | \$ 751                                | \$ (247)                          | \$ 504                                             | \$ 504          | \$     |

|                                                             | Nine Months Ended September 30, 2013 |                                   |                                                    |                 |        |
|-------------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------------------------------------|-----------------|--------|
|                                                             | As reported                          | Impact of discontinued operations | As reported - adjusted for discontinued operations | As reclassified | Change |
| Cost of sales and direct operating (excluding depreciation) | \$ 1,284                             | \$ (566)                          | \$ 718                                             | \$ 757          | \$ 39  |
| Sales, marketing and administration                         | 716                                  | (173)                             | 543                                                | 471             | (72)   |
| Product development and maintenance                         | 285                                  | (9)                               | 276                                                | 309             | 33     |
| Total functional expenses                                   | \$ 2,285                             | \$ (748)                          | \$ 1,537                                           | \$ 1,537        | \$     |

**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. On March 31, 2014, the Company completed the AS Split-Off. These businesses have been included in our financial results as discontinued operations for all periods presented.

Please refer to Note 1 for additional information concerning discontinued operations.

The results for discontinued operations for the three and nine months ended September 30, 2013 and 2014 were as follows (in millions):

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|                                            | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |                |
|--------------------------------------------|-------------------------------------|-------------|------------------------------------|----------------|
|                                            | 2013                                | <b>2014</b> | 2013                               | <b>2014</b>    |
| Revenue                                    | \$ 351                              | \$          | \$ 1,063                           | \$ <b>338</b>  |
| Operating income (loss)                    | 16                                  |             | 48                                 | <b>(25)</b>    |
| Interest expense                           | (19)                                |             | (55)                               | <b>(18)</b>    |
| Gain (loss) on sale of business            |                                     |             | 1                                  | <b>22</b>      |
| Income (loss) before income taxes          | (3)                                 |             | (6)                                | <b>(21)</b>    |
| Benefit from (provision for) income taxes  | 4                                   |             | 5                                  | <b>4</b>       |
| Income (loss) from discontinued operations | \$ 1                                | \$          | \$ (1)                             | \$ <b>(17)</b> |

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Assets of discontinued operations and liabilities of discontinued operations consisted of the following at December 31, 2013 (in millions):

|                                               | December 31,<br>2013 |
|-----------------------------------------------|----------------------|
| Cash and cash equivalents                     | \$ 31                |
| Trade receivables, net                        | 227                  |
| Prepaid expenses and other current assets     | 70                   |
| Property and equipment, net                   | 669                  |
| Software products, net                        | 40                   |
| Customer base, net                            | 734                  |
| Other                                         | 10                   |
| Goodwill                                      | 735                  |
| <b>Assets of discontinued operations</b>      | <b>\$ 2,516</b>      |
| Accounts payable                              | \$ 47                |
| Accrued compensation and benefits             | 45                   |
| Other accrued expenses                        | 78                   |
| Deferred revenue                              | 260                  |
| Current portion of long-term debt             | 2                    |
| Long-term debt                                | 5                    |
| Deferred income taxes                         | 282                  |
| Other long-term liabilities                   | 80                   |
| <b>Liabilities of discontinued operations</b> | <b>\$ 799</b>        |

**4. Intangible Assets and Goodwill:****Trade Name**

The trade name intangible asset represents the value of the SunGard trade name and is an indefinite-lived asset not subject to amortization. The Company completes its annual trade name impairment test as of July 1 of each year and more frequently when negative conditions or triggering events arise.

*Interim Impairment Test*

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 changes in how the trade name is being used following the AS Split-Off. The Company utilized an income approach known as the relief-from-royalty method to determine the fair value of the SunGard trade name. Under this method, a royalty rate was applied to SunGard's projected revenues to determine the annual cash savings attributable to ownership of the trade name. This amount was then tax-effected and discounted to present value to ultimately arrive at the estimated fair value of the trade name.

The Company developed certain assumptions and estimates related to the calculation of fair value of its trade name. The fair value assumptions and estimates primarily included projections of future revenues, a royalty rate, a tax rate, and a discount rate. The loss of projected AS revenues due to the AS Split-Off had a significant negative impact on the results of the trade name valuation. 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.

In addition to future revenue projections, the assumed royalty rate and discount rate are critical assumptions considered in the trade name impairment test. Excluding any changes to future revenue projections or other assumptions, a 50 basis point decrease in the assumed royalty rate would have resulted in an additional impairment of the trade name asset of approximately \$133 million (a 100 basis point decrease would have resulted in an additional impairment of approximately \$265 million). A 50 basis point increase in the discount rate would result in an additional impairment of the trade name asset of approximately \$14 million (a 100 basis point increase would have resulted in an additional impairment of approximately \$28 million). Furthermore, to the extent that projected revenues decline in the future, the revenue supporting the trade name will decline, which may result in impairment charges.

In connection with the AS Split-Off, SunGard and AS agreed to a two-year royalty-free period for AS limited use of a derivative of the trade name, after which it will pay a pre-determined royalty rate based on its annual revenue for a specified number of years. As of March 31, 2014, SunGard transferred an \$8 million right-to-use asset representing the value of AS limited right to use the SUNGARD AVAILABILITY SERVICES trade name during the royalty-free period.

**Table of Contents***Annual Impairment Test*

As of July 1, 2014, the Company completed its annual impairment test and determined that the fair value of the trade name exceeded its carrying value, resulting in no further impairment of the trade name since the interim test performed as of March 31, 2014. From a sensitivity standpoint, a 50 basis point decrease in the assumed royalty rate would have resulted in an impairment of the trade name asset of approximately \$123 million. A 50 basis point increase in the discount rate would result in an impairment of the trade name asset of approximately \$24 million (100 basis point increase would result in an impairment of approximately \$59 million). Furthermore, to the extent that additional businesses are sold, split-off or otherwise divested in the future, or revenues related to continuing operations decline, the revenue supporting the trade name will decline, which may result in further impairment charges.

The following table summarizes changes in the value of the trade name for the nine months ended September 30, 2014 (in millions):

|                                                      | Trade name, net |
|------------------------------------------------------|-----------------|
| Balance at December 31, 2013                         | \$ 1,019        |
| Transfer limited right to use trade name asset to AS | (8)             |
| Trade name impairment                                | (339)           |
| Balance at September 30, 2014                        | \$ 672          |

**Goodwill***Annual Impairment Test*

The Company performs a goodwill impairment test annually and more frequently when negative conditions or triggering events arise. The Company completes its annual goodwill impairment test as of July 1 for each of its reporting units. The Company has the option of performing an assessment of certain qualitative factors to determine if it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying value (referred to as a "step zero" test) or proceeding directly to a quantitative analysis (referred to as a "step one" test).

Since each of the reporting units had a fair value in excess of 20% of its respective carrying value as of the most recent step-one test, which was either as of July 1, 2012 or July 1, 2013, and no events were noted that would significantly decrease the fair value of the reporting unit, the Company elected to apply the qualitative assessment under the step zero testing approach for all reporting units as of July 1, 2014. Based on the results of these tests, no step one tests were determined to be necessary.

When performing a qualitative test, the Company assesses numerous factors to determine whether it is more likely than not that the fair value of the reporting units are less than their respective carrying values. Examples of qualitative factors that management assesses include the Company's financial performance, market and competitive factors in the software and services industry, the amount of excess fair value over the carrying value of each reporting unit evident in prior years and other events specific to the Company's reporting units.

Management considered factors that would impact the reporting unit fair values as estimated by the market and income approaches used in the last step one test. Management reviewed current projections of cash flows and compared these current projections to the projections included in the most recent step one test, and considered the fact that no new significant competitors entered the marketplace in the industry and that consumer demand for the industry's products remains relatively constant, if not growing slightly. Also, economic factors over the past year (or two years in the case of units that were last tested quantitatively as of July 1, 2012) did not significantly affect the discount rates used for the valuation of these reporting units. Management concluded that events occurring since the last step one test did not have a significant impact on the fair value of each of these reporting units. Therefore, management determined that it was not necessary to perform a quantitative (step one) goodwill impairment test for these reporting units as the fair value of each reporting unit appeared to exceed its respective carrying value.

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The following table summarizes the changes in goodwill by segment for the nine months ended September 30, 2014 (in millions) and does not include any amounts related to the AS business, which is reflected as discontinued operations for all periods presented:

|                                                            | FS       | Cost<br>PS&E | Subtotal | Accumulated<br>impairment<br>PS&E | Total    |
|------------------------------------------------------------|----------|--------------|----------|-----------------------------------|----------|
| Balance at December 31, 2013                               | \$ 3,501 | \$ 544       | \$ 4,045 | \$ (217)                          | \$ 3,828 |
| Adjustments related to the LBO and prior year acquisitions | (1)      | (1)          | (2)      |                                   | (2)      |
| Effect of foreign currency translation                     | (42)     |              | (42)     |                                   | (42)     |
| Balance at September 30, 2014                              | \$ 3,458 | \$ 543       | \$ 4,001 | \$ (217)                          | \$ 3,784 |

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

**Intangible Asset amortization**

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

|      |        |
|------|--------|
| 2014 | \$ 134 |
| 2015 | 82     |
| 2016 | 66     |
| 2017 | 58     |
| 2018 | 54     |

**5. Accumulated Other Comprehensive Income:**

The following table provides a rollforward of the components of accumulated other comprehensive loss, net of tax, for the nine months ended September 30, 2014 (in millions):

|                                                                              | Gains and Losses on<br>Cash Flow<br>Hedges | Currency<br>Translation | Other  | Accumulated<br>Other<br>Comprehensive<br>Income |
|------------------------------------------------------------------------------|--------------------------------------------|-------------------------|--------|-------------------------------------------------|
| Balance at December 31, 2013                                                 | \$ 4                                       | \$ 15                   | \$ (3) | \$ 16                                           |
| Other comprehensive income (loss) before reclassifications                   | (6)                                        | (35)                    |        | (41)                                            |
| AS Split-Off from SunGard                                                    |                                            | (75)                    |        | (75)                                            |
| Amounts reclassified from accumulated other comprehensive income, net of tax | 6                                          |                         |        | 6                                               |

|                                                      |    |   |         |        |         |
|------------------------------------------------------|----|---|---------|--------|---------|
| Net current-period other comprehensive income (loss) |    |   | (110)   |        | (110)   |
| Balance at September 30, 2014                        | \$ | 4 | \$ (95) | \$ (3) | \$ (94) |

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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 and nine months ended September 30, 2013 and 2014 (in millions):

|                                                                             | Three months ended |      | Nine months ended  |        | Affected Line Item in the Statement of Comprehensive Income (Loss) for Components Reclassified from OCI |
|-----------------------------------------------------------------------------|--------------------|------|--------------------|--------|---------------------------------------------------------------------------------------------------------|
|                                                                             | September 30, 2013 | 2014 | September 30, 2013 | 2014   |                                                                                                         |
| Other Comprehensive Income Components                                       | 2013               | 2014 | 2013               | 2014   |                                                                                                         |
| Unrealized gain (loss) on derivative instruments and other                  | \$ (3)             | \$   | \$ (3)             | \$ (6) |                                                                                                         |
| Loss (gain) on derivatives reclassified into income:                        |                    |      |                    |        |                                                                                                         |
| Interest rate contracts                                                     |                    |      |                    |        | Interest expense and amortization of deferred financing fees                                            |
|                                                                             | 1                  | 3    | 5                  | 6      |                                                                                                         |
| Forward currency hedges                                                     |                    |      |                    |        | Cost of sales and direct operating                                                                      |
|                                                                             | 2                  |      |                    |        |                                                                                                         |
| Total reclassified into income                                              | 3                  | 3    | 5                  | 6      |                                                                                                         |
| Income tax benefit (expense)                                                | (1)                | (1)  | (2)                |        |                                                                                                         |
| Amounts reclassified from accumulated other comprehensive income net of tax |                    |      |                    |        |                                                                                                         |
|                                                                             | 2                  | 2    | 3                  | 6      |                                                                                                         |
| Unrealized gain (loss) on derivative instruments, net of tax                | \$ (1)             | \$ 2 | \$                 | \$     |                                                                                                         |

**6. Debt and Derivatives:**

On January 15, 2014, SunGard paid \$250 million to retire the Senior Secured Notes due 2014. On January 31, 2014, SunGard removed AS as a participant in its secured accounts receivable facility and repaid \$60 million of the term loan.

On February 7, 2014, SunGard amended and restated its senior secured credit agreement ( Credit Agreement ) (as amended and restated, the Seventh Amendment ). Most notably, the Seventh Amendment:

amended certain covenants and other provisions of the Credit Agreement in order to permit the AS Split-Off, including (i) the ability to effect the AS Split-Off without requiring an initial public offering, (ii) permitting AS to incur up to \$1.5 billion of indebtedness in connection with the AS Split-Off, and (iii) allowing

SunGard's total secured leverage ratio (less cash and cash equivalents in excess of \$50 million), after giving pro forma effect to the AS Split-Off, to increase no more than 0.60x of Adjusted EBITDA at the time of the AS Split-Off; and

modified certain covenants and other provisions in order to, among other things (i) modify the financial maintenance covenant included therein, and (ii) permit the Company and its affiliates to repurchase term loans.

On February 28, 2014, SunGard repaid at maturity the remaining \$7 million Tranche A term loan under the Senior Secured Credit Facilities.

On March 31, 2014, SunGard used the \$1,005 million net cash proceeds from the issuance of the SpinCo Term Loan to repay approximately \$27 million of its tranche C term loan, \$713 million of its tranche D term loan and \$265 million of its tranche E term loan. SunGard also exchanged the SpinCo senior notes with an aggregate principal amount of approximately \$425 million for an aggregate principal amount of approximately \$389 million of existing SunGard 7 3/8% senior notes due 2018 ( SunGard Notes ) which were then retired. The retirement of the SunGard Notes resulted in a \$36 million loss on extinguishment of debt during the three months ended March 31, 2014. In addition, SunGard wrote-off approximately \$25 million of capitalized deferred financing fees resulting from the repayment or retirement of debt during the three months ended March 31, 2014.

On May 14, 2014 SunGard amended and restated its secured accounts receivables facility in order to, among other things, (i) extend the maturity date of the receivables facility from December 19, 2017 to May 14, 2019; and (ii) reduce the applicable margin on the advances under the facility from 3.50% for LIBOR advances and 2.50% for base rate advances to 3.00% and 2.00%, respectively.

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On September 30, 2014, the Company had \$591 million of available borrowing capacity and \$9 million of outstanding letters of credit under its \$600 million revolving credit facility.

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.

Debt consisted of the following for continuing operations (in millions):

|                                                                             | December 31,<br>2013 | September 30,<br>2014 |
|-----------------------------------------------------------------------------|----------------------|-----------------------|
| <b>Senior Secured Credit Facilities:</b>                                    |                      |                       |
| Secured revolving credit facility due March 8, 2018                         | \$                   | \$                    |
| Tranche A due February 28, 2014, effective interest rate of 1.92%           | 7                    |                       |
| Tranche C due February 28, 2017, effective interest rate of 4.41% and 4.44% | 427                  | 400                   |
| Tranche D due January 31, 2020, effective interest rate of 4.50%            | 713                  |                       |
| Tranche E due March 8, 2020, effective interest rate of 4.10% and 4.31%     | 2,183                | 1,918                 |
| <b>Total Senior Secured Credit Facilities</b>                               | <b>3,330</b>         | <b>2,318</b>          |
| Senior Secured Notes due 2014 at 4.875%                                     | 250                  |                       |
| Senior Notes due 2018 at 7.375%                                             | 900                  | 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 3.67% and 3.15%                    | 200                  | 140                   |
| Other, primarily foreign bank debt and capital lease obligations            | 4                    | 2                     |
| <b>Total debt</b>                                                           | <b>\$ 6,384</b>      | <b>\$ 4,671</b>       |
| <b>Short-term borrowings and current portion of long-term debt</b>          |                      |                       |
| Short-term borrowings and current portion of long-term debt                 | \$ 290               | \$ 2                  |
| Long-term debt                                                              | 6,094                | 4,669                 |
| <b>Total debt</b>                                                           | <b>\$ 6,384</b>      | <b>\$ 4,671</b>       |

**Future Maturities**

At September 30, 2014, the contractual future maturities of debt are as follows (in millions):

|                   | Contractual<br>Maturities |
|-------------------|---------------------------|
| 2014              | \$                        |
| 2015              | 2                         |
| 2016              |                           |
| 2017              | 400                       |
| 2018              | 511                       |
| Thereafter        | 3,758                     |
| <b>Total debt</b> | <b>\$ 4,671</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 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 September 30, 2014, one-month and three-month LIBOR were 0.16% and 0.24%, respectively. The net receipt or payment from the interest rate swap agreements is included in the 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.

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A summary of the Company's interest rate swaps at September 30, 2014 follows (in millions):

| Inception             | Maturity      | Notional Amount<br>(in millions) | Weighted-Average Interest<br>rate paid | Interest rate<br>received<br>(LIBOR) |
|-----------------------|---------------|----------------------------------|----------------------------------------|--------------------------------------|
| 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 2014         | March 2020    | 300                              | 2.27%                                  | 3-Month                              |
| <b>Total</b>          |               | \$ 900                           | 1.52%                                  |                                      |

The fair values of interest rate swaps designated as cash flow hedging instruments included in other assets are \$4 million and \$3 million at December 31, 2013 and September 30, 2014, respectively.

The Company has no ineffectiveness related to its swap agreements. The Company expects to reclassify in the next twelve months approximately \$8 million from other comprehensive income (loss) into earnings related to the Company's interest rate swaps based on the borrowing rates at September 30, 2014.

**7. Fair Value Measurements:**

The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2014 (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                 | \$ 124  | \$      | \$    | \$ 124 |
| Interest rate swap agreements | Other assets                              |         | 3       |       | 3      |
| Currency forward contracts    | Prepaid expenses and other current assets |         | 3       |       | 3      |
| <b>Total</b>                  |                                           | \$ 124  | \$ 6    | \$    | \$ 130 |
| <b>Liabilities</b>            |                                           |         |         |       |        |
| Interest rate swap agreements | Accrued Expenses                          | \$      | \$ 1    | \$    | \$ 1   |

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2013 (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                 | \$ 407         | \$             | \$             | \$ 407        |
| Interest rate swap agreements | Other assets                              |                | 4              |                | 4             |
| Currency forward contracts    | Prepaid expenses and other current assets |                | 2              |                | 2             |
| <b>Total</b>                  |                                           | <b>\$ 407</b>  | <b>\$ 6</b>    | <b>\$</b>      | <b>\$ 413</b> |

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

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.

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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.

Certain assets and liabilities are measured on a non-recurring basis. During the first quarter of 2014, the trade name (a level 3 non-recurring fair value measure) was written down to a fair value of \$672 million due to the recognition of a \$339 million impairment charge, which was the result of the AS Split-Off (see Note 4).

The fair value of the trade name is categorized as Level 3, a 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.

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, 2013 and September 30, 2014 (in millions):

|                    | December 31,<br>2013 |               | September 30,<br>2014 |               |
|--------------------|----------------------|---------------|-----------------------|---------------|
|                    | Carrying<br>Value    | Fair<br>Value | Carrying<br>Value     | Fair<br>Value |
| Floating rate debt | \$ 3,530             | \$ 3,548      | \$ 2,458              | \$ 2,433      |
| Fixed rate debt    | 2,862                | 3,024         | 2,213                 | 2,242         |

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.

**8. Equity:**

On March 31, 2014, SunGard completed the AS Split-Off. The following rollforwards of stockholders' equity for SCC, SCCII, and SunGard and non-controlling interest for SCC are provided to illustrate the impact of the AS Split-Off on stockholders' equity and non-controlling interest for the nine months ended September 30, 2014.

On March 31, 2014, SCCII exchanged all of the common stock of SpinCo for 2,358,065 shares of its preferred stock held by its stockholders, which was recorded as treasury stock at the book value of the investment SCCII had in SpinCo.

***Stock-based Compensation***

As a result of the AS Split-Off, the proportion of preferred stock of SCCII included in each Unit of equity in the Parent Companies changed from 0.05 shares to 0.038 shares, while there was no change in the proportion of the

Class A or Class L common stock of SCC. Accordingly, post-split, a Unit consists of 1.3 shares of Class A common stock and 0.1444 shares of Class L common stock of SCC and 0.038 shares of preferred stock of SCCII.

In conjunction with the AS Split-Off, SCC and SCCII amended all outstanding share-based awards to comply with the existing anti-dilution provisions in the SunGard 2005 Management Incentive Plan as amended (the Plan), and respective share-based award agreements. The anti-dilution provisions require modification of the share-based awards in certain circumstances in order to prevent enlargement or dilution of benefits intended to be made available under the Plan.

To comply with the requirement of the Plan, all outstanding options and other long-term incentive equity awards were modified to (i) maintain the ratio of the exercise or base price to the fair market value of the stock prior to the modification and (ii) increase the quantity granted to maintain the intrinsic value of the awards based on the new Unit price and the new SpinCo share price, as applicable. In addition, all outstanding share-based awards were modified such that employees remaining with SunGard would hold awards in SunGard only and employees of AS would hold awards in SpinCo only. In order to achieve this result, all outstanding awards held by employees of AS were converted post-split into SpinCo Awards. There was no incremental stock-based compensation expense as a result of these modifications.

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In June 2014, in addition to granting restricted stock units ( RSUs ) subject to time-based vesting, the Company granted to certain employees RSUs with market-based vesting dependent upon the performance of the Company's Unit price in relation to pre-determined Unit price thresholds ( Market-based ). Each threshold signifies a level of vesting with interpolation between levels. Vesting is subject to continued employment through June 1, 2017, the measurement date. The Company determined the fair value of the Market-based RSUs using a Monte Carlo valuation model and will record the aggregate expense of \$26 million over the three-year service period on a straight-line basis regardless of vesting, subject to continued employment, as required by GAAP.

A rollforward of SCC's stockholders' equity for the nine months ended September 30, 2014 is as follows (in millions):

|                                                                                     | SunGard Capital Corp. stockholders |                                                        |                                         |                   |                        |         |            |
|-------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|-----------------------------------------|-------------------|------------------------|---------|------------|
|                                                                                     | Class                              |                                                        | Capital in<br>excess of<br>par<br>value | Treasury<br>stock | Permanent equity       |         |            |
| L -<br>temporary<br>equity                                                          | A -<br>temporary<br>equity         | Accumulated<br>other<br>comprehensive<br>income (loss) |                                         |                   | Accumulated<br>deficit |         |            |
| Balances at December 31, 2013                                                       | \$ 58                              | \$ 4                                                   | \$ 2,482                                | \$ (47)           | \$ (3,497)             | \$ 16   | \$ (1,046) |
| Net income (loss)                                                                   |                                    |                                                        |                                         |                   | (458)                  |         | (458)      |
| Foreign currency translation                                                        |                                    |                                                        |                                         |                   |                        | (35)    | (35)       |
| Stock compensation expense                                                          |                                    |                                                        | 35                                      |                   |                        |         | 35         |
| Issuance of common and preferred<br>stock                                           |                                    |                                                        | (12)                                    | 13                |                        |         | 1          |
| Purchase of treasury stock                                                          |                                    |                                                        | (1)                                     | (5)               |                        |         | (6)        |
| Impact of exchange of SpinCo<br>common stock for SCCII preferred<br>stock           |                                    |                                                        | 171                                     |                   | (9)                    | (75)    | 87         |
| Impact of modification of SunGard<br>Awards                                         | 3                                  |                                                        |                                         |                   |                        |         |            |
| Impact of modification of SpinCo<br>Awards                                          | (8)                                |                                                        | 13                                      |                   |                        |         | 13         |
| Transfer intrinsic value of vested<br>restricted stock units to temporary<br>equity | 13                                 |                                                        | (21)                                    |                   |                        |         | (21)       |
| Cancellation of put options due to<br>employee terminations                         | (13)                               | (1)                                                    | 16                                      |                   |                        |         | 16         |
| Other                                                                               |                                    |                                                        | (9)                                     |                   |                        |         | (9)        |
| Balances at September 30, 2014                                                      | \$ 53                              | \$ 3                                                   | \$ 2,674                                | \$ (39)           | \$ (3,964)             | \$ (94) | \$ (1,423) |

A rollforward of SCC's noncontrolling interest for the nine months ended September 30, 2014 is as follows (in millions):

Noncontrolling interest

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|                                                                                  | Temporary<br>equity | Permanent<br>equity | Total    |
|----------------------------------------------------------------------------------|---------------------|---------------------|----------|
| Balances at December 31, 2013                                                    | \$ 42               | \$ 1,741            | \$ 1,783 |
| Net income (loss)                                                                |                     | 132                 | 132      |
| Purchase of treasury stock                                                       |                     | (3)                 | (3)      |
| Impact of exchange of SpinCo common stock for SCCII<br>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<br>temporary equity | 8                   |                     | 8        |
| Cancellation of put options due to employee terminations                         | (7)                 | 5                   | (2)      |
| Balances at September 30, 2014                                                   | \$ 32               | \$ 1,447            | \$ 1,479 |

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A rollforward of SCCII's stockholders' equity for the nine months ended September 30, 2014 is as follows (in millions):

|                                                                               | Temporary equity | Capital in excess of par value | Treasury stock | Permanent equity<br>Accumulated deficit | Accumulated other comprehensive income (loss) | Total permanent equity |
|-------------------------------------------------------------------------------|------------------|--------------------------------|----------------|-----------------------------------------|-----------------------------------------------|------------------------|
| Balances at December 31, 2013                                                 | \$ 37            | \$ 3,501                       | \$ (29)        | \$ (2,708)                              | \$ 16                                         | \$ 780                 |
| Net income (loss)                                                             |                  |                                |                | (326)                                   |                                               | (326)                  |
| Foreign currency translation                                                  |                  |                                |                |                                         | (35)                                          | (35)                   |
| Stock compensation expense                                                    |                  | 35                             |                |                                         |                                               | 35                     |
| Issuance of preferred stock                                                   |                  | (7)                            | 7              |                                         |                                               |                        |
| Purchase of treasury stock                                                    |                  |                                | (4)            |                                         |                                               | (4)                    |
| Impact of exchange of SpinCo common stock for SCCII preferred stock           |                  | (4)                            | (258)          | (9)                                     | (75)                                          | (346)                  |
| Impact of modification of SunGard Awards                                      | (4)              | 4                              |                |                                         |                                               | 4                      |
| Impact of modification of SpinCo Awards                                       | (6)              | 6                              |                |                                         |                                               | 6                      |
| Transfer intrinsic value of vested restricted stock units to temporary equity | 8                | (8)                            |                |                                         |                                               | (8)                    |
| Cancellation of put options due to employee terminations                      | (7)              | 7                              |                |                                         |                                               | 7                      |
| Other                                                                         |                  | (17)                           |                |                                         |                                               | (17)                   |
| Balances at September 30, 2014                                                | \$ 28            | \$ 3,517                       | \$ (284)       | \$ (3,043)                              | \$ (94)                                       | \$ 96                  |

A rollforward of SunGard's stockholders' equity for the nine months ended September 30, 2014 is as follows (in millions):

|                               | Capital in excess of par value | Accumulated deficit | Accumulated other comprehensive income (loss) | Total  |
|-------------------------------|--------------------------------|---------------------|-----------------------------------------------|--------|
| Balances at December 31, 2013 | \$ 3,513                       | \$ (2,708)          | \$ 16                                         | \$ 821 |
| Net income (loss)             |                                | (326)               |                                               | (326)  |
| Foreign currency translation  |                                |                     | (35)                                          | (35)   |
| Stock compensation expense    | 35                             |                     |                                               | 35     |
| Distribute AS to parent       | (159)                          | (112)               | (75)                                          | (346)  |
| Other                         | (16)                           |                     |                                               | (16)   |

|                                |          |            |         |        |
|--------------------------------|----------|------------|---------|--------|
| Balances at September 30, 2014 | \$ 3,373 | \$ (3,146) | \$ (94) | \$ 133 |
|--------------------------------|----------|------------|---------|--------|

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A rollforward of SCC's equity for the nine months ended September 30, 2013 follows (in millions):

|                                                                               | SunGard Capital Corp. stockholders  |                                     |                     | Noncontrolling interest |                     |                     | Total    |
|-------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|---------------------|-------------------------|---------------------|---------------------|----------|
|                                                                               | Class<br>L -<br>temporary<br>equity | Class<br>A -<br>temporary<br>equity | Permanent<br>equity | Total                   | Temporary<br>equity | Permanent<br>equity |          |
| Balances at December 31, 2012                                                 | \$ 45                               | \$ 5                                | \$ (961)            | \$ (911)                | \$ 26               | \$ 1,575            | \$ 1,601 |
| Net income (loss)                                                             |                                     |                                     | (130)               | (130)                   | 2                   | 119                 | 121      |
| Foreign currency translation                                                  |                                     |                                     | 10                  | 10                      |                     |                     |          |
| Stock compensation expense                                                    |                                     |                                     | 35                  | 35                      |                     |                     |          |
| Purchase of treasury stock                                                    |                                     |                                     | (4)                 | (4)                     |                     | (3)                 | (3)      |
| Transfer intrinsic value of vested restricted stock units to temporary equity | 15                                  |                                     | (25)                | (10)                    | 10                  |                     | 10       |
| Cancellation of put options due to employee terminations                      | (8)                                 | (1)                                 | 11                  | 2                       | (4)                 | 2                   | (2)      |
| Other                                                                         |                                     |                                     | (14)                | (14)                    |                     |                     |          |
| Balances at September 30, 2013                                                | \$ 52                               | \$ 4                                | \$ (1,078)          | \$ (1,022)              | 34                  | 1,693               | \$ 1,727 |

**9. Income Taxes:**

The effective income tax rates for the three month periods ended September 30, 2014 and 2013 were 51% and 25%, 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, and the timing of recording discrete items. The tax rate for the three month period ended September 30, 2014 reflects a decrease in the expected full year effective tax rate due primarily to a change in the mix of income.

The effective income tax rates for the nine month periods ended September 30, 2014 and 2013 were 22% and 40%, 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, and the timing of recording discrete items. For the nine months ended September 30, 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 \$48 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 or the total amount of income for 2014 may significantly impact the estimated effective income tax rate for the year.

In connection with the AS Split-Off, a Tax Sharing and Disaffiliation Agreement (the Agreement) was entered into on March 31, 2014 by the Company and SpinCo. Pursuant to the Agreement, the parties allocated responsibility for U.S. federal, state and local, and foreign income and other taxes relating to taxable periods before and after the AS Split-Off, and provided for computation and apportionment of tax liabilities and tax benefits between the parties.

SpinCo is generally responsible for all taxes attributable to the AS business for periods subsequent to the AS Split-Off and non-income related taxes attributable to the AS business for any taxable period before and after the date of the AS Split-Off. The Company retains responsibility for U.S. federal, state and local, and foreign income taxes for periods ending on or before the date of the AS Split-Off. The Company recorded a liability of \$6 million in other accrued expenses as of September 30, 2014, which is an estimate of the amount owed to AS for income tax returns not yet filed for the periods ending on or before the date of the AS Split-Off.

**Table of Contents****10. Segment Information:**

Following the AS Split-Off, the Company re-evaluated its reportable segments in accordance with ASC 280 and determined that the Company has two reportable segments: FS and PS&E. The disclosures below only reflect the segment results of continuing operations for the periods presented.

The Company evaluates the performance of its segments based on Adjusted EBITDA. Adjusted EBITDA is defined as operating income before the following items:

depreciation;

amortization of acquisition-related intangible assets;

trade name and goodwill impairments;

severance and facility closure charges;

stock compensation;

management fees; and

certain other costs.

While these charges may be recurring, management excludes them in order to better analyze the segment results and evaluate the segment performance. This analysis is used extensively by management and is also used to communicate the segment results to the Company's board of directors. In addition, management reviews Adjusted EBITDA on a constant currency basis, especially when comparing to the prior year results. While Adjusted EBITDA is useful for analysis purposes, it should not be considered as an alternative to the Company's reported GAAP results. Also, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is similar, but not identical, to adjusted EBITDA as defined in the Credit Agreement for purposes of SunGard's debt covenants. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. In each of the tables below, we present the percent change based on actual, unrounded results.

The operating results for the three months ended September 30, 2014 and 2013 for each segment follow (in millions):

|                                              | FS     | PS&E  | Sum of Segments |
|----------------------------------------------|--------|-------|-----------------|
| <b>Three Months Ended September 30, 2014</b> |        |       |                 |
| Revenue                                      | \$ 637 | \$ 54 | \$ 691          |
| Adjusted EBITDA                              | 184    | 17    | 201             |

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|                                       |       |       |       |
|---------------------------------------|-------|-------|-------|
| Adjusted EBITDA margin                | 28.9% | 31.2% | 29.1% |
| Year over Year revenue change         | 2%    | 2%    | 2%    |
| Year over Year Adjusted EBITDA change | (3)%  | 1%    | (3)%  |

**Three Months Ended September 30, 2013**

|                        |        |       |        |
|------------------------|--------|-------|--------|
| Revenue                | \$ 625 | \$ 53 | \$ 678 |
| Adjusted EBITDA        | 191    | 16    | 207    |
| Adjusted EBITDA margin | 30.5%  | 31.4% | 30.6%  |

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

|                                                                     | Three Months Ended<br>September 30, |                     |
|---------------------------------------------------------------------|-------------------------------------|---------------------|
|                                                                     | 2013                                | 2014                |
| Adjusted EBITDA (sum of segments)                                   | \$ 207                              | \$ 201              |
| Corporate                                                           | (12)                                | (13)                |
| Depreciation <sup>(1)</sup>                                         | (24)                                | (28)                |
| Amortization of acquisition-related intangible assets               | (43)                                | (30)                |
| Severance and facility closure costs                                | (6)                                 | (17) <sup>(2)</sup> |
| Stock compensation expense                                          | (10)                                | (13)                |
| Management fees                                                     | (2)                                 | (3)                 |
| Other costs (included in operating income)                          | (3)                                 | (2)                 |
| Interest expense, net                                               | (77)                                | (73)                |
| Loss on extinguishment of debt                                      | (1)                                 |                     |
| <b>Income (loss) from continuing operations before income taxes</b> | <b>\$ 29</b>                        | <b>\$ 22</b>        |

Depreciation, amortization, and capital expenditures by segment follow (in millions):

|                                                       | FS    | PS&E | Sum of<br>Segments | Corporate | Total |
|-------------------------------------------------------|-------|------|--------------------|-----------|-------|
| <b>Three Months Ended September 30, 2014</b>          |       |      |                    |           |       |
| Depreciation <sup>(1)</sup>                           | \$ 24 | \$ 3 | \$ 27              | \$ 1      | \$ 28 |
| Amortization of acquisition-related intangible assets | 29    | 1    | 30                 |           | 30    |
| Capital expenditures                                  | 37    | 2    | 39                 | 1         | 40    |

|                                                       | FS    | PS&E | Sum of<br>Segments | Corporate | Total |
|-------------------------------------------------------|-------|------|--------------------|-----------|-------|
| <b>Three Months Ended September 30, 2013</b>          |       |      |                    |           |       |
| Depreciation <sup>(1)</sup>                           | \$ 22 | \$ 2 | \$ 24              | \$        | \$ 24 |
| Amortization of acquisition-related intangible assets | 40    | 3    | 43                 |           | 43    |
| Capital expenditures                                  | 22    | 2    | 24                 |           | 24    |

The operating results for the nine months ended September 30, 2014 and 2013 for each segment follow (in millions):

|                                             | FS       | PS&E   | Sum of<br>Segments |
|---------------------------------------------|----------|--------|--------------------|
| <b>Nine Months Ended September 30, 2014</b> |          |        |                    |
| Revenue                                     | \$ 1,855 | \$ 162 | \$ 2,017           |
| Adjusted EBITDA                             | 477      | 50     | 527                |
| Adjusted EBITDA margin                      | 25.7%    | 30.9%  | 26.1%              |

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|                                       |      |    |      |
|---------------------------------------|------|----|------|
| Year over Year revenue change         | 1%   | 5% | 1%   |
| Year over Year Adjusted EBITDA change | (3)% | 4% | (3)% |

**Nine Months Ended September 30, 2013**

|                        |          |        |          |
|------------------------|----------|--------|----------|
| Revenue                | \$ 1,834 | \$ 155 | \$ 1,989 |
| Adjusted EBITDA        | 493      | 48     | 541      |
| Adjusted EBITDA margin | 26.9%    | 31.2%  | 27.2%    |

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

|                                                                  | Nine Months Ended<br>September 30, |                     |
|------------------------------------------------------------------|------------------------------------|---------------------|
|                                                                  | 2013                               | 2014                |
| Adjusted EBITDA (sum of segments)                                | \$ 541                             | \$ 527              |
| Corporate                                                        | (36)                               | (35)                |
| Depreciation <sup>(1)</sup>                                      | (73)                               | (79)                |
| Amortization of acquisition-related intangible assets            | (138)                              | (114)               |
| Trade name impairment charge                                     |                                    | (339)               |
| Severance and facility closure costs                             | (9)                                | (24) <sup>(3)</sup> |
| Stock compensation expense                                       | (30)                               | (33)                |
| Management fees                                                  | (5)                                | (6)                 |
| Other costs (included in operating income)                       | (9)                                | (14)                |
| Interest expense, net                                            | (246)                              | (219)               |
| Loss on extinguishment of debt                                   | (6)                                | (61)                |
| Other income (expense)                                           | (2)                                |                     |
| <br>Income (loss) from continuing operations before income taxes | <br>\$ (13)                        | <br>\$ (397)        |

Depreciation, amortization, and capital expenditures by segment follow (in millions):

|                                                       | FS    | PS&E | Sum of<br>Segments | Corporate | Total |
|-------------------------------------------------------|-------|------|--------------------|-----------|-------|
| <b>Nine Months Ended September 30, 2014</b>           |       |      |                    |           |       |
| Depreciation <sup>(1)</sup>                           | \$ 70 | \$ 6 | \$ 76              | \$ 3      | \$ 79 |
| Amortization of acquisition-related intangible assets | 108   | 6    | 114                |           | 114   |
| Capital expenditures                                  | 90    | 7    | 97                 | 1         | 98    |

|                                                       | FS    | PS&E | Sum of<br>Segments | Corporate | Total |
|-------------------------------------------------------|-------|------|--------------------|-----------|-------|
| <b>Nine Months Ended September 30, 2013</b>           |       |      |                    |           |       |
| Depreciation <sup>(1)</sup>                           | \$ 67 | \$ 5 | \$ 72              | \$ 1      | \$ 73 |
| Amortization of acquisition-related intangible assets | 127   | 11   | 138                |           | 138   |
| Capital expenditures                                  | 63    | 6    | 69                 | 1         | 70    |

(1) Includes amortization of capitalized software.

(2) Includes \$17 million of severance, primarily in FS.

(3) Includes \$23 million of severance and \$1 million of lease exit costs, primarily in FS.



**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, which occurred during the nine months ended September 30, 2014 (in millions):

|                   | Balance<br>December 31,<br>2013 | Expense<br>related to<br>2014<br>actions | Payments       | Other<br>adjustments <sup>(1)</sup> | Balance<br>September 30,<br>2014 |
|-------------------|---------------------------------|------------------------------------------|----------------|-------------------------------------|----------------------------------|
| Workforce-related | \$ 14                           | \$ 25 <sup>(2)</sup>                     | \$ (17)        | \$ (3)                              | \$ 19                            |
| Facilities        | 15                              | 1                                        | (4)            |                                     | 12                               |
| <b>Total</b>      | <b>\$ 29</b>                    | <b>\$ 26</b>                             | <b>\$ (21)</b> | <b>\$ (3)</b>                       | <b>\$ 31</b>                     |

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

(2) During the three months ended September 30, 2014, the Company recorded a \$17 million severance charge related to a workforce reduction plan to reduce headcount by approximately 3% of the total workforce.

The majority of the workforce-related actions are expected to be paid out 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 and \$3 million of management fees in sales, marketing and administration expenses for the three months ended September 30, 2013 and 2014, respectively. In the three months ended September 30, 2013 the Company recorded approximately \$1 million of management fees in income (loss) from discontinued operations. The Company recorded \$5 million and \$6 million of management fees in sales, marketing and administration expenses for the nine months ended September 30, 2013 and 2014, respectively. In the nine months ended September 30, 2013 the Company recorded approximately \$3 million of management fees in income (loss) from discontinued operations. At December 31, 2013 and September 30, 2014, the Company had accrued management fees due to Sponsors included in other accrued expenses of \$4 million and \$2 million, respectively.

In March 2014, in connection with the AS Split-Off, the Company and the Sponsors amended the management agreement to increase the management fee effective as of April 1, 2014 from 1% of adjusted EBITDA to 1.1% of adjusted EBITDA per quarter for five of seven of the Company's Sponsors and fixed payments of \$50,000 per quarter for each of the two remaining Sponsors.

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.

In addition to management fees, one of our Sponsors, Goldman Sachs & Co. and/or its respective affiliates, received fees of approximately \$1 million and less than \$1 million for the nine months ended September 30, 2013 and 2014, respectively, in connection with amendments of SunGard's Credit Agreement.

The Company's Sponsors and/or their respective affiliates, who may not be related parties, have from time to time entered into, and may continue to enter into, arrangements with SunGard to use its products and services, or for SunGard to use the Sponsors affiliates' products and services, in the ordinary course of business, which often result in revenues or costs to SunGard in excess of \$120,000 annually. These transactions are entered into at arms-length terms. In the aggregate, the arrangements are not material to SunGard's results of operations.

**Table of Contents*****AS Transactions***

In connection with the AS Split-Off, the following agreements, among others, were entered into on March 31, 2014:

(i) a Trademark License Agreement (the *Trademark License Agreement*) between a wholly-owned subsidiary of SunGard that owns the trademark *SunGard* and AS. The Trademark License Agreement sets forth the terms under which AS and its affiliates are permitted to use the mark *SUNGARD AVAILABILITY SERVICES*. During the first two years following the AS Split-Off, the use of the licensed mark is royalty free. In years 3 through 5, AS will pay a royalty payment of 0.30% of their worldwide revenue, subject to certain exceptions. In years 6 and 7, the royalty will be reduced to 0.15% and 0.075%, respectively. Following year 7, AS will have a perpetual, royalty-free license to use the mark going forward assuming they maintain compliance with the Trademark License Agreement;

(ii) a Transition Services Agreement ( *TSA* ) whereby SunGard agreed to provide certain transitional and administrative support services, including employee benefits services, to AS and AS agreed to provide transitional and administrative support services to SunGard generally for up to twelve months;

(iii) a term sheet to negotiate amendments to the Global Master Services Agreement ( *GMSA* ) to replace existing agreements under which AS provides certain availability services, managed services, and recovery services to SunGard. Broadly, SunGard and AS have agreed to amend the *GMSA* to reflect terms agreed to by the parties including a provision that from the AS Split-Off to a period ending March 31, 2016, SunGard would spend an agreed to minimum under the *GMSA*. For the three months ended September 30, 2014, the Company incurred expenses of \$8 million for services provided under the *GMSA*, of which approximately \$4 million, \$2 million and \$2 million were included in cost of sales and direct operating expenses; sales, marketing and administration expenses; and development and maintenance expenses, respectively, in the consolidated statement of comprehensive income (loss). For the six months ended September 30, 2014, the Company incurred expenses of \$17 million for services provided under the *GMSA*, of which approximately \$8 million, \$5 million and \$4 million were included in cost of sales and direct operating expenses; sales, marketing and administration expenses; and development and maintenance expenses, respectively, in the consolidated statement of comprehensive income (loss). At September 30, 2014, the Company had recorded approximately \$3 million of accounts receivable, \$2 million of accounts payable, and a \$2 million prepaid maintenance contract from AS under the *GMSA*; and

(iv) a Tax Sharing and Disaffiliation Agreement (the *Agreement*) between the Company and SpinCo. Pursuant to the Agreement, the parties allocated responsibility for U.S. federal, state and local, and foreign income and other taxes relating to taxable periods before and after the AS Split-Off, and provided for computation and apportionment of tax liabilities and tax benefits between the parties. AS is generally responsible for all taxes attributable to the AS business for periods subsequent to the AS Split-Off and non-income related taxes attributable to the AS business for any taxable period before and after the date of the AS Split-Off. The Company retains responsibility for U.S. federal, state and local, and foreign income taxes for periods ending on or before the date of the AS Split-Off.

**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 agreements with previously owned businesses of the Company require indemnification to the new owners for certain matters as part of the sale of those businesses.

The Company evaluates, on a regular basis, developments in its legal matters. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. At September 30, 2014, the Company has not accrued for any outstanding patent infringement, indemnification or other legal matters.

In its outstanding legal matters for which it has not made an accrual, but for which it is reasonably possible that a loss may occur, the Company is unable to estimate a range of loss due to various reasons, including, among others: (1) that the proceedings are in early stages, (2) that there is uncertainty as to the outcome of pending appeals, motions, or settlements, (3) that there are significant factual issues to be resolved, and (4) that there are novel legal issues presented. Such legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control. Based on current knowledge, the Company believes that the final outcome of the matters discussed above will not, individually or in the aggregate, have a material adverse effect

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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 State of Delaware, Department of Finance, Division of Revenue (Unclaimed Property) on behalf of itself and nine other states is currently examining the books and records of certain wholly owned subsidiaries of the Company to determine compliance with the unclaimed property laws. The scope of its examination is for periods dating back to 1981. The potential exposure related to the examination is not currently determinable.

**14. 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.

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The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2013 and September 30, 2014, and for the three and nine month periods ended September 30, 2013 and 2014, 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 2013.

**Supplemental Condensed Consolidating Balance Sheet  
December 31, 2013**

(in millions)

|                                                  | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries (c)</b> | <b>Non-<br/>Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--------------------------------------------------|---------------------------|---------------------------------------|--------------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                    |                           |                                       |                                            |                     |                     |
| Current:                                         |                           |                                       |                                            |                     |                     |
| Cash and cash equivalents                        | \$ 403                    | \$ 4                                  | \$ 268                                     | \$                  | \$ 675              |
| Intercompany balances                            |                           | 3,078                                 | 715                                        | (3,793)             |                     |
| Trade receivables, net                           | 7                         | 399 (a)                               | 251                                        |                     | 657                 |
| Prepaid expenses, taxes and other current assets | 1,455 (b)                 | 39                                    | 46                                         | (1,417) (b)         | 123                 |
| Assets of discontinued operations                | 18                        | 1,719                                 | 790                                        | (11)                | 2,516               |
| Total current assets                             | 1,883                     | 5,239                                 | 2,070                                      | (5,221)             | 3,971               |
| Property and equipment, net                      |                           | 88                                    | 64                                         |                     | 152                 |
| Intangible assets, net                           | 105                       | 1,427                                 | 291                                        |                     | 1,823               |
| Deferred income taxes                            | 30                        |                                       |                                            | (30)                |                     |
| Intercompany balances                            | 220                       | 5                                     | 98                                         | (323)               |                     |
| Goodwill                                         |                           | 3,097                                 | 731                                        |                     | 3,828               |
| Investment in subsidiaries                       | 8,826                     | 2,081                                 |                                            | (10,907)            |                     |
| <b>Total Assets</b>                              | <b>\$ 11,064</b>          | <b>\$ 11,937</b>                      | <b>\$ 3,254</b>                            | <b>\$ (16,481)</b>  | <b>\$ 9,774</b>     |
| <b>Liabilities and Stockholders Equity</b>       |                           |                                       |                                            |                     |                     |
| Current:                                         |                           |                                       |                                            |                     |                     |
| Short-term and current portion of long-term debt | \$ 286                    | \$                                    | \$ 4                                       | \$                  | \$ 290              |
| Intercompany balances                            | 3,793                     |                                       |                                            | (3,793)             |                     |
| Accounts payable and other current liabilities   | 71                        | 1,917 (b)                             | 438                                        | (1,417) (b)         | 1,009               |
| Liabilities related of discontinued operations   |                           | 565                                   | 245                                        | (11)                | 799                 |
| Total current liabilities                        | 4,150                     | 2,482                                 | 687                                        | (5,221)             | 2,098               |
| Long-term debt                                   | 5,894                     |                                       | 200                                        |                     | 6,094               |
| Intercompany debt                                | 103                       |                                       | 220                                        | (323)               |                     |
| Deferred and other income taxes                  | 96                        | 622                                   | 51                                         | (30)                | 739                 |

|                                                  |                  |                  |                 |                    |                 |
|--------------------------------------------------|------------------|------------------|-----------------|--------------------|-----------------|
| Other liabilities                                |                  | 7                | 15              |                    | 22              |
| <b>Total liabilities</b>                         | <b>10,243</b>    | <b>3,111</b>     | <b>1,173</b>    | <b>(5,574)</b>     | <b>8,953</b>    |
| Total stockholders equity                        | 821              | 8,826            | 2,081           | (10,907)           | 821             |
| <b>Total Liabilities and Stockholders Equity</b> | <b>\$ 11,064</b> | <b>\$ 11,937</b> | <b>\$ 3,254</b> | <b>\$ (16,481)</b> | <b>\$ 9,774</b> |

- (a) This balance is primarily comprised of a receivable from the borrower under the secured accounts receivable facility, which is a non-Guarantor subsidiary, resulting from the normal, recurring sale of accounts receivable under the receivables facility. In a liquidation, the first \$200 million (plus interest) of collections of accounts receivable sold to this subsidiary are due to the receivables facility lender. The remaining balance would be available for collection for the benefit of the Guarantors.
- (b) The Company pushes down tax liabilities associated with the consolidated and combined filings in U.S. federal, state and local jurisdictions from the Parent Company to its Guarantor Subsidiaries. As these intercompany balances have not been historically settled, this entry eliminates the accumulated Parent Company income tax receivable balance with Guarantor Subsidiaries income tax liability balance.
- (c) The Supplemental Condensed Consolidating Balance Sheet for the Guarantor Subsidiaries for December 31, 2013 has been revised to present investment in subsidiaries related to discontinued operations within the investment in subsidiary caption. The portion of the Guarantor's investment in subsidiary which related to discontinued operations had previously been presented separately in the assets of discontinued operations caption. While these revisions have no impact on the previously reported total assets of the Guarantor Subsidiaries, they resulted in the following changes to previously reported amounts. For the Guarantor Subsidiaries, assets of discontinued operations changed from \$1,810 million to \$1,719 million; total current assets changed from \$5,330 million to \$5,239 million; and investment in subsidiaries changed from \$1,990 million to \$2,081 million. These revisions had no impact on the consolidated results of the Company and were not material to the Supplemental Condensed Consolidating Balance Sheet for any period.

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| <b>Supplemental Condensed Consolidating Balance Sheet</b> |                   |                     |                     |                     |                     |
|-----------------------------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>September 30, 2014</b>                                 |                   |                     |                     |                     |                     |
| (in millions)                                             | <b>Parent</b>     | <b>Guarantor</b>    | <b>Non-</b>         |                     |                     |
|                                                           | <b>Company</b>    | <b>Subsidiaries</b> | <b>Guarantor</b>    | <b>Eliminations</b> | <b>Consolidated</b> |
|                                                           |                   |                     | <b>Subsidiaries</b> |                     |                     |
| <b>Assets</b>                                             |                   |                     |                     |                     |                     |
| Current:                                                  |                   |                     |                     |                     |                     |
| Cash and cash equivalents                                 | \$ 115            | \$ (1)              | \$ 282              | \$                  | \$ 396              |
| Intercompany balances                                     |                   | 2,938               | 656                 | (3,594)             |                     |
| Trade receivables, net                                    | 3                 | 360 <sup>(a)</sup>  | 146                 |                     | 509                 |
| Prepaid expenses, taxes and other current assets          | 56 <sup>(b)</sup> | 43                  | 40                  | (5) <sup>(b)</sup>  | 134                 |
| <b>Total current assets</b>                               | <b>174</b>        | <b>3,340</b>        | <b>1,124</b>        | <b>(3,599)</b>      | <b>1,039</b>        |
| Property and equipment, net                               |                   | 87                  | 60                  |                     | 147                 |
| Intangible assets, net                                    | 73                | 1,031               | 265                 |                     | 1,369               |
| Deferred income taxes                                     | 10                |                     |                     | (10)                |                     |
| Intercompany balances                                     | 202               | 7                   | 118                 | (327)               |                     |
| Goodwill                                                  |                   | 3,095               | 689                 |                     | 3,784               |
| Investment in subsidiaries                                | 8,109             | 1,529               |                     | (9,638)             |                     |
| <b>Total Assets</b>                                       | <b>\$ 8,568</b>   | <b>\$ 9,089</b>     | <b>\$ 2,256</b>     | <b>\$ (13,574)</b>  | <b>\$ 6,339</b>     |
| <b>Liabilities and Stockholders Equity</b>                |                   |                     |                     |                     |                     |
| Current:                                                  |                   |                     |                     |                     |                     |
| Short-term and current portion of long-term debt          | \$                | \$                  | \$ 2                | \$                  | \$ 2                |
| Intercompany balances                                     | 3,594             |                     |                     | (3,594)             |                     |
| Accounts payable and other current liabilities            | 90                | 453 <sup>(b)</sup>  | 338                 | (5) <sup>(b)</sup>  | 876                 |
| <b>Total current liabilities</b>                          | <b>3,684</b>      | <b>453</b>          | <b>340</b>          | <b>(3,599)</b>      | <b>878</b>          |
| Long-term debt                                            | 4,529             |                     | 140                 |                     | 4,669               |
| Intercompany debt                                         | 125               |                     | 202                 | (327)               |                     |
| Deferred and other income taxes                           | 97                | 510                 | 34                  | (10)                | 631                 |
| Other liabilities                                         |                   | 17                  | 11                  |                     | 28                  |
| <b>Total liabilities</b>                                  | <b>8,435</b>      | <b>980</b>          | <b>727</b>          | <b>(3,936)</b>      | <b>6,206</b>        |
| <b>Total stockholders equity</b>                          | <b>133</b>        | <b>8,109</b>        | <b>1,529</b>        | <b>(9,638)</b>      | <b>133</b>          |
| <b>Total Liabilities and Stockholders Equity</b>          | <b>\$ 8,568</b>   | <b>\$ 9,089</b>     | <b>\$ 2,256</b>     | <b>\$ (13,574)</b>  | <b>\$ 6,339</b>     |

(a) This balance is primarily comprised of a receivable from the borrower under the secured accounts receivable facility, which is a non-Guarantor subsidiary, 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.

- (b) The Company pushed down tax liabilities associated with the consolidated and combined filings in U.S. federal, state, and local jurisdictions. During the first quarter of 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.

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| (in millions)                                                | <b>Supplemental Condensed Consolidating Schedule of Comprehensive Income (Loss)</b> |                                   |                                       |                     |                     |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
|                                                              | <b>Three Months Ended September 30, 2013</b>                                        |                                   |                                       |                     |                     |
|                                                              | <b>Parent<br/>Company</b>                                                           | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| Total revenue                                                | \$                                                                                  | \$ 477                            | \$ 289                                | \$ (88)             | \$ 678              |
| Costs and expenses:                                          |                                                                                     |                                   |                                       |                     |                     |
| Cost of sales and administrative expenses                    | 24                                                                                  | 335                               | 233                                   | (88)                | 504                 |
| Depreciation and amortization                                |                                                                                     | 16                                | 8                                     |                     | 24                  |
| Amortization of acquisition-related intangible assets        |                                                                                     | 32                                | 11                                    |                     | 43                  |
| Total costs and expenses                                     | 24                                                                                  | 383                               | 252                                   | (88)                | 571                 |
| Operating income (loss)                                      | (24)                                                                                | 94                                | 37                                    |                     | 107                 |
| Net interest income (expense)                                | (72)                                                                                |                                   | (5)                                   |                     | (77)                |
| Equity in earnings of unconsolidated subsidiary              | 99                                                                                  | 32                                |                                       | (131)               |                     |
| Other income (expense)                                       | (1)                                                                                 |                                   |                                       |                     | (1)                 |
| Income (loss) from continuing operations before income taxes | 2                                                                                   | 126                               | 32                                    | (131)               | 29                  |
| Benefit from (provision for) income taxes                    | 33                                                                                  | (42)                              | 2                                     |                     | (7)                 |
| Income (loss) from continuing operations                     | 35                                                                                  | 84                                | 34                                    | (131)               | 22                  |
| Income (loss) from discontinued operations, net of tax       | (12)                                                                                | 15                                | (2)                                   |                     | 1                   |
| Net income (loss)                                            | \$ 23                                                                               | \$ 99                             | \$ 32                                 | \$ (131)            | \$ 23               |
| Comprehensive income (loss)                                  | \$ 75                                                                               | \$ 144                            | \$ 77                                 | \$ (221)            | \$ 75               |

| (in millions)                             | <b>Supplemental Condensed Consolidating Schedule of</b> |                                   |                                       |                     |                     |
|-------------------------------------------|---------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
|                                           | <b>Comprehensive Income (Loss)</b>                      |                                   |                                       |                     |                     |
|                                           | <b>Three Months Ended September 30, 2014</b>            |                                   |                                       |                     |                     |
|                                           | <b>Parent<br/>Company</b>                               | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
| Total revenue                             | \$                                                      | \$ 487                            | \$ 298                                | \$ (94)             | \$ 691              |
| Costs and expenses:                       |                                                         |                                   |                                       |                     |                     |
| Cost of sales and administrative expenses | 27                                                      | 350                               | 255                                   | (94)                | 538                 |

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|                                                              |         |       |         |         |         |
|--------------------------------------------------------------|---------|-------|---------|---------|---------|
| Depreciation and amortization                                |         | 17    | 11      |         | 28      |
| Amortization of acquisition-related intangible assets        |         | 20    | 10      |         | 30      |
| Total costs and expenses                                     | 27      | 387   | 276     | (94)    | 596     |
| Operating income (loss)                                      | (27)    | 100   | 22      |         | 95      |
| Net interest income (expense)                                | (69)    | (1)   | (3)     |         | (73)    |
| Equity in earnings of unconsolidated subsidiary              | 83      | 10    |         | (93)    |         |
| Other income (expense)                                       |         | (1)   | 1       |         |         |
| Income (loss) from continuing operations before income taxes | (13)    | 108   | 20      | (93)    | 22      |
| Benefit from (provision for) income taxes                    | 24      | (25)  | (10)    |         | (11)    |
| Income (loss) from continuing operations                     | 11      | 83    | 10      | (93)    | 11      |
| Income (loss) from discontinued operations, net of tax       |         |       |         |         |         |
| Net income (loss)                                            | \$ 11   | \$ 83 | \$ 10   | \$ (93) | \$ 11   |
| Comprehensive income (loss)                                  | \$ (36) | \$ 40 | \$ (35) | \$ (5)  | \$ (36) |

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| (in millions)                                                | <b>Supplemental Condensed Consolidating Schedule of<br/>Comprehensive Income (Loss)<br/>Nine Months Ended September 30, 2013</b> |                                   |                                   |                              |                     |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------|
|                                                              | <b>Parent<br/>Company</b>                                                                                                        | <b>Guarantor<br/>Subsidiaries</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-<br/>Eliminations</b> | <b>Consolidated</b> |
| Total revenue                                                | \$                                                                                                                               | \$ 1,395                          | \$ 866                            | \$ (272)                     | \$ 1,989            |
| Costs and expenses:                                          |                                                                                                                                  |                                   |                                   |                              |                     |
| Cost of sales and administrative expenses                    | 67                                                                                                                               | 1,020                             | 722                               | (272)                        | 1,537               |
| Depreciation and amortization                                |                                                                                                                                  | 47                                | 26                                |                              | 73                  |
| Amortization of acquisition-related intangible assets        | 1                                                                                                                                | 102                               | 35                                |                              | 138                 |
| Total costs and expenses                                     | 68                                                                                                                               | 1,169                             | 783                               | (272)                        | 1,748               |
| Operating income (loss)                                      | (68)                                                                                                                             | 226                               | 83                                |                              | 241                 |
| Net interest income (expense)                                | (228)                                                                                                                            |                                   | (18)                              |                              | (246)               |
| Equity in earnings of unconsolidated subsidiary              | 234                                                                                                                              | 87                                |                                   | (321)                        |                     |
| Other income (expense)                                       | (6)                                                                                                                              |                                   | (2)                               |                              | (8)                 |
| Income (loss) from continuing operations before income taxes | (68)                                                                                                                             | 313                               | 63                                | (321)                        | (13)                |
| Benefit from (provision for) income taxes                    | 95                                                                                                                               | (103)                             | 13                                |                              | 5                   |
| Income (loss) from continuing operations                     | 27                                                                                                                               | 210                               | 76                                | (321)                        | (8)                 |
| Income (loss) from discontinued operations, net of tax       | (36)                                                                                                                             | 24                                | 11                                |                              | (1)                 |
| Net income (loss)                                            | \$ (9)                                                                                                                           | \$ 234                            | \$ 87                             | \$ (321)                     | \$ (9)              |
| Comprehensive income (loss)                                  | \$ (5)                                                                                                                           | \$ 232                            | \$ 91                             | \$ (323)                     | \$ (5)              |

| (in millions)                             | <b>Supplemental Condensed Consolidating Schedule of<br/>Comprehensive Income (Loss)<br/>Nine Months Ended September 30, 2014</b> |                                   |                                   |                              |                     |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------|
|                                           | <b>Parent<br/>Company</b>                                                                                                        | <b>Guarantor<br/>Subsidiaries</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-<br/>Eliminations</b> | <b>Consolidated</b> |
| Total revenue                             | \$                                                                                                                               | \$ 1,437                          | \$ 882                            | \$ (302)                     | \$ 2,017            |
| Costs and expenses:                       |                                                                                                                                  |                                   |                                   |                              |                     |
| Cost of sales and administrative expenses | 75                                                                                                                               | 1,083                             | 746                               | (302)                        | 1,602               |
| Depreciation and amortization             |                                                                                                                                  | 48                                | 31                                |                              | 79                  |
|                                           |                                                                                                                                  | 79                                | 35                                |                              | 114                 |

|                                                              |          |          |         |        |          |
|--------------------------------------------------------------|----------|----------|---------|--------|----------|
| Amortization of acquisition-related intangible assets        |          |          |         |        |          |
| Trade name impairment charges                                |          | 339      |         |        | 339      |
| Total costs and expenses                                     | 75       | 1,549    | 812     | (302)  | 2,134    |
| Operating income (loss)                                      | (75)     | (112)    | 70      |        | (117)    |
| Net interest income (expense)                                | (205)    | (1)      | (13)    |        | (219)    |
| Equity in earnings of unconsolidated subsidiary              | (50)     | 46       |         | 4      |          |
| Other income (expense)                                       | (61)     | (1)      | 1       |        | (61)     |
| Income (loss) from continuing operations before income taxes | (391)    | (68)     | 58      | 4      | (397)    |
| Benefit from (provision for) income taxes                    | 92       | 17       | (21)    |        | 88       |
| Income (loss) from continuing operations                     | (299)    | (51)     | 37      | 4      | (309)    |
| Income (loss) from discontinued operations, net of tax       | (27)     | 1        | 9       |        | (17)     |
| Net income (loss)                                            | \$ (326) | \$ (50)  | \$ 46   | \$ 4   | \$ (326) |
| Comprehensive income (loss)                                  | \$ (436) | \$ (151) | \$ (26) | \$ 177 | \$ (436) |

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**Supplemental Condensed Consolidating Schedule of  
Cash  
Flows  
Nine Months Ended September 30, 2013  
Parent Guarantor Non-Guarantor  
Company Subsidiaries Subsidiaries Elimination Consolidated**

(in millions)

|                                                         | Parent<br>Company | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Elimination | Consolidated |
|---------------------------------------------------------|-------------------|---------------------------|-------------------------------|-------------|--------------|
| <i>Cash flow from operations:</i>                       |                   |                           |                               |             |              |
| Net income (loss)                                       | \$ (9)            | \$ 234                    | \$ 87                         | \$ (321)    | \$ (9)       |
| Income (loss) from discontinued operations              | (36)              | 24                        | 11                            |             | (1)          |
| Income (loss) from continuing operations                | 27                | 210                       | 76                            | (321)       | (8)          |
| Non cash adjustments                                    | (169)             | 52                        | 55                            | 321         | 259          |
| Changes in operating assets and liabilities             | (47)              | 133                       | (10)                          |             | 76           |
| Cash flow from (used in) continuing operations          | (189)             | 395                       | 121                           |             | 327          |
| Cash flow from (used in) discontinued operations        | (59)              | 218                       | 83                            |             | 242          |
| Cash flow from (used in) operations <sup>(a)</sup>      | (248)             | 613                       | 204                           |             | 569          |
| <i>Investment activities:</i>                           |                   |                           |                               |             |              |
| Intercompany transactions                               | 367               | (274)                     | 43                            | (136)       |              |
| Cash paid for acquired businesses, net of cash acquired |                   | (1)                       |                               |             | (1)          |
| Cash paid for property and equipment and software       |                   | (48)                      | (22)                          |             | (70)         |
| Other investing activities                              |                   |                           |                               |             |              |
| Cash provided by (used in) continuing operations        | 367               | (323)                     | 21                            | (136)       | (71)         |
| Cash provided by (used in) discontinued operations      | 188               | (180)                     | (21)                          | (76)        | (89)         |
| Cash provided by (used in) investment activities        | 555               | (503)                     |                               | (212)       | (160)        |
| <i>Financing activities:</i>                            |                   |                           |                               |             |              |
| Intercompany dividends                                  |                   | (68)                      | (68)                          | 136         |              |
| Net repayments of long-term debt                        | (193)             |                           | (52)                          |             | (245)        |
| Other financing activities                              | (18)              |                           |                               |             | (18)         |
| Cash provided by (used in) continuing operations        | (211)             | (68)                      | (120)                         | 136         | (263)        |
| Cash provided by (used in) discontinued operations      |                   | (39)                      | (38)                          | 76          | (1)          |
| Cash provided by (used in) financing activities         | (211)             | (107)                     | (158)                         | 212         | (264)        |
| Effect of exchange rate changes on cash                 |                   |                           | (2)                           |             | (2)          |
| Increase (decrease) in cash and cash equivalents        | 96                | 3                         | 44                            |             | 143          |
| Beginning cash and cash equivalents <sup>(b)</sup>      | 220               | (3)                       | 329                           |             | 546          |
| Ending cash and cash equivalents <sup>(b)</sup>         | \$ 316            | \$                        | \$ 373                        | \$          | \$ 689       |

- (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 nine months ended September 30, 2013, the Parent Company allocated approximately \$165 million of tax liabilities to its Guarantor Subsidiaries.
- (b) Includes cash of discontinued operations.

**Table of Contents****Supplemental Condensed Consolidating Schedule of Cash Flows**

(in millions)

|                                                         | <b>Parent<br/>Company</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---------------------------------------------------------|---------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Nine Months Ended September 30, 2014</b>             |                           |                                   |                                       |                     |                     |
| <i>Cash flow from operations:</i>                       |                           |                                   |                                       |                     |                     |
| Net income (loss)                                       | \$ (326)                  | \$ (50)                           | \$ 46                                 | \$ 4                | \$ (326)            |
| Income (loss) from discontinued operations              | (27)                      | 1                                 | 9                                     |                     | (17)                |
| Income (loss) from continuing operations                | (299)                     | (51)                              | 37                                    | 4                   | (309)               |
| Non cash adjustments                                    | 169                       | 314                               | 56                                    | (4)                 | 535                 |
| Changes in operating assets and liabilities             | (59)                      | 74                                | (19)                                  |                     | (4)                 |
| Cash flow from (used in) continuing operations          | (189)                     | 337                               | 74                                    |                     | 222                 |
| Cash flow from (used in) discontinued operations        | (43)                      | 52                                | 25                                    |                     | 34                  |
| Cash flow from (used in) operations <sup>(a)</sup>      | (232)                     | 389                               | 99                                    |                     | 256                 |
| <i>Investment activities:</i>                           |                           |                                   |                                       |                     |                     |
| Intercompany transactions                               | 191                       | (168)                             | 51                                    | (74)                |                     |
| Cash paid for acquired businesses, net of cash acquired |                           | (4)                               |                                       |                     | (4)                 |
| Cash paid for property and equipment and software       | (1)                       | (62)                              | (35)                                  |                     | (98)                |
| Cash provided by (used in) continuing operations        | 190                       | (234)                             | 16                                    | (74)                | (102)               |
| Cash provided by (used in) discontinued operations      | 1,041                     | (41)                              | (993)                                 |                     | 7                   |
| Cash provided by (used in) investment activities        | 1,231                     | (275)                             | (977)                                 | (74)                | (95)                |
| <i>Financing activities:</i>                            |                           |                                   |                                       |                     |                     |
| Intercompany dividends                                  |                           | (37)                              | (37)                                  | 74                  |                     |
| Net repayments of long-term debt                        | (1,269)                   |                                   | (62)                                  |                     | (1,331)             |
| Other financing activities                              | (18)                      |                                   |                                       |                     | (18)                |
| Cash provided by (used in) continuing operations        | (1,287)                   | (37)                              | (99)                                  | 74                  | (1,349)             |
| Cash provided by (used in) discontinued operations      |                           | (80)                              | 967                                   |                     | 887                 |
| Cash provided by (used in) financing activities         | (1,287)                   | (117)                             | 868                                   | 74                  | (462)               |
| Effect of exchange rate changes on cash                 |                           |                                   | (9)                                   |                     | (9)                 |

|                                                    |        |        |        |        |
|----------------------------------------------------|--------|--------|--------|--------|
| Increase (decrease) in cash and cash equivalents   | (288)  | (3)    | (19)   | (310)  |
| Beginning cash and cash equivalents <sup>(b)</sup> | 403    | 2      | 301    | 706    |
| Ending cash and cash equivalents <sup>(b)</sup>    | \$ 115 | \$ (1) | \$ 282 | \$ 396 |

(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 nine months ended September 30, 2014, the Parent Company allocated approximately \$126 million of tax liabilities to its Guarantor Subsidiaries. During the first quarter of 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.

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

**Introduction**

The following discussion and analysis supplements management's discussion and analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 and in the Registration Statement on Form S-1/A for the year ended December 31, 2013 and presumes that readers are familiar with the discussion and analysis in those filings. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of 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.

Our critical accounting estimate disclosure from our Annual Report on Form 10-K for the year ended December 31, 2013 has been updated as a result of our trade name impairment test as discussed in Note 4 of Notes to Consolidated Financial Statements.

Except as otherwise noted, all explanations below exclude the impacts from changes in currency translation, which we refer to as constant currency, a non-GAAP measure. We believe presenting our results on a constant currency basis is meaningful for assessing how our underlying businesses have performed due to the fact that we have international operations that are material to our overall operations. As a result, total revenues and expenses are affected by changes in the U.S. Dollar against international currencies. To present this constant currency information, revenue and expenses for the current period 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.

We evaluate our performance using both GAAP and non-GAAP measures. Our primary non-GAAP measure is Adjusted EBITDA, whose corresponding GAAP measure is operating income. Adjusted EBITDA is defined as operating income excluding the following items:

depreciation;

amortization of acquisition-related intangible assets;

trade name and goodwill impairments;

restructuring charges;

stock compensation;

management fees; 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 both SunGard and its reportable segments within the Company 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.

While Adjusted EBITDA is useful for analysis purposes, it should not be considered as an alternative to our reported GAAP results. Also, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

**Table of Contents****Results of Operations:****Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013**

On a GAAP basis, the Company generated revenue of \$691 million, operating income of \$95 million, and income from continuing operations of \$11 million for the three months ended September 30, 2014. These results compare to revenue of \$678 million, operating income of \$107 million, and income from continuing operations of \$22 million for the three months ended September 30, 2013.

The following table presents SunGard's financial results, including Adjusted EBITDA, and a reconciliation of Adjusted EBITDA to GAAP operating income, which we believe to be a comparable financial measure.

**SunGard:**

|                                                        | Three Months Ended September 30, |        | Year over Year Change |                   |
|--------------------------------------------------------|----------------------------------|--------|-----------------------|-------------------|
|                                                        | 2013                             | 2014   | Reported              | Constant Currency |
|                                                        | (in millions)                    |        |                       |                   |
| Services revenue                                       | \$ 607                           | \$ 624 | 3%                    | 3%                |
| License & resale fee revenue                           | 64                               | 59     | (8)%                  | (8)%              |
| Reimbursed expense revenue                             | 7                                | 8      | 7%                    | 7%                |
| Total revenue                                          | \$ 678                           | \$ 691 | 2%                    | 2%                |
| Adjusted EBITDA                                        | \$ 195                           | \$ 188 | (4)%                  | (2)%              |
| Adjusted EBITDA margin                                 | 28.8%                            | 27.1%  | (1.7) pts             | (1.2) pts         |
| Reconciliation of Adjusted EBITDA to operating income: |                                  |        |                       |                   |
| Depreciation <sup>(1)</sup>                            | (24)                             | (28)   | (18)%                 | (17)%             |
| Amortization of acquisition-related intangible assets  | (43)                             | (30)   | 30%                   | 30%               |
| Restructuring charges                                  | (6)                              | (17)   | (168)%                | (168)%            |
| Stock compensation expense                             | (10)                             | (13)   | (22)%                 | (22)%             |
| Management fees                                        | (2)                              | (3)    | (4)%                  | (4)%              |
| Other costs (included in operating income)             | (3)                              | (2)    | (12)%                 | (12)%             |
| Operating income                                       | \$ 107                           | \$ 95  | (11)%                 | (9)%              |
| Operating income margin                                | 15.8%                            | 13.7%  | (2.1) pts             | (1.6) pts         |

<sup>(1)</sup> Includes amortization of capitalized software development.  
pts = percentage points

Our business is organized into two segments, FS and PS&E. Certain expenses are not included in the results of these two segments, such as Corporate spending. Corporate spending includes supporting functions such as corporate treasury, finance, tax, and some internal legal services.

*Total Revenue:*

For the third quarter of 2014, revenue was \$691 million, an increase of 2% from the third quarter of 2013. On a constant currency basis, revenue increased 2% in the quarter.

Reported services revenue increased \$17 million, or 3%, year to year. Within services revenue, we experienced growth in professional services, managed services, broker/dealer fees and software maintenance. Recent sales performance and the resulting implementation and other professional services are helping to drive the improvement in services revenue which increased 3% on a constant-currency basis. These improvements were partially offset by the sale of a \$12 million customer bankruptcy claim in the prior year period.

Our services revenue growth is being driven, to some extent, by our development of new technologies which are then implemented by our professional services team, including services to adapt and connect the technologies to the customer's computing environment. In addition, we have been investing in cloud delivery centers on a global basis to provide hosting and cloud services to customers. We have been investing in sales resources to help sell our technology and services on a global basis, including the emerging markets, in order to help increase the penetration of our advanced technologies and services.

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License and resale fee revenue includes revenue from sales of term and perpetual software licenses and resale fees from the resale of third party software licenses and/or equipment. On a constant currency basis, software license and resale revenue decreased 8% due primarily to timing of license renewals.

Our FS segment represents approximately 92% of consolidated revenue and PS&E represents approximately 8% of consolidated revenue.

*Total Operating Margin:*

Our total operating margin was 13.7% for the three months ended September 30, 2014, compared to 15.8% for the three months ended September 30, 2013. Total operating margin declined 1.6 points on a constant-currency basis. The more significant factors impacting the 1.6 margin point decrease are the following:

The increase in restructuring charges decreased the total operating margin by 1.6 points, due to severance actions taken in the third quarter of 2014;

The decrease in the FS Adjusted EBITDA margin decreased the total operating margin by 0.8 points primarily due to investments in sales and services resources, including both people and data center capacity. This was partially offset by increased software capitalization;

The increase in depreciation decreased the total operating margin by 0.6 points due primarily to increased capitalization of software assets in the past year;

The increase in stock compensation expense decreased the total operating margin by 0.3 points due primarily to grants of share-based awards made in the past year; and

The decrease in amortization of acquisition-related intangible assets increased margin by 1.9 points, due primarily to software intangible assets that were fully amortized during 2014.

*Adjusted EBITDA:*

Reported Adjusted EBITDA was \$188 million, a decrease of 4% from the prior year period. On a constant-currency basis, our Adjusted EBITDA margin decreased 1.2 points to 27.6% in the third quarter of 2014. The decline in Adjusted EBITDA margin was driven primarily by the sale of a customer bankruptcy claim in the prior year period and a \$5 million license fee revenue decrease. Spending in the quarter was approximately \$16 million higher than the prior year quarter on a constant-currency basis due mainly to investments in sales and professional services resources, partially offset by increased capitalization of software development costs and lower facilities costs due to prior year restructuring actions.

**Financial Systems segment:**

|                              | Three Months Ended September 30, |            | Year over Year Change |                   |
|------------------------------|----------------------------------|------------|-----------------------|-------------------|
|                              | 2013                             | 2014       | Reported              | Constant Currency |
|                              | (in millions)                    |            |                       |                   |
| Services revenue             | \$ 562                           | \$ 578     | 3%                    | 3%                |
| License & resale fee revenue | 56                               | 52         | (7)%                  | (7)%              |
| Reimbursed expenses revenue  | 7                                | 7          | 8%                    | 8%                |
| <b>Total Revenue</b>         | <b>625</b>                       | <b>637</b> | <b>2%</b>             | <b>2%</b>         |
| Adjusted EBITDA              | 191                              | 184        | (3)%                  | (2)%              |
| Adjusted EBITDA margin       | 30.5%                            | 28.9%      | (1.6) pts             | (1.1) pts         |

*Revenue:*

FS reported revenue increased \$12 million in the third quarter of 2014 from the prior year period. On a constant currency basis, revenue increased \$10 million, or 2%, in the quarter. On a constant currency basis, services revenue increased \$14 million, or 3%, in the third quarter of 2014 from the prior year period. Services revenue increased due to improvements in professional services, managed services and software maintenance as a result of the investments we have made in new products, services and sales, and was fairly broad-based across our portfolio. Also, broker/dealer fee revenue improved as a result of increased trade execution services compared to a lower third quarter 2013 which was impacted by the renegotiation of a single, large broker/dealer contract. This growth

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in services revenue was partially offset by the sale in the prior year period of a customer bankruptcy claim. Software license and resale fees were \$52 million and decreased \$4 million, or 7%, year to year on a constant currency basis. The year to year decrease is due primarily to decreases in software license sales due to the timing of customer license renewals as discussed above.

FS services revenue is comprised of (i) software maintenance, support and rentals, and managed services, all of which are highly recurring as a result of multi-year contracts; (ii) professional services, which are recurring in nature and which are mainly generated from implementation, integration and consulting services in connection with the sale of our products; and (iii) broker/dealer fees. FS services revenue represented 91% and 90% of total FS revenue for the three month periods ended September 30, 2014 and 2013, respectively. Over the past three fiscal years, approximately 72% of annual FS services revenue has been from software maintenance, support and rentals, and managed services; approximately 21% has been from professional services; and the remaining 7% has been from broker/dealer fees.

License fees over the past three years represent approximately 9% of total FS revenue and reflect both new customer licenses and renewal of term licenses by existing customers.

*Adjusted EBITDA:*

Reported FS Adjusted EBITDA was \$184 million, a decrease of 3% from the prior year period. On a constant-currency basis, FS Adjusted EBITDA decreased 2%, and the FS Adjusted EBITDA margin for the three months ended September 30, 2014 was 29.4%, a decrease of 1.1 points from the prior year quarter. The FS Adjusted EBITDA margin decrease was driven by a change in the mix of revenue from higher margin software licenses to managed and professional services, the sale of a customer bankruptcy claim and investments in sales, skilled resources to support our professional services growth and new data center capacity to support our managed services offerings, partially offset by increased capitalization of software development costs and a decrease in facilities costs due to prior year restructuring actions.

**Public Sector & Education segment:**

|                              | Three Months Ended September 30, |       | Year over Year Change |                   |
|------------------------------|----------------------------------|-------|-----------------------|-------------------|
|                              | 2013                             | 2014  | Reported              | Constant Currency |
|                              | (in millions)                    |       |                       |                   |
| Services revenue             | \$ 45                            | \$ 46 | 5%                    | 5%                |
| License & resale fee revenue | 8                                | 7     | (13)%                 | (13)%             |
| Reimbursed expenses revenue  |                                  | 1     | (2)%                  | (2)%              |
| Total Revenue                | 53                               | 54    | 2%                    | 2%                |
| Adjusted EBITDA              | 16                               | 17    | 1%                    | 1%                |
| Adjusted EBITDA margin       | 31.4%                            | 31.2% | (0.2) pts             | (0.2) pts         |

*Revenue:*

PS&E reported revenue and constant currency revenue increased \$1 million, or 2%, for the three months ended September 30, 2014, from the corresponding period in 2013. Services revenue also increased \$1 million, or 5%, due to new product offerings which are driving increases in professional services, software maintenance and managed services revenue growth. Revenue from license and resale fees decreased \$1 million, or 13%, from the prior year

period due primarily to decreased sales of third party software.

PS&E services revenue is comprised of (i) software maintenance and support, and managed services, all of which are highly recurring as a result of multi-year contracts; and (ii) professional services, which are recurring in nature and which are mainly generated from implementation, integration and consulting services in connection with the sale of our products. PS&E services revenue represented 85% and 83% of total PS&E revenue for the three month periods ended September 30, 2014 and 2013, respectively. Over the past three years, approximately 80% of annual PS&E services revenue has been from software maintenance and support, and managed services; and approximately 20% has been from professional services.

License and resale revenue over the past three years represented approximately 14% of total PS&E revenue and reflect both new customer licenses and renewal of term licenses by existing customers.

*Adjusted EBITDA:*

Reported PS&E Adjusted EBITDA was \$17 million, an increase of 1% from the prior period. On a constant currency basis, PS&E Adjusted EBITDA also increased 1%. The PS&E Adjusted EBITDA margin was 31.2% and 31.4% for the three months ended September 30, 2014 and 2013, respectively. The 0.2% margin point decline was driven by the relative mix of software and services

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revenue as we are adding services resources to accelerate customer delivery. The margin was also impacted by the investments that we are making in development and sales resources to drive future revenue growth, partially offset by increased capitalization of software development costs.

**Corporate:**

|                        | Three Months Ended September 30, |         | Year over Year Change |                   |
|------------------------|----------------------------------|---------|-----------------------|-------------------|
|                        | 2013                             | 2014    | Reported              | Constant Currency |
|                        | (in millions)                    |         |                       |                   |
| Adjusted EBITDA        | \$ (12)                          | \$ (13) | (10)%                 | (9)%              |
| Adjusted EBITDA margin | (1.8)%                           | (2.0)%  | (0.2) pts             | (0.2) pts         |

*Adjusted EBITDA:*

The increase in corporate spending in the third quarter of 2014 was due primarily to higher medical costs and due to investments in new systems.

**Non-operating Expenses:***Interest expense and amortization of deferred financing costs:*

Interest expense was \$73 million and \$78 million for the three months ended September 30, 2014 and 2013, respectively. The \$5 million decrease in interest expense was due primarily to the repayment of the senior secured notes on January 15, 2014.

*Benefit from (provision for) income taxes:*

The effective income tax rates for the three month periods ended September 30, 2014 and 2013 were 51% and 25%, 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, and the timing of recording discrete items. The tax rate for the three month period ended September 30, 2014 reflects a decrease in the expected full year effective tax rate due primarily to a change in the mix of income. Further changes in the mix of income or the total amount of income for 2014 may significantly impact the estimated effective income tax rate for the year.

*Income (loss) from discontinued operations, net of tax:*

Income (loss) from discontinued operations, net of tax, was \$1 million in the three months ended September 30, 2013. On March 31, 2014, we split-off our former AS business which is now owned by SCCII's preferred shareholders. Income (loss) from discontinued operations in 2013 reflects the results of our AS business and two FS subsidiaries that were sold in January 2014.

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

For SCC, accreted dividends on SCCII's cumulative preferred stock were \$42 million and \$49 million for the three months ended September 30, 2014 and 2013, 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****Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013**

On a GAAP basis, the Company generated revenue of \$2,017 million, an operating loss of \$117 million, and a loss from continuing operations of \$309 million for the nine months ended September 30, 2014. The loss from continuing operations for the nine months ended September 30, 2014 primarily reflects the pre-tax impact of (i) a \$339 million trade name impairment charge, (ii) \$22 million of severance, (iii) \$13 million of costs for strategic initiatives, and (iv) a \$61 million loss on the extinguishment of debt. These results compare to revenue of \$1,989 million, operating income of \$241 million, and a loss from continuing operations of \$8 million for the nine months ended September 30, 2013.

The following table presents SunGard's financial results, including Adjusted EBITDA, and a reconciliation of Adjusted EBITDA to GAAP operating income (loss), which we believe to be a comparable financial measure.

**SunGard:**

|                                                        | Nine Months Ended September 30, |          | Year over Year Change |                   |
|--------------------------------------------------------|---------------------------------|----------|-----------------------|-------------------|
|                                                        | 2013                            | 2014     | Reported              | Constant Currency |
|                                                        | (in millions)                   |          |                       |                   |
| Services revenue                                       | \$ 1,801                        | \$ 1,842 | 2%                    | 2%                |
| License & resale fee revenue                           | 164                             | 150      | (8)%                  | (9)%              |
| Reimbursed expense revenue                             | 24                              | 25       | 3%                    | 2%                |
| Total revenue                                          | \$ 1,989                        | \$ 2,017 | 1%                    | 1%                |
| Adjusted EBITDA                                        | \$ 505                          | \$ 492   | (3)%                  | (2)%              |
| Adjusted EBITDA margin                                 | 25.4%                           | 24.4%    | (1.0) pts             | (0.8) pts         |
| Reconciliation of Adjusted EBITDA to operating income: |                                 |          |                       |                   |
| Depreciation <sup>(1)</sup>                            | (73)                            | (79)     | (8)%                  | (8)%              |
| Amortization of acquisition-related intangible assets  | (138)                           | (114)    | 17%                   | 17%               |
| Trade name impairment charge                           |                                 | (339)    | %                     | %                 |
| Restructuring charges                                  | (9)                             | (24)     | (156)%                | (156)%            |
| Stock compensation expense                             | (30)                            | (33)     | (9)%                  | (9)%              |
| Management fees                                        | (5)                             | (6)      | (11)%                 | (11)%             |
| Other costs (included in operating income)             | (9)                             | (14)     | (86)%                 | (87)%             |
| Operating income                                       | \$ 241                          | \$ (117) | (149)%                | (148)%            |
| Operating income margin                                | 12.1%                           | (5.8)%   | (17.9) pts            | (18.0) pts        |

<sup>(1)</sup> Includes amortization of capitalized software development.

pts = percentage points

*Total Revenue:*

For the nine months ended September 30, 2014, reported revenue was \$2,017 million, an increase of 1% from the prior year period. Total revenue on a constant-currency basis increased 1% for the nine months ended September 30, 2014 from the prior year period.

Services revenue represented 91% of total revenue for each of the nine month periods ended September 30, 2014 and 2013. Reported services revenue increased \$41 million, or 2%, for the nine months ended September 30, 2014 from the prior year.

We experienced growth in services revenue from professional services, managed services and software maintenance. Our services revenue growth is being driven, to some extent, by our development of new technologies which are then implemented by our professional services team, including services to adapt and connect the technologies to the customer's computing environment. In addition, we have been investing in cloud delivery centers on a global basis to provide hosting and cloud services to customers. We have been investing in sales resources to help sell our technology and services on a global basis, including the emerging markets, in order to help increase the penetration of our advanced technologies and services. This growth in services revenue was partially offset by a decline in software rentals resulting from attrition, the sale of a customer bankruptcy claim in the prior year and certain intentional product exits.

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License and resale fee revenue includes revenue from sales of term and perpetual software licenses and resale fees from the resale of third party software licenses and/or equipment. On a constant currency basis, software license and resale revenue decreased 9% due primarily to strong sales of our new technologies in the prior year period and the timing of customer license renewals.

Our FS segment represents approximately 92% of consolidated revenue and PS&E represents approximately 8% of consolidated revenue.

*Total Operating Margin:*

Our total reported operating margin was a loss of (5.8)% for the nine months ended September 30, 2014, compared to 12.1% for the nine months ended September 30, 2013. Total operating margin declined 18.0% on a constant-currency basis. The more significant factors impacting the 18.0 margin point decrease are the following:

The \$339 million trade name impairment in the nine months ended September 30, 2014 reduced that period's operating margin by 16.9 points. There was no trade name impairment in the prior year period;

The decrease in the FS Adjusted EBITDA margin decreased the total operating margin by 0.9 points primarily due to a change in the mix of revenue from higher margin software licenses to professional and managed services, investments in sales and services resources, including both people and data center capacity, and the sale of a customer bankruptcy claim in the prior year, partially offset by increased capitalization of software development costs and a decrease in facilities costs resulting from restructuring actions taken in the prior year;

The \$14 million increase in severance, which is included in restructuring charges in the table above, decreased the total operating margin by 0.7 points;

The increase in strategic initiative expenses related to the AS Split-Off, which are included in other costs within the preceding table and which are also included in sales, marketing and administration expenses in the Statements of Comprehensive Income (Loss) decreased the operating margin by 0.5 points;

The increase in depreciation decreased the total operating margin by 0.3 points due primarily to increased capitalization of software assets in the past year; and

The decrease in amortization of acquisition-related intangible assets increased margin by 1.2 points, due primarily to software intangible assets that were fully amortized during 2013 and 2014.

*Adjusted EBITDA:*

Reported Adjusted EBITDA was \$492 million, a decrease of 3% from the prior year period. Our reported Adjusted EBITDA margin decreased 1.0 points to 24.4% in the nine months ended September 30, 2014. On a constant-currency basis, our Adjusted EBITDA margin decreased 0.8 points. The decline in Adjusted EBITDA margin was driven

primarily by the \$16 million license fee decrease and the sale of a customer bankruptcy claim in the prior year. In addition, increased capitalization of software development costs and lower facilities costs due to prior year restructuring actions were partially offset by an investment in sales and professional services resources.

**Financial Systems segment:**

|                              | Nine Months Ended September 30, |              | Year over Year Change |                   |
|------------------------------|---------------------------------|--------------|-----------------------|-------------------|
|                              | 2013                            | 2014         | Reported              | Constant Currency |
|                              | (in millions)                   |              |                       |                   |
| Services revenue             | \$ 1,669                        | \$ 1,704     | 2%                    | 1%                |
| License & resale fee revenue | 143                             | 129          | (10)%                 | (11)%             |
| Reimbursed expenses revenue  | 22                              | 22           | 1%                    | 1%                |
| <b>Total Revenue</b>         | <b>1,834</b>                    | <b>1,855</b> | <b>1%</b>             | <b>1%</b>         |
| Adjusted EBITDA              | 493                             | 477          | (3)%                  | (3)%              |
| Adjusted EBITDA margin       | 26.9%                           | 25.7%        | (1.2) pts             | (1.0) pts         |

*Revenue:*

FS reported revenue increased \$21 million, or 1%, in the nine months ended September 30, 2014 from the prior year period. Also, on a constant currency basis, revenue increased 1% in the nine months ended September 30, 2014 compared to the prior year period.

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On a constant currency basis, services revenue increased \$23 million, or 1%, in the nine months ended September 30, 2014 from the prior year period. FS services revenue represented 92% and 91% of total FS revenue for the nine month periods ended September 30, 2014 and 2013, respectively. Services revenue increased due to improvements in professional services, managed services and software maintenance. Investments we have made in new products, services and sales, particularly with our treasury and asset management solutions, where we saw strong acceptance of our technology and completed many customer installations, have led to this growth in these services. This growth was offset by decreases from intentional product exits and the sale in the prior year of a customer bankruptcy claim.

Software license and resale fees were \$129 million and decreased \$14 million, or 10%. On a constant currency basis, software license and resale fees decreased 11% year to year. The year to year decrease is due primarily to decreases in software license sales which reflects strong sales of our new technologies in the prior year period and the timing of customer license renewals.

*Adjusted EBITDA:*

Reported FS Adjusted EBITDA was \$477 million, a decrease of 3% from the prior year period. On a constant currency basis, FS adjusted EBITDA also decreased 3%. The FS Adjusted EBITDA margin was 25.7% and 26.9% for the nine months ended September 30, 2014 and 2013, respectively. The FS Adjusted EBITDA margin decrease was driven by the change in the mix of revenue from higher margin software licenses to professional and managed services, the investments in sales resources, skilled resources to support our professional services growth, new data center capacity to support our managed services offerings and the sale of a customer bankruptcy claim in the prior year, partially offset by increased capitalization of software development costs and a decrease in facilities costs resulting from restructuring actions taken in the prior year.

**Public Sector & Education segment:**

|                              | Nine Months Ended September 30, |        | Year over Year Change |                   |
|------------------------------|---------------------------------|--------|-----------------------|-------------------|
|                              | 2013                            | 2014   | Reported              | Constant Currency |
|                              | (in millions)                   |        |                       |                   |
| Services revenue             | \$ 132                          | \$ 138 | 5%                    | 5%                |
| License & resale fee revenue | 21                              | 21     | 1%                    | 1%                |
| Reimbursed expenses revenue  | 2                               | 3      | 15%                   | 15%               |
| Total Revenue                | 155                             | 162    | 5%                    | 5%                |
| Adjusted EBITDA              | 48                              | 50     | 4%                    | 4%                |
| Adjusted EBITDA margin       | 31.2%                           | 30.9%  | (0.3) pts             | (0.3) pts         |

*Revenue:*

PS&E reported revenue and constant currency revenue increased \$7 million, or 5%, for the nine months ended September 30, 2014, from the corresponding period in 2013. PS&E services revenue represented 85% of total PS&E revenue for each of the nine month periods ended September 30, 2014 and 2013. Services revenue increased \$6 million, or 5%, due to new product offerings which are driving increases in professional services and managed services revenue growth. Revenue from license and resale fees increased 1% from the prior year period.

*Adjusted EBITDA:*

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Reported PS&E Adjusted EBITDA was \$50 million, an increase of 4% from the prior period. On a constant currency basis, PS&E Adjusted EBITDA also increased 4%. The PS&E Adjusted EBITDA margin was 30.9% and 31.2% for the nine months ended September 30, 2014 and 2013, respectively. The 0.3% margin decrease was driven by a change in the mix of revenue from higher margin software licenses to professional and managed services and investments in services, development and sales resources to accelerate customer delivery and drive future revenue growth, partially offset by increased capitalization of software development costs.

**Corporate:**

|                        | Nine Months Ended September 30, |         | Year over Year Change |                   |
|------------------------|---------------------------------|---------|-----------------------|-------------------|
|                        | 2013                            | 2014    | Reported              | Constant Currency |
|                        | (in millions)                   |         |                       |                   |
| Adjusted EBITDA        | \$ (36)                         | \$ (35) | 4%                    | 4%                |
| Adjusted EBITDA margin | (1.8)%                          | (1.7)%  | 0.1 pts               | 0.1 pts           |

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**Table of Contents***Adjusted EBITDA:*

The \$1 million increase in adjusted EBITDA was due primarily to lower employee costs, including medical expenses.

**Non-operating Expenses:***Interest expense and amortization of deferred financing costs:*

Interest expense was \$220 million and \$247 million for the nine months ended September 30, 2014 and 2013, respectively. The \$27 million decrease in interest expense was due primarily to (i) approximately \$10 million of non-capitalizable expenses associated with the March 2013 refinancing of SunGard's senior secured credit facility and (ii) lower outstanding debt resulting from the repayment of the senior secured notes on January 15, 2014, the term loan repayments in 2013 and the partial repayment of the receivables facility term loan on January 31, 2014.

*Loss on extinguishment of debt:*

Loss on extinguishment of debt was \$61 million and \$6 million for the nine months ended September 30, 2014 and 2013, respectively. The loss on extinguishment of debt for the nine months ended September 30, 2014 includes (i) a \$36 million loss associated with the exchange of SpinCo Notes for SunGard Notes and (ii) the write-off of \$25 million of deferred financing fees resulting from the repayment or retirement of debt during the first quarter (see Note 6 of Notes to Consolidated Financial Statements). Loss on extinguishment of debt for the nine months ended September 30, 2013 primarily includes the write-off of deferred financing fees associated with the March 2013 refinance of \$2.2 billion of term loans.

*Benefit from (provision for) income taxes:*

The effective income tax rates for the nine-month periods ended September 30, 2014 and 2013 were 22% and 40%, 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, and the timing of recording discrete items. For the nine months ended September 30, 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 \$48 million recorded as a discrete item due to changes in certain state deferred tax rates, which are 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 or the total amount of income for 2014 may significantly impact the estimated effective income tax rate for the year.

*Income (loss) from discontinued operations, net of tax:*

Loss from discontinued operations, net of tax, was \$17 million in the nine months ended September 30, 2014 and \$1 million in the nine months ended September 30, 2013. On March 31, 2014, we split-off from SunGard our former AS business which is now owned by SCCII's preferred shareholders. Income (loss) from discontinued operations reflects the results of our AS business and two FS subsidiaries that were sold in January 2014. Included in loss from discontinued operations in the nine months ended September 30, 2014 is a gain on the sale of the two FS businesses of approximately \$22 million. Also included in loss from discontinued operations in the nine months ended

September 30, 2014 is sponsor management fee expense of approximately \$15 million payable under the Management Agreement for services rendered 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 \$132 million and \$121 million for the nine months ended September 30, 2014 and 2013, respectively. The increase in accreted dividends is due to compounding of the cumulative, undeclared dividend, partially offset by the decrease in outstanding preferred shares resulting from the share exchange as part of the AS Split-Off.

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

At December 31, 2013 (pre-AS Split-Off), March 31, 2014 (post-AS Split-Off) and September 30, 2014, our liquidity, a non-GAAP measure was as follows (in millions):

|                                     | (pre-AS Split-Off)<br>December<br>31,<br>2013 | (post-AS Split-Off)<br>March 31,<br>2014 | September 30,<br>2014 |
|-------------------------------------|-----------------------------------------------|------------------------------------------|-----------------------|
| Cash and cash equivalents           | \$ 706                                        | \$ 355                                   | \$ 396                |
| Capacity: Revolving Credit Facility | 831                                           | 591                                      | 591                   |
| Capacity: Receivables Facility      | 46                                            | 15                                       | 7                     |
| <b>Total Liquidity</b>              | <b>\$ 1,583</b>                               | <b>\$ 961</b>                            | <b>\$ 994</b>         |

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 financial obligations.

Included in our total cash and cash equivalents of \$396 million at September 30, 2014 was approximately \$249 million held by our wholly-owned non-U.S. subsidiaries that is available to fund operations and strategic investment opportunities abroad. Also, approximately \$35 million of cash and cash equivalents at September 30, 2014 relates to our broker/dealer operations, some of which is not readily available for general corporate use.

The Company's cash flows in the United States continue to be sufficient to fund its current domestic operations and obligations, including financing activities such as debt service. In addition, the Company has several options available to increase 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 the Company elects to repatriate the earnings of certain of our foreign subsidiaries, additional cash taxes could be payable. See Note 13 of the Consolidated Financial Statements in the Company's 2013 Annual Report on Form 10-K for more detail.

Cash flow from continuing operations was \$222 million for the nine months ended September 30, 2014, a decrease of \$105 million. In late 2012, we instituted a series of working capital and tax initiatives, which generated a significant increase in 2013 cash flow from continuing operations. The decrease in 2014 cash flow from continuing operations was due to:

an \$87 million increase in cash used by working capital due primarily to the reduction of accounts receivable and the related days sales outstanding (DSO) in 2013 resulting from our late-2012 cash flow initiatives was not repeated in 2014, as well as higher incentive payments resulting from the strong performance in 2013;

a \$34 million decrease in cash earned from operations, primarily due to lower operating performance and transaction costs associated with the AS Split-Off; partially offset by

\$9 million less interest payments, and

\$7 million less income tax payments, net of refunds.

Net cash used by continuing operations in investing activities was \$102 million in the nine months ended September 30, 2014, comprised mainly of cash paid for property and equipment and capitalized software development. This compares to \$71 million in the nine months ended September 30, 2013, comprised mainly of cash paid for property and equipment and capitalized software development costs. The increase in capital spending is primarily due to higher capitalized software development costs related to our product investments. In addition, our capital spending includes investments to increase hosting and cloud capacity on a global basis.

Net cash used by continuing operations in financing activities was \$1,349 million for the nine months ended September 30, 2014, primarily related to repayment of \$1,005 million of term loans as part of the AS Split-Off, repayment of the \$250 million senior secured notes and \$60 million of our receivables facility term loan, and repayment of \$7 million of our tranche A term loan. Net cash used by continuing operations in financing activities was \$263 million for the nine months ended September 30, 2013, primarily related to refinancing \$2.2 billion of term loans and additional repayments of \$166 million of term loans and \$50 million of our accounts receivable facility revolver borrowings.

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Total debt outstanding as of December 31, 2013, March 31, 2014 and September 30, 2014 consisted of the following (in millions):

|                                                                                    | (pre-AS<br>Split-Off)<br>December 31,<br>2013 | (post-AS<br>Split-Off)<br>March 31,<br>2014 | September 30,<br>2014 | Change<br>from<br>Mar. 31 to<br>Sept. 30 |
|------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------|-----------------------|------------------------------------------|
| <b>Senior Secured Credit Facilities:</b>                                           |                                               |                                             |                       |                                          |
| Secured revolving credit facility due March 8, 2018                                | \$                                            | \$                                          | \$                    | \$                                       |
| Tranche A due February 28, 2014, effective interest rate of 1.92%                  | 7                                             |                                             |                       |                                          |
| Tranche C due February 28, 2017, effective interest rate of 4.41%, 4.44% and 4.44% | 427                                           | 400                                         | 400                   |                                          |
| Tranche D due January 31, 2020, effective interest rate of 4.50%                   | 713                                           |                                             |                       |                                          |
| Tranche E due March 8, 2020, effective interest rate of 4.10%, 4.31% and 4.31%     | 2,183                                         | 1,918                                       | 1,918                 |                                          |
| <b>Total Senior Secured Credit Facilities</b>                                      | <b>3,330</b>                                  | <b>2,318</b>                                | <b>2,318</b>          |                                          |
| Senior Secured Notes due 2014 at 4.875%                                            | 250                                           |                                             |                       |                                          |
| Senior Notes due 2018 at 7.375%                                                    | 900                                           | 511                                         | 511                   |                                          |
| Senior Notes due 2020 at 7.625%                                                    | 700                                           | 700                                         | 700                   |                                          |
| Senior Subordinated Notes due 2019 at 6.625%                                       | 1,000                                         | 1,000                                       | 1,000                 |                                          |
| Secured accounts receivable facility, at 3.67%, 3.66% and 3.15%                    | 200                                           | 140                                         | 140                   |                                          |
| Other, primarily foreign bank debt and capital lease obligations                   | 4                                             | 2                                           | 2                     |                                          |
| Debt - continuing operations                                                       | 6,384                                         | 4,671                                       | 4,671                 |                                          |
| Debt - discontinued operations                                                     | 8                                             |                                             |                       |                                          |
| <b>Total debt</b>                                                                  | <b>\$ 6,392</b>                               | <b>\$ 4,671</b>                             | <b>\$ 4,671</b>       | <b>\$</b>                                |
| <b>Leverage Metric per Credit Agreement</b>                                        | <b>4.56x</b>                                  | <b>5.42x</b>                                | <b>5.59x</b>          | <b>0.17x</b>                             |
| <b>Weighted Average Interest Rate</b>                                              | <b>5.42%</b>                                  | <b>5.63%</b>                                | <b>5.61%</b>          | <b>-0.02 points</b>                      |
| <b>Percent Fixed Rate (swap adjusted)</b>                                          | <b>54%</b>                                    | <b>67%</b>                                  | <b>67%</b>            | <b>0 points</b>                          |
| <b>Percent Bonds of Total Debt</b>                                                 | <b>45%</b>                                    | <b>47%</b>                                  | <b>47%</b>            | <b>0 points</b>                          |

At December 31, 2013 and September 30, 2014, the contractual future maturities of debt were as follows (in millions):

|  | (pre-AS Split-Off)<br>December<br>31, | (post-AS Split-Off)<br>March 31,<br>2014 | September 30,<br>2014 | Change<br>from Mar. 31<br>to Sept. |
|--|---------------------------------------|------------------------------------------|-----------------------|------------------------------------|
|--|---------------------------------------|------------------------------------------|-----------------------|------------------------------------|

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|              | 2013            |                 |                 | 30        |
|--------------|-----------------|-----------------|-----------------|-----------|
| 2014         | \$ 290          | \$              | \$              | \$        |
| 2015         | 29              | 2               | 2               |           |
| 2016         | 29              |                 |                 |           |
| 2017         | 656             | 540             | 400             | (140)     |
| 2018         | 929             | 511             | 511             |           |
| Thereafter   | 4,451           | 3,618           | 3,758           | 140       |
| <b>Total</b> | <b>\$ 6,384</b> | <b>\$ 4,671</b> | <b>\$ 4,671</b> | <b>\$</b> |

On May 14, 2014 SunGard amended and restated its secured accounts receivables facility in order to, among other things, (i) extend the maturity date of the receivables facility from December 19, 2017 to May 14, 2019 and (ii) reduce the applicable margin on the advances under the facility from 3.50% for LIBOR advances and 2.50% for base rate advances to 3.00% and 2.00%, respectively.

At September 30, 2014, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were a potential of \$6 million, of which we recorded \$1 million that is included in other long-term liabilities. We also have outstanding letters of credit and bid bonds that total approximately \$18 million.

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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*

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, the financial maintenance covenant allows a maximum total leverage ratio of 6.35x at the end of such quarter on or prior to December 31, 2014, after which the maximum total leverage ratio steps down as defined in the senior secured credit agreement.

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 is 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. 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. For the purposes of covenant reporting, Adjusted EBITDA is similar, but not identical, to Adjusted EBITDA which we use to measure performance of our business and our segments.

Adjusted EBITDA is calculated as follows (in millions):

|                                           | Three Months Ended |       | Nine Months Ended |          | Last<br>Twelve<br>Months Ended |
|-------------------------------------------|--------------------|-------|-------------------|----------|--------------------------------|
|                                           | September 30,      |       | September 30,     |          | September 30,                  |
|                                           | 2013               | 2014  | 2013              | 2014     | 2014                           |
| Income (loss) from continuing operations  | \$ 22              | \$ 11 | \$ (8)            | \$ (309) | \$ (255)                       |
| Interest expense, net                     | 77                 | 73    | 246               | 219      | 298                            |
| Provision for (benefit from) income taxes | 7                  | 11    | (5)               | (88)     | (57)                           |

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|                                                       |     |     |     |     |     |
|-------------------------------------------------------|-----|-----|-----|-----|-----|
| Depreciation                                          | 24  | 28  | 73  | 79  | 110 |
| Amortization of acquisition-related intangible assets | 43  | 30  | 138 | 114 | 158 |
| EBITDA                                                | 173 | 153 | 444 | 15  | 254 |
| Trade name impairment charge                          |     |     |     | 339 | 339 |
| Purchase accounting adjustments <sup>(a)</sup>        | 1   |     | 5   | 1   | 2   |
| Stock compensation expense                            | 10  | 13  | 30  | 33  | 42  |
| Restructuring charges <sup>(b)</sup>                  | 6   | 17  | 9   | 24  | 32  |
| Management fees                                       | 2   | 3   | 5   | 6   | 8   |
| Other <sup>(c)</sup>                                  | 2   | 1   | 4   | 11  | 11  |
| Loss on extinguishment of debt <sup>(d)</sup>         | 1   |     | 6   | 61  | 61  |

|                                                                                                                           |        |        |        |        |        |
|---------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| Adjusted EBITDA - senior secured credit facilities, senior notes due 2018 and 2020 and senior subordinated notes due 2019 | \$ 195 | \$ 187 | \$ 503 | \$ 490 | \$ 749 |
|---------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|

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- (a) Purchase accounting adjustments include the adjustment of deferred revenue and lease reserves to fair value at the date of the LBO and subsequent acquisitions made by the Company and certain acquisition-related compensation expense.
- (b) Restructuring charges include severance and related payroll taxes, and reserves to consolidate or exit certain facilities.
- (c) Other 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 nine months ended September 30, 2013 primarily includes the write-off of deferred financing fees associated with the March 2013 refinance of \$2.2 billion of term loans. Loss on extinguishment of debt for the nine and twelve months ended September 30, 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 (see Note 6 of Notes to Consolidated Financial Statements), (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 September 30, 2014 are as follows. All covenants are in compliance.

|                                                                                                               | <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                                                                         | 6.35x                            | 5.59x                    |
| <b>Senior notes due 2018 and 2020 and senior subordinated notes due 2019 <sup>(2)</sup></b>                   |                                  |                          |
| Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions | 2.00x                            | 3.26x                    |

- (1) If on the last day of any four consecutive fiscal quarters ending on or before 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 6.35x which steps down over time after December 31, 2014. 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 September 30, 2014,

we had \$2.32 billion outstanding under the term loan facilities and available commitments of \$591 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 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

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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 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 Spincor 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 September 30, 2014, 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, 2013 and as updated in their Form 10-Q for the three months ended March 31, 2014.

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

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

**Item 4. Mine Safety Disclosures:** None.

**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. |

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- 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) Consolidated Balance Sheets as of December 31, 2013 and September 30, 2014, (ii) Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2013 and 2014, (iii) Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2013 and 2014 and (iv) Notes to Consolidated Financial Statements.

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**SIGNATURES**

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

**SUNGARD CAPITAL CORP.**

**SUNGARD CAPITAL CORP. II**

**SUNGARD DATA SYSTEMS INC.**

Dated: November 12, 2014

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<br/>No.</b> | <b>Document</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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