SunGard Public Sector Inc.
Form 424B3
March 26, 2015

Table of Contents

FILED PURSUANT TO RULE 424(B)(3)

File Number 333-197772

SUNGARD DATA SYSTEMS INC.

SUPPLEMENT NO. 2 TO

MARKET-MAKING PROSPECTUS DATED SEPTEMBER 5, 2014

THE DATE OF THIS SUPPLEMENT IS MARCH 26, 2015

ON MARCH 25, 2015, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2014

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

for the fiscal year ended December 31, 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:

SunGard Capital Corp. 000-53653

SunGard Capital Corp. II 000-53654

SunGard Data Systems Inc. 001-12989

SunGard® Capital Corp.

SunGard® Capital Corp. II

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

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

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Telephone number, including area code)

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

None

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

Restricted Stock Units Granting Conditional Rights to Units Consisting of:

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

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

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

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

SunGard Capital Corp.	Yes ¨ No x

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

SunGard Capital Corp.	Yes ¨ No x
SunGard Capital Corp. II	Yes ¨ No x

SunGard Data Systems Inc.	Yes ¨	No x

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

The number of shares of the registrants common stock outstanding as of March 1, 2015:

SunGard Capital Corp.:	257,737,736 shares of Class A common stock and 28,637,524 shares of Class L common stock
SunGard Capital Corp. II:	100 shares of common stock
SunGard Data Systems Inc.:	100 shares of common stock

DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

Table of Contents

Explanatory Note

This Annual Report on Form 10-K (Report) is a combined report being filed separately by three registrants: SunGard Capital Corp. (SCC), SunGard Capital Corp. II (SCCII) and SunGard Data Systems Inc. (SunGard). SCC and SCCII are collectively referred to as the Parent Companies. Unless the context indicates otherwise, any reference in this Report to the Company, we, us and our refer to the Parent 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 Report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

Forward-Looking Statements

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

Table of Contents

PART I

ITEM 1. BUSINESS

General

SunGard is a global software company serving the financial services and the public sector and education industries. We offer a wide range of innovative software solutions, delivered as traditional software offerings or via software as a service (SaaS) and the cloud, and surround them with an extensive suite of services. These world-class systems, combined with our deep domain expertise and our steadfast attention to our customers needs, position us well to compete successfully and to benefit from the growth trends in the markets we serve. Considering the breadth of our product portfolio and the depth of our capabilities, we are uniquely capable of supporting virtually every type of financial institution, including the largest and most complex financial customers in the world.

In 2014, we generated over $2.8 billion of revenue, employing approximately 13,000 people, and serving over 15,000 customers. We are a leader in the industry and are consistently ranked in the top 10 companies in the FinTech 100 ranking of financial technology companies.

Our customers business environment is dynamic and increasingly more complicated. Across the industries that we serve, sophisticated risk management requirements and compliance with ever-changing regulations are adding cost and complexity to our customers operations. At the same time, their shareholders are demanding improved efficiency and increased transparency. In this environment, our customers demand exceptional solutions and, with spending and resources under pressure, they are turning to a small number of trusted global technology companies to help make them successful. This plays to our strength, as our applications can lower cost, improve control and speed decision making all of which helps improve our customers profitability.

We are also expanding the reach of our products beyond our traditional software offerings to SaaS and the cloud. Our well-established SaaS offerings and global cloud delivery centers host and support our applications. In some instances, we also perform business processing as a service (BPaaS), centered on our key technology, for our customers either individually or in a utility model.

Our professional services organization offers technology consulting, product implementation and optimization to address customers needs. These highly skilled resources are capable of integrating and extending our products into a customer s computing infrastructure, speeding deployment and optimizing the software in the customer s environment.

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

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

On March 31, 2014, SunGard completed the split-off of its Availability Services (AS) business to its existing stockholders, including its Sponsors, on a tax-free and pro-rata basis (the AS Split-Off).

We operate our business in two segments: Financial Systems (FS) and Public Sector & Education (PS&E).

Our FS business provides software and services to the breadth of the financial marketplace including capital markets (sell side) and asset management (buy side) customers. In addition, we provide specific offerings to address the needs of a broad range of customers, including insurance companies, corporate treasurers, wealth managers and leasing companies. Increasingly our core technology is being applied across the firms in the industry, providing greater consistency for our customers and improved operating leverage for SunGard.

PS&E provides mission critical software and technology services to domestic governments at all levels, nonprofits and utilities and to kindergarten through 12th grade (K-12) educational institutions.

We provide a large portfolio of products to customers who are diversified both geographically and by industry. Our base of over 15,000 customers includes an extensive list of financial services firms, including most of the world s largest financial institutions. In addition, we serve corporate and government treasury departments, energy companies, school districts, local governments and nonprofit organizations. During each of the past three fiscal years, no single customer has accounted for more than 3% of total revenue. In many cases, our products and services are offered under multi-year contracts, providing good visibility to revenue trends and allowing us to manage spending proactively.

To the extent required by Item 1 of Form 10-K, financial information regarding our segments is included in Note 14 of the Notes to Consolidated Financial Statements in this Report.

Segment Overview

Financial Systems

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

Our core technologies are delivered as software licenses or via SaaS and the cloud from our data centers, providing our customers with a secure and reliable environment operated by qualified SunGard personnel. These offerings allow customers to take advantage of our deep domain expertise without the upfront cost of licensing and IT infrastructure.

Our professional services offerings allow customers to install, optimize and integrate our software into their computing environment. We are currently investing to improve our global delivery capacity, further improving customers adoption of our core technologies. Our BPaaS offerings typically provide back-office processing services to our customers where the process is deeply related to a SunGard application. The combination of SunGard s industry and application knowledge, coupled with our customers desire to focus on their core competencies, is resulting in continued growth in these BPaaS offerings.

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

Asset Management: We offer solutions that help institutional investors, hedge funds, private equity firms, fund administrators and securities transfer agents improve both investment decision-making and operational efficiency, while managing risk and increasing transparency. Our solutions support every stage of the investment process, from research and portfolio management, to valuation, risk management, compliance, investment accounting, transfer agency and client reporting.

Table of Contents

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

Capital Markets: Our capital markets offerings help financial institutions to increase the efficiency, transparency and control of their trading operations, post-trade settlement, risk management, securities lending, tax processing, and regulatory compliance. The breadth of our offerings also facilitate advanced business intelligence and market data distribution based on our extensive market data access.

Corporate Liquidity: Our corporate liquidity solutions help chief financial officers and treasurers derive maximum value from working capital by increasing visibility to cash, reducing risk and improving communication and response time between a company s buyers, suppliers, banks and other stakeholders. Our end-to-end collaborative financial management framework helps bring together receivables, treasury and payments for a single view of cash and risk, and to optimize business processes for enhanced liquidity management.

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

Insurance: Our insurance offerings provide solutions for a variety of insurance lines, including life and health, annuities and pensions, property and casualty, reinsurance and asset management. Our software and services help support front office and back office functions including customer service, policy administration, actuarial calculations, and financial and investment accounting and reporting.

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

Public Sector & Education

Public Sector & Education provides mission critical software and technology services to domestic governments at all levels and K-12 learning institutions.

Public Sector: Our public sector offerings are designed to meet the specialized needs of local, state and federal governments, public safety and justice agencies, utilities and public sector institutions, as well as nonprofits. These offerings include software and technology services supporting a range of specialized enterprise resource planning and administrative processes for functions such as accounting, human resources, payroll, utility billing, land management and managed IT services. Public safety and justice agencies use our solutions to manage emergency dispatch operations, citizen and incident records, mobile computing in the field, and the operation of courts and jails. Our e-Government solutions help local governments to leverage the Internet and wireless technologies to serve their constituents.

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

Product Development and Maintenance

Our global technology staff continually develops new products and enhances existing products to address the changing needs of our customers. We employ over 4,000 developers in a network of international development sites. Our ability to attract, motivate and retain these development resources is a key differentiator for us and ultimately a source of our organic growth. We are constantly rebalancing our development resources to develop the technologies that are most important to our customers, including such things as:

- advanced user interfaces, increasingly based on HTML5 technology for browsers, tablets and mobile devices,
- business intelligence and data analytics, leveraging the large volume of data available to us and providing our customers with the tools to improve their business, speed decision making and gain competitive advantage,
- advanced proprietary risk and compliance engines, and
- integration of cloud-based architectures into our products.

We are increasing our investment in these technologies in response to customer demand, and these investments further drive growth both domestically and internationally. We spend over $400 million dollars annually in development and have been increasing our capitalization of this software as more new products reach technological feasibility and as development spending on our SaaS offerings increase. In 2014, 2013 and 2012, we spent approximately $438, $433 million and $444 million, respectively, on software development and maintenance, of which we capitalized $62 million, $41 million and $22 million, respectively. Total software development and maintenance, net of capitalized software, was 13%, 14% and 15% of total revenue in 2014, 2013 and 2012, respectively.

Sales and Marketing

We operate a global sales and distribution network, largely through a direct sales approach. Our sales team is comprised of direct quota-carrying sales professionals who are teamed with pre- and post-sales support to help ensure that our customers receive the best possible solutions for their business needs.

Our FS solutions are generally sold on a global basis with certain products adapted to specific geographic markets. The majority of our FS revenue is sourced from North America and Western Europe, where revenue from new and existing customers has been offset by customer attrition, often from decisions made during the financial crisis of 2008. Our world-class solutions coupled with our global sales team is generating strong and consistent growth in the emerging markets. The emerging markets include China, India, Southeast Asia, Middle East, Africa, Latin America and Eastern Europe.

Our PS&E solutions are marketed in North America to municipalities and school districts, primarily in the United States.

Brand and Intellectual Property

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

We own registered trademarks for the SunGard name and own or have applied for trademark registrations for many of our services and software products. Following the AS Split-Off, AS has the right to use the Sungard Availability Services name, which does not include the right to use the SunGard name or its derivatives.

Table of Contents

Competition

Because of the breadth and highly technical nature of our solutions, most of the areas in which we compete have a relatively small number of significant competitors. In our FS business, we compete with numerous software and services companies who generally provide point solutions to address specific customer needs. While many of these companies can compete in a particular sector of the financial services industry, we believe that none of them have the ability to compete against the entire spectrum of SunGard s solutions in the various sectors that we serve. In addition, few companies have the global reach that SunGard provides. To some degree, we also face competition from the internal IT resources of our customers and prospects. However, increased regulation is driving customers to use industry proven solutions such as those offered by SunGard. We believe that we compete effectively through our innovative solutions, dedicated resources, quality of service and breadth of offerings. In addition, we believe that our leadership, reputation and experience are important competitive advantages.

In our PS&E business, we compete with a variety of vendors depending upon customer characteristics. For example, different competitors serve educational institutions and government agencies of different sizes or types and in different states or geographic regions. Competitors in these businesses range from larger providers of generic enterprise resource planning systems to smaller providers of specialized applications and also include outsourcers and systems integrators as well as the internal IT resources of our customers and prospects. The key competitive factors in marketing public sector and K-12 systems are the accuracy and timeliness of processed information, features and adaptability of the software, level and quality of customer support, degree of responsiveness, level of software development expertise and overall net cost. We believe that we compete effectively on each of these factors and that our leadership, reputation and experience in these businesses are important competitive advantages.

Employees

As of December 31, 2014, we had approximately 13,000 employees. Our success depends partly on our continuing ability to retain and attract skilled technical, sales and management personnel. While skilled personnel are in high demand and competition exists for their talents, we have been able to retain and attract highly qualified personnel (see ITEM 1A RISK FACTORS).

ITEM 1A. RISK FACTORS

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

the AS Split-Off failing to qualify as a tax free transaction.

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

Risks Related to Our Indebtedness

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Business

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

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

Table of Contents

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

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

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

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

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

Our information systems processing environments may be subject to disruptions that could adversely affect our reputation and our business.

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

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

Our operating results may fluctuate from period to period and be difficult to predict in a particular period due to the timing and magnitude of software sales. We offer a number of our software solutions on a license

Table of Contents

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

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

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

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

Some technological changes may render some of our products and services less valuable or eventually obsolete. In addition, because of ongoing, rapid technological changes, the useful lives of some technology assets have become shorter and customers are therefore replacing these assets more often. As a result, our customers are increasingly expressing a preference for contracts with shorter terms, which could make our revenue less predictable in the future. In addition, rapid changes in our upfront license sales model could result in a prolonged downward trend in our high margin software license revenue.

Our securities brokerage operations are highly regulated and subject to risks that are not encountered in our other businesses.

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

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

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

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

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

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

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

Table of Contents

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

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

We are subject to the risks of doing business internationally.

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

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

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

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

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

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

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

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

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

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

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

Additionally, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. One or more of the Sponsors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Sponsors continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Sponsors will continue to be able to strongly influence or effectively control our decisions.

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, we could be subject to, among other things, regulatory or enforcement actions by the SEC, any one of which could adversely affect our business prospects.

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

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

Risks Related to the AS Split-Off

There could be significant liability for us if all or part of the AS Split-Off were determined to be taxable for U.S. federal or state income tax purposes.

We received opinions from outside tax counsel to the effect that the AS Split-Off should qualify for tax-free treatment as transactions described in Section 355 and related provisions of the Internal Revenue Code (the Code) as well as relevant state income tax authority. Notwithstanding this, the tax-free treatment is not free from doubt, and there is a risk that cannot be dismissed that the Internal Revenue Service (the Service), a state taxing authority or a court could conclude to the contrary that the separation of the Availability Services business from the Company, through internal spin-offs, certain related transactions and the exchange of a portion of shares of SunGard Capital Corp. II Preferred Stock for all of the shares of Sungard Availability Services Capital, Inc. (SpinCo) may not qualify as tax-free transactions. An opinion of tax counsel is not binding on the Service, state taxing authorities or any court and as a result there can be no assurance that a tax authority will not challenge the tax-free treatment of all or part of the AS Split-Off or that, if litigated, a court would not agree with the Service or a state taxing authority. Further, these tax opinions rely on certain facts, assumptions, representations, warranties and covenants from the Company, SpinCo and from some of our stockholders regarding the past and future conduct of the companies respective businesses, share ownership and other matters. If any of the facts, assumptions, representations, warranties and covenants on which the opinions rely is inaccurate or incomplete or not satisfied, the opinions may no longer be valid. Moreover, the Service or state taxing authority could determine on audit that the AS Split-Off is taxable if it determines that any of these facts, assumptions, representations, warranties or covenants are not correct or have been violated or if it disagrees with one or more conclusions in the opinions or for other reasons.

In addition, actions taken following the AS Split-Off, including certain 50 percent or greater changes by vote or value of our stock ownership or that of SpinCo, may cause the AS Split-Off to be taxable to the Company. If the AS Split-Off is determined to be taxable, the Company and possibly its stockholders could incur significant income tax liabilities. These tax liabilities could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Actions taken by SpinCo or its stockholders could cause the AS Split-Off to fail to qualify as a tax-free transaction, and SpinCo may be unable to fully indemnify us for the resulting significant tax liabilities.

Pursuant to the Tax Sharing and Disaffiliation Agreement that we entered into with SpinCo (Tax Sharing Agreement), SpinCo is required to indemnify us for certain taxes relating to the AS Split-Off that result from (i) any breach of the representations or the covenants made by SpinCo regarding the preservation of the intended tax-free treatment of the AS Split-Off, (ii) any action or omission that is inconsistent with the representations, statements, warranties and covenants provided to tax counsel in connection with their delivery of tax opinions to us with respect to the AS Split-Off, and (iii) any other action or omission that was likely to give rise to such taxes when taken, in each case, by SpinCo or any of its subsidiaries. Conversely, if any such taxes are the result of such a breach or certain other actions or omissions by the Company, we would be wholly responsible for such taxes. In addition, if any part of the AS Split-Off fails to qualify for the intended tax-free treatment for reasons other than those for which we or SpinCo would be wholly responsible pursuant to the provisions described above, SpinCo will be obligated to indemnify us for 23% of the liability for taxes imposed in respect of the AS Separation and we would bear the remainder of such taxes. If SpinCo is required to indemnify us for any of the foregoing reasons, SpinCo s indemnification liabilities could potentially exceed its net asset value and SpinCo may be unable to fully reimburse or indemnify us for our significant tax liabilities arising from the AS Split-Off as provided by the Tax Sharing Agreement.

We might not be able to engage in certain strategic transactions because we have agreed to certain restrictions to comply with U.S. federal income tax requirements for a tax-free split-off.

To preserve the intended tax-free treatment of the AS Split-Off , we must comply with restrictions under current U.S. federal income tax laws for split-offs such as (i) refraining from engaging in certain transactions that would result in a 50 percent or greater change by vote or by value in our stock ownership, (ii) continuing to own and manage our historic businesses and (iii) limiting sales or redemptions of our common stock. If these restrictions and certain others are not followed, the AS Split-Off could be taxable to SunGard and possibly SunGard s stockholders. These tax liabilities could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Table of Contents

In the Tax Sharing Agreement, we (i) represent that we have no plan or intention to take or fail to take any action that would be inconsistent with the representations, statements, warranties and covenants provided to tax counsel in connection with their delivery of opinions to us with respect to the AS Split-Off and related transactions and (ii) covenant that during the two-year period following the AS Split-Off , we will not, except in certain specified transactions, (a) sell, issue or redeem our equity securities (or those of certain of our subsidiaries) or (b) liquidate, merge or consolidate with another person or sell or dispose of a substantial portion of our assets (or those of certain of our subsidiaries). During this two-year period, we may take certain actions prohibited by these covenants if we provide SpinCo with a ruling from the Service or a favorable opinion of tax counsel or of a nationally recognized accounting firm, reasonably satisfactory to SpinCo, to the effect that these actions should not affect the tax-free nature of the AS Split-Off .

These restrictions could limit our strategic and operational flexibility, including our ability to make acquisitions using equity securities, finance our operations by issuing equity securities, repurchase our equity securities, raise money by selling assets or enter into business combination transactions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease space in many locations worldwide, primarily for data centers, sales offices, customer support offices and administrative offices. We also own some of our computer and office facilities. Our principal facilities include our leased financial systems application service provider centers in Voorhees, New Jersey; Burlington, Massachusetts; Hopkins, Minnesota; Salem, New Hampshire; Ridgefield, New Jersey; and Wayne, Pennsylvania. We believe that our leased and owned facilities are adequate for our present operations.

ITEM 3. LEGAL PROCEEDINGS

We are presently a party to certain lawsuits arising in the ordinary course of our business. We believe that none of our current legal proceedings will be material to our business, financial condition or results of operations. Information with respect to this item may be found in Note 17 of the Notes to Consolidated Financial Statements in this Report, which information is incorporated into this Item 3 by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II

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

Our outstanding common stock is privately held, and there is no established public trading market for our common stock. As of March 1, 2014, there were 376 holders of record of each of Class A common stock and Class L common stock of SCC, and there was one holder of record of common stock of SunGard.

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

ITEM 6. SELECTED FINANCIAL DATA

SunGard Capital Corp.

	2010	2011	2012	2013	2014
			(in millions)		
Income Statement Data (1)					
Revenue	$ 2,909	$ 2,921	$ 2,808	$ 2,761	**$ 2,809**
Operating income (loss)	59	242	348	404	**86**
Income (loss) from continuing operations	(463)	(78)	(43)	45	**(208)**
Income (loss) from discontinued operations	(107)	(73)	(23)	17	**(14)**
Net Income (loss)	(570)	(151)	(66)	62	**(222)**
Cash Flow Data					
Cash flow from continuing operations	N/A(2)	$ 164	$ 287	$ 421	**$ 332**
Cash flow from discontinued operations	N/A(2)	514	(43)	324	**33**
Cash flow from operations	$ 721	$ 678	$ 244	$ 745	**$ 365**
Balance Sheet Data					
Total assets	$ 12,968	$ 12,550	$ 10,018	$ 9,778	**$ 6,511**
Total short-term and long-term debt	8,050	7,823	6,658	6,384	**4,669**
Equity	1,452	1,375	614	695	**92**

SunGard Capital Corp. II

	2010	2011	2012	2013	2014
			(in millions)		
Income Statement Data (1)					
Revenue	$ 2,909	$ 2,921	$ 2,808	$ 2,761	**$ 2,809**
Operating income (loss)	59	242	348	405	**86**
Income (loss) from continuing operations	(463)	(78)	(43)	46	**(208)**
Income (loss) from discontinued operations	(107)	(73)	(23)	17	**(14)**

Net Income (loss)	(570)	(151)	(66)	63	**(222)**
Cash Flow Data					
Cash flow from continuing operations	N/A(2)	$ 164	$ 287	$ 422	**$ 332**
Cash flow from discontinued operations	N/A(2)	514	(43)	324	**33**
Cash flow from operations	$ 721	$ 678	$ 244	$ 746	**$ 365**
Balance Sheet Data					
Total assets	$ 12,968	$ 12,550	$ 10,018	$ 9,778	**$ 6,511**
Total short-term and long-term debt	8,050	7,823	6,658	6,384	**4,669**
Equity	1,567	1,433	688	780	**169**

19

Table of Contents

SunGard Data Systems Inc.

	2010	2011	2012 (in millions)	2013	2014
Income Statement Data (1)					
Revenue	$ 2,909	$ 2,921	$ 2,808	$ 2,761	**$ 2,809**
Operating income (loss)	59	242	348	405	**87**
Income (loss) from continuing operations	(463)	(76)	(43)	46	**(207)**
Income (loss) from discontinued operations	(107)	(73)	(23)	17	**(17)**
Net Income (loss)	(570)	(149)	(66)	63	**(224)**
Cash Flow Data					
Cash flow from continuing operations	N/A(2)	$ 164	$ 287	$ 422	**$ 332**
Cash flow from discontinued operations	N/A(2)	514	(43)	324	**33**
Cash flow from operations	$ 721	$ 678	$ 244	$ 746	**$ 365**
Balance Sheet Data					
Total assets	$ 12,968	$ 12,550	$ 10,018	$ 9,774	**$ 6,507**
Total short-term and long-term debt	8,050	7,823	6,658	6,384	**4,669**
Stockholder s equity	1,607	1,461	716	821	**205**

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

Included in the 2011 loss from continuing operations is a goodwill impairment charge of $12 million related to prior-year period, which has been corrected in 2011, and an income tax benefit of $48 million reflecting amortization of the deferred tax liability, which benefit would have been reflected in prior years in the statement of comprehensive income. Included in the 2011 income (loss) from discontinued operations is $135 million of deferred tax expense related to the book-over-tax basis difference of a Higher Education (HE) subsidiary that was classified as held for sale at December 31, 2011, and a goodwill impairment charge of $39 million.

Included in the 2012 loss from continuing operations is a loss on extinguishment of debt of $82 million, including tender and call premiums of $48 million, due primarily to the early extinguishments of the senior notes due 2015 and the senior subordinated notes due 2015, and the partial repayment of term loans in January and December 2012. Included in the 2012 income from discontinued operations are gains on the sale of discontinued operations of $571 million primarily related to the sale of HE and a goodwill impairment charge of $385 million. The AS business, which was split-off on March 31, 2014, and two small businesses within the FS segment, which were sold on January 31, 2014, are included in discontinued operations.

Included in the 2014 loss from continuing operations is a trade name impairment charge of $339 million as a result of the split-off of AS and how the trade name is being used following the split-off, and a $61 million loss on extinguishment of debt which includes (i) a $36 million loss associated with the exchange of approximately $425 million of senior notes issued by SunGard Availability Services Capital, Inc. for approximately $389 million of 7.375% senior notes due 2018 issued by SunGard and (ii) the write-off of $25 million of deferred financing fees resulting from the repayment or retirement of debt during the first quarter of 2014.

See Notes 1, 3 and 5 of Notes to Consolidated Financial Statements.

(2) The split of cash flow from continuing operations and cash flow from discontinued operations is not available for 2010 due to reclassifications of businesses into discontinued operations.

Table of Contents

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

Our Company

SunGard is a global software company serving the financial services and the public sector and education industries. We offer a wide range of innovative software solutions, delivered as traditional software offerings or via Software as a Service (SaaS) and the cloud, and surround them with an extensive suite of services. These world-class systems, combined with our deep domain expertise and our steadfast attention to our customers needs, position us well to compete successfully and to benefit from the growth trends in the markets we serve. Considering the breadth of our product portfolio and the depth of our capabilities, we are uniquely capable of supporting virtually every type of financial institution, including the largest and most complex financial customers in the world.

In 2014, the Company generated over $2.8 billion of revenue, employing approximately 13,000 people, and serving over 15,000 customers. We are a leader in the industry and are consistently ranked in the top 10 companies in the FinTech 100 ranking of financial technology companies.

The last few years have been truly transformative for SunGard. Since 2011, we have sold our Higher Education business and sold or exited other small non-strategic or low-margin businesses. In addition, on March 31, 2014, we completed the split-off of the Availability Services business, resulting in two separate companies. SunGard is now a more focused and streamlined software company, with financial services at its core, augmented by a leading position in the public sector and the kindergarten through 12^{th} grade (K-12) education marketplaces.

During the same period, we have embarked on an organic growth strategy which is fueled by product innovation, improved sales reach, superior delivery and support of our customers mission critical applications. This allows us to integrate and build on our core technologies, surround them with services and support them on a global basis. As a result, customer retention has improved, new products have come to market and our sales investments have resulted in consistently improving sales results. Accelerated emerging markets growth reflects the geographic diversity and success of our investments. Finally, in the second half of 2014, we generated consistent growth, culminating in 5% constant currency growth in the fourth quarter of 2014. At the same time, our more focused approach has improved Adjusted EBITDA margins by 3 full percentage points since 2011.

Our customers business environment is dynamic and increasingly more complicated. Across the industries that we serve, sophisticated risk management requirements and compliance with ever-changing regulations are adding cost and complexity to our customer s operations. At the same time, their shareholders are demanding improved efficiency and increased transparency. In this environment, our customers demand exceptional solutions and, with spending and resources under pressure, they are turning to a small number of trusted global technology companies to help make them successful. This plays to SunGard s strength, as our applications can lower cost, improve control and speed decision making all of which helps improve our customers profitability.

We are also expanding the reach of our products beyond our traditional software offerings to SaaS and the cloud. Our revenue growth is fueled by well-established SaaS offerings and global cloud delivery centers to host and support our applications. In some instances, we also perform business processing as a service (BPaaS), centered on our key technology, for our customers either individually or in a utility model.

Another key source of growth is our professional services organization, which offers technology consulting, product implementation and optimization to address customers needs. These highly skilled resources are capable of integrating and extending SunGard products into a customer s computing infrastructure, speeding deployment and optimizing the software in their environment.

21

Table of Contents

Our Business Model

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

We classify our revenue into three categories:

- Software revenue
- SaaS and Cloud revenue
- Professional and Business Processing Services revenue

Our revenue streams are highly recurring as a result of long-running contracts and strong customer renewal rates for software maintenance, rentals, SaaS and Cloud. These offerings comprise over 85% of our Software, SaaS and Cloud revenue (or roughly 70% of our overall revenue stream). This high-margin revenue stream provides good visibility to future results and allows the company to manage spending and profit proactively. We expect these offerings to grow in the future.

Software Revenue: Our software revenue represents approximately 40% of our total revenue and is comprised of traditional software license fees, maintenance and support fees, and fees from the resale of third party software licenses. These software license fees include term licenses, perpetual licenses and rental fees for customers who would prefer a periodic fee instead of a larger up-front payment. Maintenance and support fees provide customers with periodic technology updates and interactive support related to our software. Approximately three-fourths of our software revenue is recurring due to our long-term maintenance and rental revenue streams and strong customer renewal rates.

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

SaaS and Cloud Revenue: Our SaaS and Cloud offerings comprise approximately 38% of our total revenue. SaaS and Cloud offerings are delivered from SunGard data centers and provide customers with a secure and reliable environment operated by qualified SunGard personnel. These offerings allow customers to take advantage of SunGard s deep domain expertise while avoiding the upfront cost of licensing and IT infrastructure. SaaS and Cloud revenue also includes revenue from our proprietary trading algorithms and trade execution network.

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

Professional and Business Processing Services Revenue: Professional and Business Processing Services revenue is approximately 22% of our total revenue.

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

Table of Contents

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

Geographic Operations

SunGard manages our operations in 4 major geographies around the world, generating over $2.8 billion in revenue, as described below.

Region	Percent of Total Revenue
North America	64%
Europe	22%
Asia Pacific	10%
Middle East, Africa, Central and South America	4%

The established markets, comprised of the US, Western Europe, Japan and Australia generated 88% of our revenue in 2014. These large, mature markets include some of our largest customers and the most extensive use of our technologies. The emerging markets are comprised of China, India, Southeast Asia, the Middle East, Africa, Latin America and Eastern Europe. These markets are less mature, but much faster growing and customers in these regions have embraced SunGard s offerings as they compete on both a local and increasingly global basis. The emerging markets have grown consistently over time, and now comprise 12% of SunGard s overall revenue.

Similar to our revenue, SunGard s resources and facilities are also geographically dispersed. This provides better local customer support and also results in natural currency hedges such that currency movements that may impact revenue growth have less of an impact on profit growth.

Our Segments

We operate our company in two broad segments, Financial Systems and Public Sector & Education.

Financial Systems

Our Financial Systems (FS) business provides software and services to the breadth of the financial marketplace including capital markets (sell side) and asset management (buy side) customers. In addition, we provide specific offerings to address the needs of a broad range of customers, including insurance companies, corporate treasurers, wealth managers and leasing companies. Increasingly our core technology is being applied across the firms in the industry, providing greater consistency for our customers and improved operating leverage for SunGard. A brief description of our capabilities is included below.

Our Asset Management solutions address the needs of institutional investors, hedge funds, private equity, fund administrators and securities transfer agents. Our solutions support every stage of the investment process, from research and portfolio management, to valuation, risk management, compliance, investment accounting, transfer agency and client reporting.

Our Capital Markets offerings help financial institutions to increase the efficiency, transparency and control of their trading operations, post-trade settlement, risk management, securities lending, tax processing, and regulatory compliance. The breadth of our offerings also facilitate advanced business intelligence and market data distribution based on our extensive market data access.

Table of Contents

Our Corporate Liquidity solutions help chief financial officers and treasurers derive maximum value from working capital by increasing visibility to cash, reducing risk and improving communication and response time between a company s buyers, suppliers, banks and other stakeholders.

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

Our Insurance solutions provide solutions for a variety of insurance lines, including life and health, annuities and pensions, property and casualty, reinsurance and asset management. Our software and services help support front office and back office functions including customer service, policy administration and actuarial calculations, and financial and investment accounting and reporting.

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

Public Sector & Education

Our Public Sector & Education (PS&E) segment provides mission critical software and technology services to domestic governments at all levels and Kindergarten through 12th grade (K-12) educational institutions.

Our public sector offerings include software and technology services supporting a range of specialized enterprise resource planning and administrative processes for functions such as accounting, human resources, payroll, utility billing, land management and managed IT services. Public safety and justice agencies use our solutions to manage emergency dispatch operations, citizen and incident records, mobile computing in the field, and the operation of courts and jails. Our e-Government solutions help local governments to leverage the Internet and wireless technologies to serve their constituents.

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

Results of Operations:

We evaluate our performance using both U.S. GAAP (accounting principles generally accepted in the United States) and non-GAAP measures. Our primary non-GAAP measure is Adjusted EBITDA (defined below), whose corresponding GAAP measure is operating income.

We believe Adjusted EBITDA is an effective tool to measure our operating performance because 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.

Adjusted EBITDA is defined as operating income excluding the following items:

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

We are supplementing certain GAAP measures with comparable measures on a constant-currency basis, a non-GAAP measure, which exclude the impacts from changes in currency translation. We believe providing explanations of the year to year variances in our results on a constant-currency basis is meaningful for assessing how our underlying businesses have performed due to the fact that we have international operations that are material to our overall operations. As a result, total revenues and expenses are affected by changes in the U.S. Dollar against international currencies. To present our constant currency year over year changes, current period results for entities reporting in currencies other than U.S. Dollars are converted to U.S. Dollars at the average exchange rate used in the prior year period rather than the actual exchange rates in effect during the current year period. In each of the tables below, we present the percent change based on actual, unrounded results in reported currency and in constant currency.

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp (SCC). SCCII and SCC are collectively referred to as the Parent Companies. All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. The use of we , our , us a similar terms is meant to refer to each of SCC, SCCII and SunGard.

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

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

On a GAAP basis, the Company generated revenue of $2.81 billion, operating income of $87 million, and a loss from continuing operations of $207 million for the year ended December 31, 2014. The loss from continuing operations for the year ended December 31, 2014 was primarily driven by the $339 million non-cash trade name impairment charge (see Goodwill and Trade Name impairment tests discussion below).

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Total Revenue	$ 2,761	$ 2,809	2%	2%

Total SunGard revenue for 2014 was $2.8 billion, up 2% from 2013. Our revenue growth was due to market reception of our new technology, continued growth in the emerging markets, and growth in the broad array of

25

Table of Contents

services that surround and support our software. In 2014 and 2013, Software revenue was approximately 40% and 41%, respectively, of total revenue, SaaS and Cloud revenue was approximately 38% of total revenue and professional services and BPaaS revenue was approximately 22% and 21%, respectively, of total revenue.

Software revenue was relatively unchanged in 2014. Software revenue benefitted from strong customer acceptance of our latest technology but this was offset by reductions in certain legacy products, particularly in the established markets. Conversely, emerging market revenue grew in 2014 and accelerated in the second half of the year, driven by stronger maintenance revenue growth and a number of new customer wins.

SaaS and Cloud revenue increased approximately 2% in 2014 from the prior year. This growth was driven by increased volumes from our existing customers and increased adoption of our SaaS and Cloud offerings, supported by our new global delivery centers. The 2014 year to year growth rate was negatively impacted by approximately 1 point of growth due to the sale of a $12 million customer bankruptcy claim in the third quarter of 2013.

Professional services and BPaaS revenue increased approximately 5% in 2014 from the prior year primarily due to broad-based growth in professional services as customers increased spending to implement our software and integrate it into their operating environments.

Total Operating Margin:

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Revenue	$ 2,761	$ 2,809	2%	2%
Operating income	405	87	(79)%	(78)%
Operating income margin	14.7%	3.1%	(11.6)pts	(11.5)pts

Our total operating income margin was 3.1% for 2014, compared to 14.7% for 2013. Total operating income margin declined 11.5 points on a constant-currency basis, driven by:

- a $339 million trade name impairment in 2014 reduced that period s operating income margin by 12.0 points. There was no trade name impairment in the prior year period;
- a $12 million increase in spending primarily related to one-time expenses related to the AS Split-Off, which decreased the operating income margin by 0.4 points; and
- a $46 million decrease in amortization of acquisition-related intangible assets, which increased our margin by 1.6 points, primarily due to software intangible assets that were fully amortized during 2013 and early 2014.

The following items also impacted our 2014 operating income margin, as mentioned in our segment discussions below:

investments we are making in sales, delivery and support resources in each of our segments;

the increasing mix of professional services in our revenue stream; and

the sale of a $12 million customer bankruptcy claim in 2013.

Table of Contents

Adjusted EBITDA:

The following table reconciles operating income to Adjusted EBITDA:

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Revenue	$ 2,761	$ 2,809	2%	2%
Reconciliation of Operating income to Adjusted EBITDA:				
Operating income	$ 405	$ 87	(79)%	(78)%
Depreciation (1)	104	107	4%	4%
Amortization of acquisition-related intangible assets	182	136	(25)%	(25)%
Trade name impairment		339	n/a	n/a
Severance and facility closure costs	17	27	58%	62%
Stock compensation	39	42	8%	8%
Management fees	8	9	9%	9%
Other costs	11	18	62%	63%
Adjusted EBITDA	$ 766	$ 765	%	%
Adjusted EBITDA margin	27.7%	27.2%	(0.5)pts	(0.4)pts

Our 2014 Adjusted EBITDA was $765 million, down $1 million from the prior year period. Our reported Adjusted EBITDA margin decreased 0.5 points to 27.2% in 2014. On a constant-currency basis, our Adjusted EBITDA margin decreased 0.4 points, driven primarily by continued investments in sales resources, increased delivery capacity to support our SaaS and Cloud offerings and skilled resources to support our professional services growth. Also, impacting the year to year decline in margin was the sale of a customer bankruptcy claim in the prior year.

Segment discussion:

Our business is organized into two segments, Financial Systems and Public Sector & Education. Corporate spending is held above the segments as noted in the table below. Corporate spending includes support functions such as corporate finance, human resources, and legal. The following table details Adjusted EBITDA for each of our two reportable segments and corporate spending to reconcile to total SunGard Adjusted EBITDA. Following the table is a discussion of each of our reportable segments.

	Adjusted EBITDA (in millions)	
	2013	2014
FS	$ 746	$ 742
PS&E	66	68
Corporate	(46)	(45)

Total	$ 766	$ 765

Financial Systems segment:

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Total Revenue	$ 2,551	$ 2,592	2%	2%
Adjusted EBITDA	746	742	(1)%	%
Adjusted EBITDA margin	29.2%	28.6%	(0.6)pts	(0.5)pts

Revenue:

In 2014, FS revenue grew 2% driven by SaaS and Cloud, and professional services. These results reflect the reception of our new technology offerings, particularly within our asset management, wealth management and treasury solutions, continued growth in the emerging markets, and growth in a broad array of services that surround and support our software. In 2014 and 2013, software revenue was approximately 38% and 39%, respectively, of FS revenue, SaaS and Cloud revenue was approximately 40% of FS revenue and services revenue was approximately 22% and 21%, respectively, of FS revenue.

Software revenue was relatively unchanged in 2014. Software revenue grew as a result of our new technology offerings which resulted in revenue growth in both new and existing customers. These increases however, were offset by reductions in certain legacy products.

SaaS and Cloud revenue increased approximately 1% in 2014 from the prior year. This growth was driven by increased volumes from our existing customers and increased adoption of our SaaS and Cloud offerings, supported by our new global delivery centers. The 2014 year to year growth rate was negatively impacted by approximately 1 point of growth due to the sale of a $12 million customer bankruptcy claim in the third quarter of 2013.

Professional services and BPaaS revenue increased approximately 4% in 2014 from the prior year primarily due to broad-based growth in professional services tied to our new technology offerings and increasing global reach, as customers increased their spending to implement our software and integrate it into their operating environments.

Adjusted EBITDA:

FS Adjusted EBITDA was $742 million, a decrease of 1% from the prior year period. On a constant currency basis, FS adjusted EBITDA was essentially unchanged. The FS Adjusted EBITDA margin was 28.6% and 29.2% for 2014 and 2013, respectively.

The FS Adjusted EBITDA margin decrease was driven by continued investments in sales resources, increased delivery capacity to support our SaaS and Cloud offerings and skilled resources to support our professional services growth. Also impacting the year to year margin decline was the sale of a customer bankruptcy claim in the prior year as previously discussed.

Public Sector & Education segment:

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Total Revenue	$ 210	$ 217	4%	4%
Adjusted EBITDA	66	68	2%	2%
Adjusted EBITDA margin	31.6%	31.1%	(0.5)pts	(0.5)pts

Revenue:

In 2014, PS&E revenue grew 4% principally driven by growth in services and accompanied by more modest increases in Software, SaaS and Cloud revenues. In 2014 and 2013, software revenue represented approximately 64% and 65%, respectively, of total PS&E revenue, SaaS and Cloud revenue was approximately 17% of segment revenue, and services revenue was approximately 19% and 18%, respectively, of PS&E revenue.

Software revenue increased 1% primarily due to annual software maintenance increases, sales to new customers and add-on sales to existing customers. SaaS and Cloud revenue increased 6% primarily due to the full year impact from new sales in 2013, add-on cloud services to the existing customer base and annual rate increases. Professional services revenue increased 12% due to new software license sales and product upgrades which generate related implementation and integration services.

Adjusted EBITDA:

PS&E Adjusted EBITDA was $68 million, an increase of 2% from 2013. On a constant currency basis, PS&E Adjusted EBITDA also increased 2%. The PS&E Adjusted EBITDA margin was 31.1% and 31.6% for 2014 and 2013, respectively. The 0.5% margin decrease was driven by investments in services and development resources to accelerate customer delivery and drive future revenue growth, partially offset by increased capitalization of software development costs.

Corporate Spending:

	(in millions)		Year over Year Change	
	2013	2014	Reported	Constant Currency
Corporate Spending	$ 46	$ 45	(4)%	(4)%

The $1 million decrease in corporate spending was primarily due to lower employee costs and reduced external services expenses. Corporate spending includes supporting functions such as corporate finance, human resources, and legal.

Non-operating Expenses:

Interest expense and amortization of deferred financing costs:

Our interest expense was $291 million and $326 million for 2014 and 2013, respectively. The $35 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 (a) the repayment of the senior secured notes due 2014 on January 15, 2014, (b) the term loan repayments in 2013 and 2014 and (c) the partial repayment of the receivables facility term loan on January 31, 2014. Interest expense related to the debt repaid or retired on March 31, 2014 in connection with the AS Split-Off was allocated to discontinued operations.

Loss on extinguishment of debt:

Loss on extinguishment of debt was $61 million and $6 million for 2014 and 2013, respectively. The loss on extinguishment of debt in 2014 includes (i) a $36 million loss associated with the exchange of approximately $425 million of senior notes issued by Sungard Availability Services, Inc. (SpinCo) (SpinCo Notes) for approximately $389 million of senior notes due 2018 issued by SunGard (SunGard Notes) in connection with the AS Split-Off and (ii) the write-off of $25 million of deferred financing fees resulting from the repayment or retirement of debt during the first quarter (see Notes 1 and 5 of Notes to Consolidated Financial Statements). Loss on extinguishment of debt in 2013 primarily includes the write-off of deferred financing fees associated with the March 2013 refinancing of $2.2 billion of term loans.

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

Income (loss) from discontinued operations, net of tax, was a loss of $17 million in 2014 and was income of $17 million in 2013. On March 31, 2014, we completed the AS Split-Off. Income (loss) from discontinued operations reflects the results of our AS business and two smaller FS subsidiaries that were sold in January 2014. Included in loss from discontinued operations in 2014 is a gain on the sale of two FS businesses of approximately $22 million. Also included in loss from discontinued operations in 2014 is sponsor management fee expense of approximately $15 million payable under the Management Agreement for services related to the issuance of the $1.025 billion AS term loan and $425 million of SpinCo Notes in connection with the AS Split-Off.

Table of Contents

Income (loss) attributable to the non-controlling interest:

For SCC, accreted dividends on SCCII s cumulative preferred stock were $174 million and $169 million for 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.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The table below 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 measure.

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Total Revenue	$ 2,808	$ 2,761	(2)%	(2)%

In 2013 and 2012, software revenue was approximately 41% and 40%, respectively, of total revenue, SaaS and Cloud revenue was approximately 38% and 39%, respectively, of total revenue and services revenue was approximately 21% of total revenue.

Software revenue was relatively unchanged in 2013. In 2013, our license revenue increased due to new license sales of certain products, particularly in the emerging markets. In addition, software revenue benefitted from an acquisition in the fourth quarter of 2012. These increases in software revenue were offset by reductions in certain legacy products.

SaaS and Cloud revenue decreased approximately 3% in 2013 from the prior year due primarily to customer attrition, some of which was the result of customer bankruptcies and mergers. The decreases in SaaS and Cloud revenue were partially offset by the sale of a $12 million customer bankruptcy claim.

Professional services and BPaaS revenue decreased approximately 4% in 2013 from the prior year due primarily to a reduction in professional services reflecting the completion of certain large projects in 2012, partially offset by the recognition of significant customer milestones in the fourth quarter of 2013.

Total Operating Margin:

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Revenue	$ 2,808	$ 2,761	(2)%	(2)%
Operating income	348	405	16%	12%
Operating income margin	12.4%	14.7%	2.3pts	1.7pts

Our total operating income margin was 14.7% for 2013. Our total operating income margin on a constant-currency basis was 14.1% for 2013 compared to 12.4% for 2012. The more significant factors impacting the 1.7 margin point improvement were:

a 1.3 margin point improvement from the decrease in amortization of acquisition-related intangible assets due to a portion of software and customer base intangible assets that became fully amortized in 2012;

a 0.9 margin point increase from the $25 million decrease in severance and facility closure costs; and

a 0.6 margin point decrease from the combined $16 million increase in (i) depreciation due to increases in capitalized software and (ii) stock compensation expense.

Table of Contents

The following items also impacted our 2013 operating income margin, as further discussed below:

- lower development spending as we rationalized our overall spending and reoriented that spending to the faster growing market segments; and

- various reductions in spending related to our cross-company lean savings.

Adjusted EBITDA:

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Revenue	$ 2,808	$ 2,761	(2)%	(2)%
Reconciliation of Operating Income to Adjusted EBITDA:				
Operating income	$ 348	$ 405	16%	12%
Depreciation (1)	96	104	9%	9%
Amortization of acquisition-related intangible assets	217	182	(17)%	(17)%
Severance and facility closure costs	42	17	(59)%	(59)%
Stock compensation	31	39	24%	24%
Management fees	9	8	(10)%	(10)%
Other costs	6	11	92%	93%
Adjusted EBITDA	$ 749	$ 766	2%	%
Adjusted EBITDA margin	26.7%	27.7%	1.1 pts	0.5 pts

Our Adjusted EBITDA margin increased 1.1 points to 27.7% in 2013. The increase was driven by the expansion of the FS Adjusted EBITDA margin reflecting improvements in our administrative and development spending. The improvements in our development spending are the result of initiatives to exit certain slower growing products and shift our investments to new technologies. This shift also led to an increase in capitalized software, further reducing in period development spending. In addition, currency fluctuation improved margin by 0.6 points, primarily within our expense base, as the U.S. dollar strengthened against the Indian Rupee and the Pound Sterling.

Segment discussion:

The following table details the Adjusted EBITDA for each of our two reportable segments and corporate spending to reconcile total SunGard Adjusted EBITDA. Following the table below is a discussion of each of our reportable segments.

	Adjusted EBITDA (in millions)

	2012	2013
FS	$ 727	$ 746
PS&E	66	66
Corporate	(44)	(46)
Total	$ 749	$ 766

Table of Contents

Financial Systems segment:

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Total Revenue	$ 2,604	$ 2,551	(2)%	(2)%
Adjusted EBITDA	727	746	3%	1%
Adjusted EBITDA margin	27.9%	29.2%	1.3 pts	0.8 pts

Revenue:

In 2013, FS revenue declined 2% from 2012 due to customer attrition and a reduction in professional services, following completion of key 2012 milestones. In 2013 and 2012, software revenue was approximately 39% and 38%, respectively, of FS revenue, SaaS and Cloud revenue was approximately 40% of FS revenue and services revenue was approximately 21% and 22%, respectively, of FS revenue.

Software revenue was relatively unchanged in 2013. In 2013, our license revenue increased due to new license sales of certain products, particularly in the emerging markets. In addition, software revenue benefitted from an acquisition in the fourth quarter of 2012. These increases in software revenue were offset by reductions in certain legacy products.

SaaS and Cloud revenue decreased approximately 3% in 2013 from the prior year primarily due to customer attrition, some of which was the result of customer bankruptcies and mergers. The decreases in SaaS and Cloud revenue were partially offset by the sale of a $12 million customer bankruptcy claim.

Professional services and BPaaS revenue decreased approximately 4% in 2013 from the prior year due primarily to a reduction in professional services reflecting the completion of certain large projects in 2012, partially offset by the recognition of significant customer milestones in the fourth quarter of 2013.

Adjusted EBITDA:

The FS Adjusted EBITDA margin improved 1.3 points to 29.2% in 2013. Of the margin expansion, 0.5 points was due to currency fluctuation, primarily within our expense base as the U.S. dollar strengthened against the Indian Rupee and the Pound Sterling. The remaining 0.8 points of margin expansion was driven by two factors.

First, we continually execute a lean program designed to identify cost savings and productivity improvements. This program serves to improve our profitability and help fund our sales and development investments. For example, in 2013, we continued to reduce our administrative spending, improving margins by 1.0 point, which was driven by this program and the impact of our 2012 restructuring actions.

Second, we have realized a 0.6 margin point expansion through improvements in our development initiatives by exiting certain slower growing products or markets and shifting our investments to address the faster growing products. This also resulted in increased capitalized software, further reducing in-period development expense.

Public Sector & Education segment:

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Total Revenue	$ 204	$ 210	3%	3%
Adjusted EBITDA	66	66	%	%
Adjusted EBITDA margin	32.5%	31.6%	(0.9)pts	(0.9)pts

32

Table of Contents

Revenue:

PS&E revenue grew 3% in 2013 reflecting strong acceptance of our Public Sector solutions. In 2013 and 2012, software revenue was approximately 65% and 66%, respectively, of PS&E revenue, SaaS and Cloud revenue was approximately 17% and 16%, respectively, of PS&E revenue and professional services revenue was approximately 18% of PS&E revenue.

The strong acceptance of our solutions drove a 2% increase in software revenue, a 7% increase in SaaS and Cloud revenue and a 3% increase in professional services revenue. We have been investing in professional resources to accelerate customer start dates and build customer satisfaction associated with these services.

Adjusted EBITDA:

The PS&E Adjusted EBITDA margin declined 0.9 points to 31.6% in 2013. The 0.9 point reduction is driven by incentive payments on higher sales and an increase in professional service resources to reduce our backlog and accelerate customer start dates.

Corporate Spending:

	(in millions)		Year over Year Change	
	2012	2013	Reported	Constant Currency
Corporate Spending	$ 44	$ 46	6%	6%

The $2 million increase in corporate spending was primarily due to higher employee costs.

Non-operating Expenses:

Interest expense and amortization of deferred financing costs:

Since April 2012, we refinanced approximately $3.2 billion of debt, taking advantage of the attractive debt markets, and repaid certain higher-cost senior notes. As a result, interest expense decreased to $326 million in 2013 from $360 million in 2012.

Loss on extinguishment of debt:

The refinancing and repayments of debt mentioned above resulted in a loss on extinguishment of debt of $6 million in 2013 and $82 million in 2012. The loss on extinguishment of debt in 2013 includes the loss related to the March 2013 refinance of $2.2 billion of term loans. The loss on extinguishment of debt in 2012 is driven by the early extinguishment of the senior notes due 2015, the senior subordinated notes due 2015 and the partial repayment of term loans in January and December 2012.

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

Income (loss) from discontinued operations, net of tax, was $17 million in 2013 and $(23) million in 2012. On March 31, 2014, we completed the AS Split-Off. During 2012, we sold our Higher Education business (HE) and a FS subsidiary. Also during 2012, we recorded a combined gain on the sales of two businesses of $571 million and a goodwill impairment charge of $385 million. See Note 3 of Notes to Consolidated Financial Statements for further information.

Income (loss) attributable to the non-controlling interest:

Income (loss) attributable to the non-controlling interest represents accreted dividends on SCCII s cumulative preferred stock. The amount of accreted dividends was $169 million and $251 million in 2013 and 2012, respectively. The decrease in accreted dividends is due to the declaration and payment of a dividend in December 2012, partially offset by compounding.

Table of Contents

Income Taxes:

The effective income tax rates for 2014 and 2013 were a benefit of 22% and a provision of 36%, respectively. Our effective tax rate fluctuates from period to period due to changes in the mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between U.S. GAAP and local tax laws, certain one-time items including tax rate changes, and adjustments related to the repatriation of earnings from foreign subsidiaries, net of a U.S. foreign tax credit. For 2014, the benefit for income taxes includes a benefit of $138 million related to the impairment of the SunGard trade name, an expense of $48 million due to changes in certain state deferred tax rates, which are primarily driven by the change in the legal entity ownership of the SunGard trade name caused by the AS Split-Off, and an expense of $7 million to increase the valuation allowance on state net operating losses driven primarily by the change in management s judgment of their realizability due to the AS Split-Off. Also in the fourth quarter of 2014, after weighing the positive and negative evidence required, we recorded a valuation allowance of $3 million against certain losses generated in France. These losses were larger than anticipated and exceeded the scheduled reversal of deferred tax liabilities. The tax benefit of the French losses totals $24 million at December 31, 2014 and have an indefinite carryforward period. In evaluating the realizability of our deferred tax assets, we considered the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and for losses that do not have an indefinite carryforward period, tax planning strategies. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced or as the reversal of certain deferred tax liabilities continues.

The provision for income taxes includes an additional provision of $3 million compared to the provision included in the Form 8-K filed with the U.S. Securities and Exchange Commission on February 5, 2015. We decided to record this adjustment even though it was not material to the Consolidated Balance Sheet as of December 31, 2014 or the Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2014.

The effective income tax rates for 2013 and 2012 were a provision of 36% and a benefit of 53%, respectively. Our effective tax rate fluctuates from period to period due to changes in the mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between U.S. GAAP and local tax laws, certain one-time items including tax rate changes, and adjustments related to the repatriation of earnings of foreign subsidiaries, net of a U.S. foreign tax credit.

Liquidity and Capital Resources:

At December 31, 2013 and 2014, our liquidity, a non-GAAP measure, was as follows (in Millions):

	(Pre AS Split-Off) December 31, 2013	(Post AS Split-Off) March 31, 2014	December 31, 2014
Cash and cash equivalents	$ 706	$ 355	$ 447
Capacity: Revolving Credit Facility	831	591	592
Capacity: Receivables Facility	46	15	39
Total Liquidity	$ 1,583	$ 961	$ 1,078

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

Included in cash and cash equivalents at December 31, 2014 was $95 million invested in money market accounts in the United States immediately available for debt service. Approximately $196 million of cash and cash equivalents at December 31, 2014 was held by our wholly-owned non-U.S. subsidiaries, which is available to fund operations and strategic investment opportunities abroad. Also, approximately $43 million of cash and cash equivalents at December 31, 2014 relates to our broker/dealer operations, some of which is not readily available for general corporate use.

Our cash flows in the U.S. continue to be sufficient to fund our current domestic operations and obligations, including financing activities such as debt service. In addition, we have several options available to improve liquidity in the short term in the U.S., including repatriation of funds from foreign subsidiaries, borrowing funds under our revolving credit facilities, and calling intercompany loans that are in place with certain foreign subsidiaries. To the extent we elect to repatriate the earnings of our foreign subsidiaries, additional cash taxes could be payable. See Note 12 of Notes to Consolidated Financial Statements for the year ended December 31, 2014 for more detail.

Cash flow from operations:

Cash flow from continuing operations was $332 million in 2014, a decrease of $90 million versus 2013. 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:

- a $91 million reduction in cash sourced from working capital, reflecting our strong 2013 performance in A/R collections and reduced Days Sales Outstanding (DSO). In addition, 2014 cash flow from working capital was reduced due to higher incentive payments resulting from the strong performance in 2013; and
- a $19 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
- $12 million less in interest payments;
- $8 million less in income tax payments, net of refunds.

Cash flow from continuing operations in 2013 was $422, an increase of $135 million versus 2012. The improvement in cash flow from operations in 2012 was primarily due to:

- $83 million of lower interest payments in 2013;
- a $37 million increase in cash earned from operations;
- a $15 million decrease in income tax payments in 2013; and
- a net increase in cash flow from deferred revenue and accounts receivable reflecting our strong 2013 performance in A/R collections and reduced DSO offset primarily by a one-time benefit in 2012 from exiting

certain lower margin services in our Broker/Dealer business which required significant cash reserves.

Cash flow from investing activities:

Net cash used by continuing operations in investing activities is primarily comprised of cash paid for property and equipment and capitalized software development, as well as cash paid to acquire businesses. In 2014, cash paid by continuing operations for investing activities increased by $35 million to $147 million primarily due to a $21 million increase in capitalized software development costs related to our product investments, as well as investments to increase hosting and cloud capacity on a global basis. We have been shifting our investment strategy to new product development initiatives to address the faster growing products, services and geographic markets. The remainder of the increase was primarily due to $7 million of purchased software and a $4 million increase generally tied to computer and telecommunications equipment.

In 2013, cash paid by continuing operations for investing activities decreased by $24 million to $112 million primarily due to a $38 million decrease in cash paid for businesses acquired and a $5 million decrease in capital

Table of Contents

expenditures generally tied to computer and telecommunications equipment, partially offset by a $19 million increase in capitalized software development costs. We have been very selective in our acquisition strategy, spending $2 million in 2013 for one acquisition and $40 million in 2012 for two acquisitions.

Cash flow from financing activities:

In 2014, net cash from continuing operations used in financing activities was $1.355 billion, which included the following:

- repayment of $1.005 billion of term loans as part of the AS Split-Off;
- repayment of the $250 million senior secured notes;
- repayment of $60 million of our receivables facility term loan; and
- repayment of the $7 million tranche A term loan maturing in February 2014.

In 2013, net cash from continuing operations used in financing activities was $325 million, which included the following:

- refinancing $2.2 billion of term loans;
- additional repayments of $224 million of term loans; and
- repayment of $50 million of our receivables facility revolver.

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

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

$217 million of optional prepayments of term loans;

partially offset by

the issuance of $1 billion of senior subordinated notes due 2019; and

a $720 million term loan to fund the dividend.

Table of Contents

As a result of the LBO (August 11, 2005), we are highly leveraged. Total debt outstanding as of December 31, 2013, March 31, 2014 (post AS Split-Off) and December 31, 2014 consists of the following (in millions):

	(pre AS Split-Off) December 31, 2013	(post AS Split-Off) March 31, 2014	December 31, 2014	Change from Mar. 31 to Dec. 31
Senior Secured Credit Facilities:				
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	
Total Senior Secured Credit Facilities	3,330	2,318	2,318	
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 3.16%	200	140	140	
Other, primarily foreign bank debt and capital lease obligations	4	2		(2)
Debt continuing operations	6,384	4,671	4,669	(2)
Debt discontinued operations	8			
Total debt	$ 6,392	$ 4,671	$ 4,669	$ (2)
Leverage Metric per Credit Agreement	4.56x	5.42x	5.41x	-0.01x
Weighted Average Interest Rate	5.42%	5.63%	5.61%	-0.02 points
Percent Fixed Rate (swap adjusted)	54%	67%	67%	0 points
Percent Bonds of Total Debt	45%	47%	47%	0 points

At December 31, 2013, March 31, 2014 (post AS Split-Off) and December 31, 2014, the contractual future maturities of debt of continuing operations were as follows (in millions):

	(pre AS Split-Off)	(post AS Split-Off)	December 31, 2014	Change from Mar. 31 to

	December 31, 2013	March 31, 2014		Dec. 31
2014	$ 290	$	$	$
2015	29	2		(2)
2016	29			
2017	656	540	400	(140)
2018	929	511	511	
2019	1,029	1,000	1,140	140
Thereafter	3,422	2,618	2,618	
Total	$ 6,384	$ 4,671	$ 4,669	$ (2)

37

Table of Contents

See Notes 1 and 5 of Notes to Consolidated Financial Statements which contains a full description of our debt.

In 2012, 2013 and 2014, we restructured our debt in light of the attractive credit markets. Specifically, we have extended our maturities, lowered our interest rates, removed the financial maintenance covenants with respect to our term loan facility and used interest rate swaps to manage the amount of floating rate debt in order to reduce our exposure to variable rate interest payments.

Senior Secured Credit Facilities

We had $592 million of available borrowing capacity and $8 million of outstanding letters of credit under our $600 million revolving credit facility as of December 31, 2014. In addition, we had $4 million of letters of credit outstanding at December 31, 2014 that did not impact availability under the revolving credit facility.

On February 7, 2014, we amended and restated our Amended and Restated Credit Agreement dated as of August 11, 2005, as amended and restated from time to time (Credit Agreement) to, among other things, (a) amend certain covenants and other provisions of the Credit Agreement in order to permit the AS Split-Off, including (i) the ability to effect the split-off without requiring an initial public offering, (ii) permitting AS to incur up to $1.5 billion of indebtedness in connection with the split-off, and (iii) SunGard s total secured leverage ratio (less cash and Cash Equivalents in excess of $50 million), after giving pro forma effect to the split-off, to increase no more than 0.60x of Adjusted EBITDA at the time of the split-off; and (b) amend certain covenants and other provisions in order to, among other things (i) modify the financial maintenance covenant included therein, and (ii) permit us and our affiliates to repurchase term loans.

On February 28, 2014, we repaid the remaining $7 million tranche A term loan. On March 31, 2014 in connection with the AS Split-Off, we used the $1,005 million net cash proceeds we received from SpinCo from the issuance of a SpinCo term loan facility to repay approximately $27 million of our tranche C term loan, $713 million of our tranche D term loan and $265 million of our tranche E term loan.

Tranche E and the revolving credit commitments are subject to certain springing maturities which are described in the Credit Agreement.

Secured Accounts Receivable Facility

We also maintain a secured accounts receivables facility, which consists of an outstanding term loan of $140 million and a revolving credit commitment of $60 million as of December 31, 2014. At December 31, 2014, $364 million of accounts receivable secured the borrowings under the receivables facility, and no amount was drawn on the revolving commitment. During January 2014, we removed AS as a seller in the accounts receivable facility and, as a result, we repaid $60 million of the term loan component which permanently reduced the facility limit. The impact of removing AS as a seller and the resulting $60 million repayment of the term loan had the effect of reducing the amount available for borrowing to an aggregate of $200 million, which is comprised of a $140 million term loan and a $60 million revolving credit commitment.

The receivables facility contains certain covenants. We are required to satisfy and maintain specified facility performance ratios, financial ratios and other financial condition tests.

On May 14, 2014, we amended and restated our secured accounts receivable facility in order to, among other things, (i) extend the maturity date 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.

Table of Contents

Interest Rate Swaps

We use interest rate swap agreements to manage the amount of our floating rate debt in order to reduce our exposure to variable rate interest payments associated with the senior secured credit facilities. We pay a stream of fixed interest payments for the term of the swap, and in turn, receive variable interest payments based on one-month LIBOR or three-month LIBOR (0.17% and 0.26%, respectively, at December 31, 2014). The net receipt or payment from the interest rate swap agreements is included in interest expense. As of December 31, 2014, including the impact of our outstanding interest rate swaps, the composition of our debt was 67% fixed and 33% floating. A summary of our interest rate swaps at December 31, 2014 follows (in millions):

Inception	Maturity	Notional Amount (in millions)	Interest rate paid	Interest rate received (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-March 2014	March 2020	300	2.27%	3-Month
		$ 900	1.52%	

Contractual Obligations

At December 31, 2014, our contractual obligations follow (in millions):

	Total	2015	2016	2017	2018-2019	Therafter
Short-term and long-term debt	$ 4,669	$	$	$ 400	$ 1,651	$ 2,618
Interest payments (1)	1,323	269	271	257	451	75
Operating leases	231	62	56	45	47	21
Purchase obligations (2)	123	94	19	6	4	
Total	$ 6,346	$ 425	$ 346	$ 708	$ 2,153	$ 2,714

(1) Interest payments consist of interest on both fixed-rate and variable-rate debt. Variable-rate debt consists primarily of the tranche E term loan facility ($1,418 million at 4.00%), and the secured accounts receivable facility ($140 million at 3.16%), each as of December 31, 2014. See Note 5 of Notes to Consolidated Financial Statements.

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

Gross reserves for uncertain tax positions approximated $104 million as of December 31, 2014. We believe it is more-likely-than-not that the uncertain tax positions for which a benefit has been recognized are sustainable, based solely on their technical merits and consideration of the relevant taxing authority s widely understood administrative practices and precedents. However, we have only recorded the portion of these tax benefits that are greater than fifty percent likely to be realized upon settlement with the taxing authority. To the extent that the relevant taxing authority disagrees with our positions it may result in a future cash outlay, which is not included in the contractual obligations table above. See Note 12 of Notes to Consolidated Financial Statements.

At December 31, 2014, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $6 million, of which approximately $0.5 million is included in other long-term liabilities. We also have outstanding letters of credit and bid bonds that total approximately $19 million.

Table of Contents

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.

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

Covenant Compliance

As of December 31, 2014, we are in compliance with all financial and nonfinancial covenants. While we believe that we will remain in compliance, our continued ability to meet those financial ratios and tests can be affected by events beyond our control, and there is no assurance that we will continue to meet those ratios and tests.

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

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

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

Under the terms of our Credit Agreement, 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 through December 31, 2014, 6.00x at the end of such quarter through December 31, 2015 and 5.75x thereafter.

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.

Table of Contents

Adjusted EBITDA, in our credit facilities, is defined as EBITDA, which we define as earnings before interest, taxes, depreciation and amortization, further adjusted to exclude certain adjustments permitted in calculating covenant compliance under the indentures and senior secured credit facilities. Adjusted EBITDA is a non-GAAP measure used to determine our compliance with certain covenants contained in the indentures governing the senior notes due 2018 and 2020 and senior subordinated notes due 2019 and in our senior secured credit agreement. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants.

Adjusted EBITDA does not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. While Adjusted EBITDA and similar measures are frequently used as measures of operations and the ability to meet debt service requirements, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we may consider not to be indicative of our ongoing operations. In particular, the definition of Adjusted EBITDA in the indentures allows us to add back certain noncash, extraordinary or unusual charges that are deducted in calculating net income (loss). However, these are expenses that may recur, vary greatly and are difficult to predict. Further, our debt instruments require that Adjusted EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year. Adjusted EBITDA is similar, but not identical, to Adjusted EBITDA used to measure our performance (see Note 14 of Notes to Consolidated Financial Statements for the year ended December 31, 2014).

The following is a reconciliation for SunGard of income (loss) from continuing operations, which is a GAAP measure of our operating results, to Adjusted EBITDA as defined in our debt agreements (in millions). This is similar, but not identical, to Adjusted EBITDA used for segment reporting as disclosed earlier. The terms and related calculations are defined in the credit agreement.

	2012	2013	2014
Income (loss) from continuing operations	$ (43)	$ 46	$ (207)
Interest expense, net	359	325	290
Provision for (benefit from) income taxes	(49)	26	(57)
Depreciation	96	104	107
Amortization of acquisition-related intangible assets	217	182	136
EBITDA	580	683	269
Trade name impairment charge			339
Purchase accounting adjustments (a)	7	6	1
Stock compensation expense	31	39	42
Restructuring charges (b)	42	17	27
Management fees	9	8	9
Acquired EBITDA, net of disposed EBITDA (c)	3		
Other costs (d)	(3)	3	16
Loss on extinguishment of debt (e)	82	6	61
Adjusted EBITDA senior secured credit facilities, senior notes due 2018 and 2020 and senior subordinated notes due 2019	$ 751	$ 762	$ 764

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

(b) Restructuring charges includes severance and related payroll taxes and reserves to consolidate certain facilities.

Table of Contents

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

(d) Other costs includes strategic initiative expenses, certain other expenses associated with acquisitions made by the Company and franchise and similar taxes reported in operating expenses, partially offset by certain charges relating to the receivables facility.

(e) Loss on extinguishment of debt includes in 2012 the write-off of deferred financing fees associated with the January 2012 repayment of $1.22 billion of our US$-denominated term loans, the April 2012 retirement of $500 million, 10.625% senior notes due 2015, the December 2012 retirement of $1 billion, 10.25% senior subordinated notes due 2015 and the December 2012 repayment of $217 million of US$-denominated term loans. Loss on extinguishment of debt for 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 1 and Note 5 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.

Covenant Ratios

Our covenant requirements and actual ratios for the year ended December 31, 2014 are as follows:

	Covenant Requirements	Actual Ratios
Senior secured credit facilities (1)		
Maximum total debt to Adjusted EBITDA	6.35x	5.41x
Senior notes due 2018 and 2020 and senior subordinated notes due 2019 (2)		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	3.09x

(1) If on the last day of any four consecutive fiscal quarters (Test Period) ending on 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 to 6.00x for any Test Period after December 31, 2014 and on or before December 31, 2015 and to 5.75x for any Test Period after December 31, 2015. Consolidated total debt is defined in the senior secured credit facilities as total debt less (i) certain indebtedness and (ii) cash and cash equivalents on our balance sheet in excess of $50 million. Failure to satisfy this ratio requirement would constitute a default solely under the senior secured revolving credit facility. If our revolving credit facility lenders failed to waive any such default and subsequently accelerated our obligations or terminated their commitments under the senior secured revolving credit facility, our repayment obligations under the senior secured term loan facilities would be accelerated as well, which would also constitute a default under our indentures.

(2) SunGard s ability to incur additional debt and make certain restricted payments under our indentures, subject to specified exceptions, is tied to an Adjusted EBITDA to fixed charges ratio of at least 2.0x,

except that we may incur certain debt and make certain restricted payments and certain permitted investments without regard to the ratio, such as the ability to incur up to an aggregate principal amount of $5.75 billion under credit facilities (inclusive of amounts outstanding under the senior credit facilities from time to time; as of December 31, 2014, we had $2.32 billion outstanding under the term loan facilities and available commitments of $592 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.

Table of Contents

Use of Estimates and Critical Accounting Policies

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

Revenue Recognition

We generate revenue from the following sources: (1) software revenue, (2) SaaS and Cloud revenue, and (3) services revenue.

Software Revenue: Our software revenue represents approximately 40% of our total revenue and is comprised of traditional software license fees, maintenance and support fees, and fees from the resale of third party software licenses. These software license fees include term licenses, perpetual licenses and rental fees for customers who would prefer a periodic fee instead of a larger up-front payment. Maintenance and support fees provide customers with periodic technology updates and interactive support related to our software. Approximately three-fourths of our software revenue is recurring due to our long-term maintenance and rental revenue streams and strong customer renewal rates.

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

SaaS and Cloud Revenue: Our SaaS and Cloud offerings comprise approximately 38% of our total revenue. SaaS and Cloud offerings are delivered from SunGard data centers and provide customers with a secure and reliable environment operated by qualified SunGard personnel. These offerings allow customers to take advantage of SunGard s deep domain expertise while avoiding the upfront cost of licensing and IT infrastructure. SaaS and Cloud revenue also includes revenue from our proprietary trading algorithms and trade execution network.

These SaaS and Cloud offerings are generally sold on multi-year contracts and have historically generated high customer renewal rates. As such, they form a strong recurring revenue stream for our company.

Professional and Business Processing Services Revenue: Professional and Business Processing Services revenue is approximately 22% of our total revenue.

Professional Services offerings allow customers to install, optimize and integrate SunGard s software into their computing environment. While this is not a recurring revenue stream, per se, it has generated a consistent revenue stream of $500 million to $525 million annually. The profit margin on this revenue stream is comparable to other professional services firms but lower than our software offerings.

SunGard s BPaaS offerings typically provide back-office processing services to our customers where the process is deeply related to a SunGard application.

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

Table of Contents

Revenue is recorded as the services are provided based on the relative fair value of each element. FS software maintenance and SaaS and Cloud revenue includes monthly fees, which may include a fixed minimum fee and/or variable fees based on a measure of volume or activity, such as the number of accounts, trades or transactions, users or the number of hours of service. Software rentals combine the license and maintenance services into a bundled element, and the fee is recognized ratably over the corresponding services period when the customer has the right to use the software product and receive maintenance and support services.

For fixed-fee professional services contracts, revenue is recorded based upon proportional performance, measured by the actual number of hours incurred divided by the total estimated number of hours for the project. Changes in the estimated costs or hours to complete the contract and losses, if any, are reflected in the period during which the change or loss becomes known. We also provide professional services on a time and materials basis, recognized monthly based upon hours incurred to date. In all cases contract milestones, project risk profile and refund provisions are taken into consideration.

Software license fees result from contracts that permit the customer to use a SunGard software product at the customer s site or at the site of their choosing if the customer has the contractual right to take immediate possession of the software without significant penalty. Generally, these contracts are multiple-element arrangements since they usually provide for professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee and fees for other elements within the arrangement are fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. When there are significant program modifications or customization, installation, systems integration or related services, the professional services and license revenue are combined in accordance with contract accounting guidance and recorded based upon proportional performance, measured in the manner described above. License revenue is recorded as each installment becomes due if customer payments are extended beyond normal billing terms, or at acceptance when there is significant acceptance, technology or service risk. Revenue also is recorded over the longest service period in those instances where the software is bundled together with post-delivery services and there is not sufficient evidence of the fair value of each undelivered service element.

With respect to software-related multiple element arrangements, sufficient evidence of fair value is defined as vendor specific objective evidence (VSOE). VSOE of the fair value for each element within an arrangement is based on either historical stand-alone sales of the element to third parties or stated renewal rates within the contract. If there is no VSOE of the fair value of the delivered element (which is usually the software since the license is rarely if ever sold separately) but there is VSOE of the fair value of each of the undelivered elements (typically maintenance and professional services), then the residual method is used to determine the portion of the arrangement fee allocated to the delivered element. The revenue for each of the undelivered elements is set at the fair value of those elements using VSOE of the price paid when each of the undelivered elements is sold separately. The revenue remaining after allocation to the undelivered elements (i.e., the residual) is allocated to the delivered element.

Our maintenance and support offerings entitle our customers to receive product upgrades and enhancements on a when and if available basis along with technical support, and revenue is recognized ratably over the term of the maintenance and support arrangement. VSOE supporting the fair value of maintenance and support is based on the stated (optional) renewal rates contained in the initial arrangement. VSOE for the maintenance element is dependent upon the software product and the annual maintenance fee is typically 18% to 20% of the software license fee. VSOE supporting the fair value of professional services is based on the standard daily rates charged when those services are sold separately, represented by a substantial portion of transactions falling within a reasonably tight pricing range.

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

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

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

To determine the selling price in non-software multiple-element arrangements, we establish VSOE of the selling price using the price charged for a deliverable when sold separately. Where VSOE does not exist, TPE is established by evaluating similar competitor products or services in standalone arrangements with similarly situated customers. If we are unable to determine the selling price because VSOE or TPE doesn t exist, we determine BESP for the purposes of allocating the arrangement consideration. BESP can be determined by considering pricing practices, margin objectives, contractually stated prices, competitive/market conditions and geographies.

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

Goodwill and Trade Name Impairment Tests

Goodwill

We test goodwill for impairment annually, at the reporting unit level, and whenever events or circumstances make it likely that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell all or a portion of a reporting unit. We perform our annual goodwill impairment test as of July 1 for each of our reporting units and monitor for interim triggering events on an ongoing basis.

Goodwill is reviewed for impairment utilizing a qualitative assessment or a two-step quantitative process. If we choose to perform a qualitative assessment and determine the fair value more likely than not exceeds the carrying value, no further evaluation is necessary. As allowed, in the 2014 annual assessment, we chose to assess the qualitative factors of our reporting units noting that each had a fair value of goodwill in excess of 20% of its respective carrying value as of the most recent step one quantitative test, which was either as of July 1, 2012 or July 1, 2013.

Examples of qualitative factors that management assessed 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 our reporting units.

We 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. We 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. We 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, we 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.

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

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates that reflect the risks associated with achieving those cash flows. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors including the reporting unit s recent performance against budget, performance of the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions are based on an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. There were no goodwill impairment charges in continuing operations in 2012, 2013 or 2014.

Trade Name

The trade name intangible asset represents the fair value of the SunGard trade name and is an indefinite-lived asset not subject to amortization. We performed an interim impairment test as of March 31, 2014 as a result of the AS Split-Off. The annual impairment test of the SunGard trade name was performed in the third quarter of 2014.

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. We 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.

We developed certain assumptions and estimates related to the calculation of fair value of our 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 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, we 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.

46

Annual Impairment Test

As of July 1, 2014, we completed our 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.

See Note 1 of Notes to Consolidated Financial Statements for further discussion.

Accounting for Income Taxes

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments are required in determining the consolidated provision for income taxes. Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are calculated based on the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using the enacted income tax rates expected to be in effect during the years in which the temporary differences are expected to reverse.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in determining whether a valuation allowance should be recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, we recognize tax liabilities based on estimates of whether additional taxes and interest might be due. These tax liabilities are recognized when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. We believe that our accruals for tax liabilities are adequate for all years open to examination by taxing authorities based on its assessment of many factors, including past experience and interpretations of the tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that new information becomes available which causes us to change our judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact income tax expense in the period in which such determination is made. Judgment is required in assessing and estimating these amounts and differences between the actual outcome of these future tax consequences and our estimates could have a material effect on our consolidated financial results.

The consolidated provision for income taxes will change period-to-period based on nonrecurring events, such as impairments of goodwill and certain intangible assets, the settlement of income tax examinations and changes in tax laws, as well as recurring factors including the geographic mix of income before taxes, the repatriation of earnings from foreign subsidiaries, state and local taxes and the effects of tax planning.

47

Table of Contents

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

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

At December 31, 2014, we had total debt of $4.67 billion, including $2.46 billion of variable rate debt. We entered into interest rate swap agreements which fixed the interest rates for $900 million of our variable rate debt. Swap agreements expiring in 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 agreement in February 2017, a 1% change in interest rates would result in an incremental change in interest of approximately $4 million, or a total of $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. See Note 5 of Notes to Consolidated Financial Statements.

During 2014, approximately 39% of our revenue was from customers outside the United States with approximately 64% of this revenue coming from customers located in the United Kingdom, Continental Europe and Canada. Only a portion of the revenue from customers outside the United States is denominated in other currencies, the majority being pound Sterling and Euros. Revenue and expenses of our foreign operations are generally denominated in their respective local currencies. We continue to monitor our exposure to currency exchange rates and we enter into currency hedging transactions from time to time to mitigate certain currency exposures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SunGard Capital Corp.

SunGard Capital Corp. II

SunGard Data Systems Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in equity and of cash flows present fairly, in all material respects, the financial position of SunGard Capital Corp. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 25, 2015

Table of Contents

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in stockholders equity and of cash flows present fairly, in all material respects, the financial position of SunGard Capital Corp. II and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 25, 2015

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income, of changes in stockholder s equity and of cash flows present fairly, in all material respects, the financial position of SunGard Data Systems Inc. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 25, 2015

Table of Contents

SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

	December 31, 2013	**December 31, 2014**
Assets		
Current:		
Cash and cash equivalents	$ 675	**$ 447**
Trade receivables, less allowance for doubtful accounts of $17 and $22	565	**572**
Earned but unbilled receivables	92	**114**
Prepaid expenses and other current assets	127	**116**
Assets of discontinued operations	2,516	
Total current assets	3,975	**1,249**
Property and equipment, less accumulated depreciation of $376 and $414	152	**152**
Software products, less accumulated amortization of $1,644 and $1,754	270	**224**
Customer base, less accumulated amortization of $486 and $531	421	**360**
Other assets, less accumulated amortization of $21 and $22	113	**94**
Trade name	1,019	**672**
Goodwill	3,828	**3,760**
Total Assets	$ 9,778	**$ 6,511**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 290	**$**
Accounts payable	8	**21**
Accrued compensation and benefits	245	**227**
Accrued interest expense	40	**30**
Other accrued expenses	129	**131**
Deferred revenue	589	**589**
Liabilities of discontinued operations	799	
Total current liabilities	2,100	**998**
Long-term debt	6,094	**4,669**
Deferred and other income taxes	746	**616**
Other long-term liabilities	39	**39**
Total liabilities	8,979	**6,322**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	42	**37**
Class L common stock subject to a put option	58	**57**

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 $8,064 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 442,460 shares of Class L common stock; and 4,761,694 and 3,985,453 shares of Class A common stock		(47)		**(38)**
Accumulated deficit		(3,497)		**(3,902)**
Accumulated other comprehensive income (loss)		16		**(132)**
Total SunGard Capital Corp. stockholders equity (deficit)		(1,046)		**(1,398)**
Noncontrolling interest in preferred stock of SCCII		1,741		**1,490**
Total equity		695		**92**
Total Liabilities and Equity	$	9,778	**$**	**6,511**

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

53

Table of Contents

SunGard Capital Corp.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)

	Year Ended December 31,		
	2012	2013	**2014**
Revenue	$ 2,808	$ 2,761	**$ 2,809**
Costs and expenses:			
Cost of sales and direct operating (excluding items described in Note 1)	1,082	1,045	**1,098**
Sales, marketing and administration	643	634	**667**
Product development and maintenance	422	392	**376**
Depreciation	96	104	**107**
Amortization of acquisition-related intangible assets	217	182	**136**
Trade name impairment charge			**339**
Total costs and expenses	2,460	2,357	**2,723**
Operating income	348	404	**86**
Other income (expense):			
Interest income	1	1	**1**
Interest expense and amortization of deferred financing fees	(360)	(326)	**(291)**
Loss on extinguishment of debt	(82)	(6)	**(61)**
Other income (expense)	1	(2)	
Other income (expense)	(440)	(333)	**(351)**
Income (loss) from continuing operations before income taxes	(92)	71	**(265)**
Benefit from (provision for) income taxes	49	(26)	**57**
Income (loss) from continuing operations	(43)	45	**(208)**
Income (loss) from discontinued operations, net of tax	(23)	17	**(14)**
Net income (loss)	(66)	62	**(222)**
(Income) attributable to the non-controlling interest	(251)	(169)	**(174)**
Net income (loss) attributable to SunGard Capital Corp.	(317)	(107)	**(396)**
Other comprehensive income (loss):			
Foreign currency translation, net	33	19	**(65)**
Unrealized gain (loss) on derivative instruments, net of tax	10	3	**(5)**
Other, net of tax		(3)	**(3)**
Other comprehensive income (loss), net of tax	43	19	**(73)**

Comprehensive income (loss)	(23)	81	**(295)**
Comprehensive income (loss) attributable to the non-controlling interest	(251)	(169)	**(174)**
Comprehensive income (loss) attributable to SunGard Capital Corp.	$ (274)	$ (88)	**$ (469)**

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)

	Year Ended December 31, 2012	2013	**2014**
Cash flow from operations:			
Net income (loss)	$ (66)	$ 62	**$ (222)**
Income (loss) from discontinued operations	(23)	17	**(14)**
Income (loss) from continuing operations	(43)	45	**(208)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	313	286	**243**
Trade name impairment charge			**339**
Deferred income tax provision (benefit)	(54)	(24)	**(104)**
Stock compensation expense	31	39	**42**
Amortization of deferred financing fees and debt discount	36	37	**18**
Loss on extinguishment of debt	82	6	**61**
Other noncash items	(1)	1	
Changes in working capital:			
Accounts receivable and other current assets	58	(3)	**(57)**
Accounts payable and accrued expenses	(11)	(5)	**(18)**
Accrued interest	(49)	(1)	**(5)**
Accrued income taxes	(52)	7	**12**
Deferred revenue	(23)	33	**9**
Cash flow from (used in) continuing operations	287	421	**332**
Cash flow from (used in) discontinued operations	(43)	324	**33**
Cash flow from (used in) operations	244	745	**365**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(40)	(2)	**(4)**
Cash paid for property and equipment, and software	(97)	(111)	**(143)**
Other investing activities	1	1	
Cash provided by (used in) continuing operations	(136)	(112)	**(147)**
Cash provided by (used in) discontinued operations	1,597	(146)	**7**
Cash provided by (used in) investment activities	1,461	(258)	**(140)**
Financing activities:			
Cash received from borrowings, net of fees	1,715	2,171	**(7)**

Cash used to repay debt	(2,943)	(2,475)	**(1,326)**
Premium paid to retire debt	(48)		
Dividends paid	(724)	(3)	**(2)**
Cash used to purchase treasury stock	(22)	(10)	**(9)**
Other financing activities	(14)	(7)	**(11)**
Cash provided by (used in) continuing operations	(2,036)	(324)	**(1,355)**
Cash provided by (used in) discontinued operations	(3)	(2)	**887**
Cash provided by (used in) financing activities	(2,039)	(326)	**(468)**
Effect of exchange rate changes on cash	7	(1)	**(16)**
Increase (decrease) in cash and cash equivalents	(327)	160	**(259)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $41; 2013, $11; 2014, $31	873	546	**706**
Ending cash and cash equivalents includes cash of discontinued operations: 2012, $11; 2013, $31; 2014, $-	$ 546	$ 706	**$ 447**
Supplemental information:			
Interest paid	$ 444	$ 363	**$ 302**
Income taxes paid, net of refunds of $8 million, $21 million and $19 million, respectively	$ 482	$ 86	**$ 43**
Non-cash financing activities:			
Distribution of net assets of SpinCo (see Note 1)	$	$	**$ 227**
Receipt of SpinCo Notes in connection with AS Split-Off (see Note 1)	$	$	**$ 425**
Exchange of SpinCo Notes for SunGard Notes (see Note 5)	$	$	**$ 389**

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

Table of Contents

SunGard Capital Corp.

Consolidated Statement of Changes in Equity

(In millions)

	Temporary Equity			Permanent Equity							
				Common Stock				Treasury Stock Common Stock			
	Subject to a put option			Number of Shares issued				Shares			
	Class L	Class A	Noncontrolling Interest	Class L	Class A	Par Value	Capital in Excess of Par Value	Class L	Class A	Par Value	Amount
Balances at December 31, 2011	$ 47	$ 6	$ 28	29	260	$	$ 2,768		3	$	$ (39)
Net income (loss)			1								
Foreign currency translation											
Net unrealized gain on derivative instruments (net of tax expense of $2)											
Stock compensation expense							38				
Dividends declared ($72.80 per preferred share)			(3)				(300)				
Issuance of common and preferred stock	(1)		(1)		1		1				
Purchase of treasury stock	(1)						(4)	1	2		(11)
Transfer intrinsic value of vested restricted stock units to temporary equity	18	1	10				(30)				
Cancellation of put options due to employee terminations	(18)	(2)	(9)				24				
Other							(14)				
Balances at December 31, 2012	45	5	26	29	261		2,483	1	5		(50)
Net income (loss)			2								
Foreign currency translation											

Net unrealized gain on derivative instruments (net of tax expense of $3)											
Stock compensation expense							46				
Issue common and preferred stock					1		(9)				9
Purchase of treasury stock											(6)
Transfer intrinsic value of vested restricted stock units to temporary equity	23	1	17				(41)				
Cancellation of put options due to employee terminations	(10)	(2)	(3)				12				
Other							(9)				
Balances at December 31, 2013	58	4	42	29	262		2,482	1	5		(47)
Net income (loss)			**1**								
Foreign currency translation											
Net unrealized gain on derivative instruments (net of tax benefit of $3)											
Stock compensation expense							**44**				
Issue common and preferred stock	**(1)**						**(12)**	**(1)**	**(1)**		**15**
Purchase of treasury stock											**(6)**
Impact of exchange of SpinCo common stock for SCCII preferred stock			**(1)**				**174**				
Impact of modification of SunGard Awards	**3**		**(4)**								
Impact of modification of SpinCo Awards	**(8)**		**(6)**				**13**				
Transfer intrinsic value of vested restricted stock units to temporary equity	**20**		**13**				**(33)**				
Cancellation of put options due to employee terminations	**(15)**	**(1)**	**(8)**				**18**				
Other							**(12)**				
Balances at December 31, 2014	**$ 57**	**$ 3**	**$ 37**	**29**	**262**	**$**	**$ 2,674**		**4**	**$**	**$ (38)**

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

Table of Contents

SunGard Capital Corp.

Consolidated Statement of Changes in Equity (continued)

(In millions)

	Permanent Equity					
		Accumulated Other Comprehensive Income (Loss)				
	Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Other	Noncontrolling Interest	Total
Balances at December 31, 2011	$ (3,346)	$ (37)	$ (9)	$	$ 2,038	$ 1,375
Net income (loss)	(317)				251	(66)
Foreign currency translation		33				33
Net unrealized gain on derivative instruments (net of tax expense of $2)			10			10
Stock compensation expense						38
Dividends declared ($72.80 per preferred share)	272				(714)	(742)
Issuance of common and preferred stock						1
Purchase of treasury stock					(6)	(21)
Transfer intrinsic value of vested restricted stock units to temporary equity						(30)
Cancellation of put options due to employee terminations					6	30
Other						(14)
Balances at December 31, 2012	(3,391)	(4)	1		1,575	614
Net income (loss)	(107)				167	60
Foreign currency translation		19				19
Net unrealized gain on derivative instruments (net of tax expense of $3)			3			3
Stock compensation expense						46
Issue common and preferred stock						
Purchase of treasury stock					(4)	(10)
Transfer intrinsic value of vested restricted stock units to temporary equity						(41)
Cancellation of put options due to employee terminations					3	15
Other	1			(3)		(11)

Balances at December 31, 2013	(3,497)	15	4	(3)	1,741	695
Net income (loss)	**(396)**				**173**	**(223)**
Foreign currency translation		**(65)**				**(65)**
Net unrealized gain on derivative instruments (net of tax benefit of $3)			**(5)**			**(5)**
Stock compensation expense						**44**
Issue common and preferred stock						**3**
Purchase of treasury stock					**(3)**	**(9)**
Impact of exchange of SpinCo common stock for SCCII preferred stock	**(9)**	**(75)**			**(428)**	**(338)**
Impact of modification of SunGard Awards						
Impact of modification of SpinCo Awards						**13**
Transfer intrinsic value of vested restricted stock units to temporary equity						**(33)**
Cancellation of put options due to employee terminations					**6**	**24**
Other				**(3)**	**1**	**(14)**
Balances at December 31, 2014	**$ (3,902)**	**$ (125)**	**$ (1)**	**$ (6)**	**$ 1,490**	**$ 92**

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

57

Table of Contents

SunGard Capital Corp. II

Consolidated Balance Sheets

(In millions except share and per-share amounts)

	December 31, 2013	**December 31, 2014**
Assets		
Current:		
Cash and cash equivalents	$ 675	**$ 447**
Trade receivables, less allowance for doubtful accounts of $17 and $22	565	**572**
Earned but unbilled receivables	92	**114**
Prepaid expenses and other current assets	127	**116**
Assets of discontinued operations	2,516	
Total current assets	3,975	**1,249**
Property and equipment, less accumulated depreciation of $376 and $414	152	**152**
Software products, less accumulated amortization of $1,644 and $1,754	270	**224**
Customer base, less accumulated amortization of $486 and $531	421	**360**
Other assets, less accumulated amortization of $21 and $22	113	**94**
Trade name	1,019	**672**
Goodwill	3,828	**3,760**
Total Assets	$ 9,778	**$ 6,511**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 290	**$**
Accounts payable	8	**21**
Accrued compensation and benefits	245	**227**
Accrued interest expense	40	**30**
Other accrued expenses	128	**127**
Deferred revenue	589	**589**
Liabilities of discontinued operations	799	
Total current liabilities	2,099	**994**
Long-term debt	6,094	**4,669**
Deferred and other income taxes	746	**616**
Other long-term liabilities	22	**32**
Total liabilities	8,961	**6,311**
Commitments and contingencies		
Preferred stock subject to a put option	37	**31**
Stockholders equity:		

Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,752 million and $1,498 million; 14,999,000 shares authorized, 10,060,069 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		**3,519**
Treasury stock, 183,014 and 2,516,374 preferred shares		(29)		**(280)**
Accumulated deficit		(2,708)		**(2,939)**
Accumulated other comprehensive income (loss)		16		**(132)**
Total SunGard Capital Corp. II stockholders equity		780		**168**
Noncontrolling interest				**1**
Total equity		780		**169**
Total Liabilities and Stockholders Equity	$	9,778	**$**	**6,511**

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)

	Year Ended December 31,		
	2012	2013	**2014**
Revenue	$ 2,808	$ 2,761	**$ 2,809**
Costs and expenses:			
Cost of sales and direct operating (excluding items described in Note 1)	1,082	1,045	**1,098**
Sales, marketing and administration	643	633	**667**
Product development and maintenance	422	392	**376**
Depreciation	96	104	**107**
Amortization of acquisition-related intangible assets	217	182	**136**
Trade name impairment charges			**339**
Total costs and expenses	2,460	2,356	**2,723**
Operating income	348	405	**86**
Other income (expense):			
Interest income	1	1	**1**
Interest expense and amortization of deferred financing fees	(360)	(326)	**(291)**
Loss on extinguishment of debt	(82)	(6)	**(61)**
Other income (expense)	1	(2)	
Other income (expense)	(440)	(333)	**(351)**
Income (loss) from continuing operations before income taxes	(92)	72	**(265)**
Benefit from (provision for) income taxes	49	(26)	**57**
Income (loss) from continuing operations	(43)	46	**(208)**
Income (loss) from discontinued operations, net of tax	(23)	17	**(14)**
Net income (loss)	(66)	63	**(222)**
Other comprehensive income (loss):			
Foreign currency translation, net	33	19	**(65)**
Unrealized gain (loss) on derivative instruments, net of tax	10	3	**(5)**
Other, net of tax		(3)	**(3)**
Other comprehensive income (loss)	43	19	**(73)**
Comprehensive income (loss)	$ (23)	$ 82	**$ (295)**

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)

	Year Ended December 31,		
	2012	2013	**2014**
Cash flow from operations:			
Net income (loss)	$ (66)	$ 63	**$ (222)**
Income (loss) from discontinued operations	(23)	17	**(14)**
Income (loss) from continuing operations	(43)	46	**(208)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	313	286	**243**
Trade name impairment charge			**339**
Deferred income tax provision (benefit)	(54)	(24)	**(104)**
Stock compensation expense	31	39	**42**
Amortization of deferred financing fees and debt discount	36	37	**18**
Loss on extinguishment of debt	82	6	**61**
Other noncash items	(1)	1	
Changes in working capital:			
Accounts receivable and other current assets	58	(3)	**(57)**
Accounts payable and accrued expenses	(11)	(5)	**(18)**
Accrued interest	(49)	(1)	**(5)**
Accrued income taxes	(52)	7	**12**
Deferred revenue	(23)	33	**9**
Cash flow from (used in) continuing operations	287	422	**332**
Cash flow from (used in) discontinued operations	(43)	324	**33**
Cash flow from (used in) operations	244	746	**365**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(40)	(2)	**(4)**
Cash paid for property and equipment, and software	(97)	(111)	**(143)**
Other investing activities	1	1	
Cash provided by (used in) continuing operations	(136)	(112)	**(147)**
Cash provided by (used in) discontinued operations	1,597	(146)	**7**
Cash provided by (used in) investment activities	1,461	(258)	**(140)**
Financing activities:			
Cash received from borrowings, net of fees	1,715	2,171	**(7)**

Cash used to repay debt	(2,943)	(2,475)	**(1,326)**
Premium paid to retire debt	(48)		
Dividends paid	(724)	(3)	**(2)**
Cash used to purchase treasury stock	(12)	(5)	**(4)**
Other financing activities	(24)	(13)	**(16)**
Cash provided by (used in) continuing operations	(2,036)	(325)	**(1,355)**
Cash provided by (used in) discontinued operations	(3)	(2)	**887**
Cash provided by (used in) financing activities	(2,039)	(327)	**(468)**
Effect of exchange rate changes on cash	7	(1)	**(16)**
Increase (decrease) in cash and cash equivalents	(327)	160	**(259)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $41; 2013, $11; 2014, $31	873	546	**706**
Ending cash and cash equivalents includes cash of discontinued operations: 2012, $11; 2013, $31; 2014, $-	$ 546	$ 706	**$ 447**
Supplemental information:			
Interest paid	$ 444	$ 363	**$ 302**
Income taxes paid, net of refunds of $8 million, $21 million and $19 million, respectively	$ 482	$ 86	**$ 43**
Non-cash financing activities:			
Distribution of net assets of SpinCo (see Note 1)	$	$	**$ 227**
Receipt of SpinCo Notes in connection with AS Split-Off (see Note 1)	$	$	**$ 425**
Exchange of SpinCo Notes for SunGard Notes (see Note 5)	$	$	**$ 389**

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

Table of Contents

SunGard Capital Corp. II

Consolidated Statement of Changes in Equity

(In millions)

	Temporary Equity	Preferred Stock		Permanent Equity Common Stock		
	Preferred Stock Subject to Put Option	Number of Shares Issued	Par Value	Number of Shares issued	Par Value	Capital in Excess of Par Value
Balances at December 31, 2011	$ 23	10	$		$	$ 3,785
Net income (loss)						
Foreign currency translation						
Net unrealized gain on derivative instruments (net of tax expense of $2)						
Stock compensation expense						38
Dividends declared ($72.80 per preferred share)						(330)
Purchase of treasury stock						
Transfer intrinsic value of vested restricted stock units to temporary equity	10					(10)
Cancellation of put options due to employee terminations	(9)					9
Balances at December 31, 2012	24	10				3,492
Net income (loss)						
Foreign currency translation						
Net unrealized gain on derivative instruments (net of tax expense of $3)						
Stock compensation expense						46
Issue preferred stock						(5)
Purchase of treasury stock						
Transfer intrinsic value of vested restricted stock units to temporary equity	17					(17)
Cancellation of put options due to employee terminations	(4)					4
Other						(19)
Balances at December 31, 2013	37	10				3,501
Net income (loss)						
Foreign currency translation						
Net unrealized gain on derivative instruments (net of tax benefit of $3)						

Stock compensation expense						**44**
Issue preferred stock						**(8)**
Purchase of treasury stock						
Impact of exchange of SpinCo common stock for SCCII preferred stock						**(4)**
Impact of modification of SunGard Awards		**(4)**				**4**
Impact of modification of SpinCo Awards		**(6)**				**6**
Transfer intrinsic value of vested restricted stock units to temporary equity		**13**				**(13)**
Cancellation of put options due to employee terminations		**(8)**				**8**
Other		**(1)**				**(19)**
Balances at December 31, 2014	**$**	**31**	**10**	**$**	**$**	**$ 3,519**

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

Table of Contents

SunGard Capital Corp. II

Consolidated Statement of Changes in Equity (continued)

(In millions)

	Treasury Stock (Preferred Stock)			Permanent Equity Accumulated Other Comprehensive Income (Loss)				
	Shares	Amount	Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Other	Noncontrolling Interest	Total
Balances at December 31, 2011		$ (18)	$ (2,288)	$ (37)	$ (9)	$	$	$ 1,433
Net income (loss)			(66)					(66)
Foreign currency translation				33				33
Net unrealized gain on derivative instruments (net of tax expense of $2)					10			10
Stock compensation expense								38
Dividends declared ($72.80 per preferred share)			(417)					(747)
Purchase of treasury stock		(12)						(12)
Transfer intrinsic value of vested restricted stock units to temporary equity								(10)
Cancellation of put options due to employee terminations								9
Balances at December 31, 2012		(30)	(2,771)	(4)	1			688
Net income (loss)			63					63
Foreign currency translation				19				19
Net unrealized gain on derivative instruments (net of tax expense of $3)					3			3
Stock compensation expense								46
Issue preferred stock		5						
Purchase of treasury stock		(4)						(4)
Transfer intrinsic value of vested restricted stock units to temporary equity								(17)
Cancellation of put options due to employee terminations								4
Other						(3)		(22)
Balances at December 31, 2013		(29)	(2,708)	15	4	(3)		780
Net income (loss)			**(222)**					**(222)**

Foreign currency translation				**(65)**				**(65)**
Net unrealized gain on derivative instruments (net of tax benefit of $3)					**(5)**			**(5)**
Stock compensation expense								**44**
Issue preferred stock		**8**						
Purchase of treasury stock		**(4)**						**(4)**
Impact of exchange of SpinCo common stock for SCCII preferred stock	**3**	**(255)**	**(9)**	**(75)**				**(343)**
Impact of modification of SunGard Awards								**4**
Impact of modification of SpinCo Awards								**6**
Transfer intrinsic value of vested restricted stock units to temporary equity								**(13)**
Cancellation of put options due to employee terminations								**8**
Other						**(3)**	**1**	**(21)**
Balances at December 31, 2014	**3**	**$ (280)**	**$ (2,939)**	**$ (125)**	**$ (1)**	**$ (6)**	**$ 1**	**$ 169**

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)

	December 31, 2013	**December 31, 2014**
Assets		
Current:		
Cash and cash equivalents	$ 675	**$ 447**
Trade receivables, less allowance for doubtful accounts of $17 and $22	565	**572**
Earned but unbilled receivables	92	**114**
Prepaid expenses and other current assets	123	**112**
Assets of discontinued operations	2,516	
Total current assets	3,971	**1,245**
Property and equipment, less accumulated depreciation of $376 and $414	152	**152**
Software products, less accumulated amortization of $1,644 and $1,754	270	**224**
Customer base, less accumulated amortization of $486 and $531	421	**360**
Other assets, less accumulated amortization of $21 and $22	113	**94**
Trade name	1,019	**672**
Goodwill	3,828	**3,760**
Total Assets	$ 9,774	**$ 6,507**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 290	**$**
Accounts payable	8	**21**
Accrued compensation and benefits	245	**227**
Accrued interest expense	40	**30**
Other accrued expenses	127	**127**
Deferred revenue	589	**589**
Liabilities of discontinued operations	799	
Total current liabilities	2,098	**994**
Long-term debt	6,094	**4,669**
Deferred and other income taxes	739	**608**
Other long-term liabilities	22	**31**
Total liabilities	8,953	**6,302**
Commitments and contingencies		
Stockholder s equity:		

Common stock, par value $.01 per share; 100 shares authorized, issued and outstanding				
Capital in excess of par value		3,513		**3,380**
Accumulated deficit		(2,708)		**(3,044)**
Accumulated other comprehensive income (loss)		16		**(132)**
Total SunGard Data Systems stockholder s equity		821		**204**
Noncontrolling interest				**1**
Total equity		821		**205**
Total Liabilities and Stockholder s Equity	$	9,774	**$**	**6,507**

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

63

Table of Contents

SunGard Data Systems Inc.

Consolidated Statements of Comprehensive Income (Loss)

(In millions)

	Year Ended December 31,		
	2012	2013	**2014**
Revenue	$ 2,808	$ 2,761	**$ 2,809**
Costs and expenses:			
Cost of sales and direct operating (excluding items described in Note 1)	1,082	1,045	**1,098**
Sales, marketing and administration	643	633	**666**
Product development and maintenance	422	392	**376**
Depreciation	96	104	**107**
Amortization of acquisition-related intangible assets	217	182	**136**
Trade name impairment charge			**339**
Total costs and expenses	2,460	2,356	**2,722**
Operating income	348	405	**87**
Other income (expense):			
Interest income	1	1	**1**
Interest expense and amortization of deferred financing fees	(360)	(326)	**(291)**
Loss on extinguishment of debt	(82)	(6)	**(61)**
Other income (expense)	1	(2)	
Other income (expense)	(440)	(333)	**(351)**
Income (loss) from continuing operations before income taxes	(92)	72	**(264)**
Benefit from (provision for) income taxes	49	(26)	**57**
Income (loss) from continuing operations	(43)	46	**(207)**
Income (loss) from discontinued operations, net of tax	(23)	17	**(17)**
Net income (loss)	(66)	63	**(224)**
Other comprehensive income (loss):			
Foreign currency translation, net	33	19	**(65)**
Unrealized gain (loss) on derivative instruments, net of tax	10	3	**(5)**
Other, net of tax		(3)	**(3)**
Other comprehensive income (loss)	43	19	**(73)**
Comprehensive income (loss)	$ (23)	$ 82	**$ (297)**

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)

	Year Ended December 31,		
	2012	2013	**2014**
Cash flow from operations:			
Net income (loss)	$ (66)	$ 63	**$ (224)**
Income (loss) from discontinued operations	(23)	17	**(17)**
Income (loss) from continuing operations	(43)	46	**(207)**
Reconciliation of income (loss) from continuing operations to cash flow from (used in) operations:			
Depreciation and amortization	313	286	**243**
Trade name impairment charge			**339**
Deferred income tax provision (benefit)	(55)	(25)	**(105)**
Stock compensation expense	31	39	**42**
Amortization of deferred financing fees and debt discount	36	37	**18**
Loss on extinguishment of debt	82	6	**61**
Other noncash items	(1)	1	
Changes in working capital:			
Accounts receivable and other current assets	58	(3)	**(57)**
Accounts payable and accrued expenses	(11)	(5)	**(18)**
Accrued interest	(49)	(1)	**(5)**
Accrued income taxes	(51)	8	**12**
Deferred revenue	(23)	33	**9**
Cash flow from (used in) continuing operations	287	422	**332**
Cash flow from (used in) discontinued operations	(43)	324	**33**
Cash flow from (used in) operations	244	746	**365**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(40)	(2)	**(4)**
Cash paid for property and equipment, and software	(97)	(111)	**(143)**
Other investing activities	1	1	
Cash provided by (used in) continuing operations	(136)	(112)	**(147)**
Cash provided by (used in) discontinued operations	1,597	(146)	**7**
Cash provided by (used in) investment activities	1,461	(258)	**(140)**
Financing activities:			
Cash received from borrowings, net of fees	1,715	2,171	**(7)**

Cash used to repay debt	(2,943)	(2,475)	**(1,326)**
Premium paid to retire debt	(48)		
Dividends paid	(724)	(3)	**(2)**
Other financing activities	(36)	(18)	**(20)**
Cash provided by (used in) continuing operations	(2,036)	(325)	**(1,355)**
Cash provided by (used in) discontinued operations	(3)	(2)	**887**
Cash provided by (used in) financing activities	(2,039)	(327)	**(468)**
Effect of exchange rate changes on cash	7	(1)	**(16)**
Increase (decrease) in cash and cash equivalents	(327)	160	**(259)**
Beginning cash and cash equivalents includes cash of discontinued operations: 2012, $41; 2013, $11; 2014, $31	873	546	**706**
Ending cash and cash equivalents includes cash of discontinued operations: 2012, $11; 2013, $31; 2014, $-	$ 546	$ 706	**$ 447**
Supplemental information:			
Interest paid	$ 444	$ 363	**$ 302**
Income taxes paid, net of refunds of $8 million, $21 million and $19 million, respectively	$ 482	$ 86	**$ 43**
Non-cash financing activities:			
Distribution of net assets of SpinCo (see Note 1)	$	$	**$ 231**
Receipt of SpinCo Notes in connection with AS Split-Off (see Note 1)	$	$	**$ 425**
Exchange of SpinCo Notes for SunGard Notes (see Note 5)	$	$	**$ 389**

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

Table of Contents

SunGard Data Systems Inc.

Consolidated Statement of Changes in Equity

(In millions)

	Common Stock				Accumulated Other Comprehensive Income (Loss)				
	Number of Shares Issued	Par Value	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Instruments	Other	Noncontrolling Interest	Total
Balances at December 31, 2011		$	$ 3,793	$ (2,286)	$ (37)	$ (9)	$	$	$ 1,461
Net income (loss)				(66)					(66)
Foreign currency translation					33				33
Net unrealized gain on derivative instruments (net of tax expense of $2) and other						10			10
Dividend declared to Parent			(327)	(419)					(746)
Stock compensation expense			38						38
Other			(14)						(14)
Balances at December 31, 2012			3,490	(2,771)	(4)	1			716
Net income (loss)				63					63
Foreign currency translation					19				19
Net unrealized gain on derivative instruments (net of tax expense of $3)						3			3
Stock compensation expense			46						46
Other			(23)				(3)		(26)
Balances at December 31, 2013			3,513	(2,708)	15	4	(3)		821
Net income (loss)				**(224)**					**(224)**
Foreign currency translation					**(65)**				**(65)**
Net unrealized gain on derivative instruments (net of tax benefit of $3)						**(5)**			**(5)**
Stock compensation expense			**44**						**44**
Distribute AS to parent			**(157)**	**(112)**	**(75)**				**(344)**
Other			**(20)**				**(3)**	**1**	**(22)**
Balances at December 31, 2014		**$**	**$ 3,380**	**$ (3,044)**	**$ (125)**	**$ (1)**	**$ (6)**	**$ 1**	**$ 205**

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

Table of Contents

SunGard Capital Corp.

SunGard Capital Corp. II

SunGard Data Systems Inc.

Notes to Consolidated Financial Statements

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

SunGard Data Systems Inc. (SunGard) was acquired on August 11, 2005 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). SCC and SCCII are collectively referred to as the Parent Companies. All four of these companies were formed in 2005 for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. The Holding Companies have no other operations beyond those of their ownership of SunGard. SCC, SCCII and SunGard are separate reporting companies and are collectively referred to as the Company.

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 nets 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 that were sold on January 31, 2014 have been included in the Company s financial results as discontinued operations for all periods presented.

SunGard is one of the world s leading software and technology services companies and has two 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.

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 expense categories for the years ended December 31, 2012 and 2013.

The Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2012 and 2013 have been revised to present stock compensation expense and developer time spent on customer billable professional services projects in the correct functional expense categories. Refer to Note 2 of Notes to Consolidated Financial statements for additional details.

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

Table of Contents

$7 million at December 31, 2013. Refer to Note 19 of Notes to Consolidated Financial Statements for information regarding the revision to correct immaterial errors in the presentation of the Supplemental Condensed Consolidating Schedule of Cash Flows for the years ended December 31, 2012 and 2013.

Estimates

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

Revenue Recognition

The Company generates revenue from the following sources: (1) software revenue, (2) software-as-a-service (SaaS) and Cloud revenue, and (3) professional services and Business Process as a Service (BPaaS) revenue.

Software Revenue: Our software revenue is comprised of traditional software license fees, maintenance and support fees, and fees from the resale of third party software licenses. These software license fees include term licenses, perpetual licenses and rental fees for customers who would prefer a periodic fee instead of a larger up-front payment. Maintenance and support fees provide customers with periodic technology updates and interactive support related to our software. The remainder of our software revenue is generated from software license sales to new and existing customers.

SaaS and Cloud Revenue: SaaS and Cloud offerings are delivered from SunGard data centers and provide customers with a secure and reliable environment operated by qualified SunGard personnel. These offerings allow customers to take advantage of SunGard s deep domain expertise while avoiding the upfront cost of licensing and IT infrastructure. SaaS and Cloud revenue also includes revenue from our proprietary trading algorithms and trade execution network. These SaaS and Cloud offerings are generally sold on multi-year contracts and have historically generated high customer renewal rates.

Professional and Business Processing Services Revenue: Professional Services offerings allow customers to install, optimize and integrate SunGard s software into their computing environment. SunGard s BPaaS offerings typically provide back-office processing services (together with professional services, services) to our customers where the process is deeply related to a SunGard application.

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

Revenue is recorded as the services are provided based on the relative fair value of each element. Software maintenance and SaaS and Cloud revenue include monthly fees, which may include a fixed minimum fee and/or variable fees based on a measure of volume or activity, such as the number of accounts, trades or transactions, users or the number of hours of service. Software rentals combine the license and maintenance services into a bundled element, and the fee is recognized ratably over the corresponding services period when the customer has the right to use the software product and receive maintenance and support services.

For fixed-fee professional services contracts, revenue is recorded based upon proportional performance, measured by the actual number of hours incurred divided by the total estimated number of hours for the project. Changes in the estimated costs or hours to complete the contract, and losses, if any, are reflected in the period during which the change or loss becomes known. The Company also provides professional services on a time and materials basis, recognized monthly based upon hours incurred to date. In all cases, contract milestones, project risk profile and refund provisions are taken into consideration.

Software license fees result from contracts that permit the customer to use a SunGard software product at the customer s designated site or at the site of their choosing if the customer has the contractual right to take immediate possession of the software without significant penalty. Generally, these contracts are multiple-element arrangements since they usually provide for professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee and fees for other elements within the arrangement are fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. When there are significant program modifications or customization, installation, systems integration or related services, the professional services and license revenue are combined in accordance with contract accounting guidance and recorded based upon proportional performance, measured in the manner described above. License revenue is recorded as each installment becomes due if customer payments are extended beyond normal billing terms, or at acceptance when there is significant acceptance, technology or service risk. Revenue also is recorded over the longest service period in those instances where the software is bundled together with post-delivery services and there is not sufficient evidence of the fair value of each undelivered service element.

With respect to software-related multiple element arrangements, sufficient evidence of fair value is defined as vendor specific objective evidence (VSOE). VSOE of the fair value for each element within an arrangement is based on either historical stand-alone sales of the element to third parties or stated renewal rates within the contract. If there is no VSOE of the fair value of the delivered element (which is usually the software since the license is rarely if ever sold separately), but there is VSOE of the fair value of each of the undelivered elements (typically maintenance and professional services), then the residual method is used to determine the portion of the arrangement fee allocated to the delivered element. The revenue for each of the undelivered elements is set at the fair value of those elements using VSOE of the price paid when each of the undelivered elements is sold separately. The revenue remaining after allocation to the undelivered elements (i.e., the residual) is allocated to the delivered element.

The Company s maintenance and support offerings entitle the customers to receive product upgrades and enhancements on a when and if available basis along with technical support, and revenue is recognized ratably over the term of the maintenance and support arrangement. VSOE supporting the fair value of maintenance and support is based on the stated (optional) renewal rates contained in the initial arrangement. VSOE for the maintenance element is dependent upon the software product and the annual maintenance fee is typically 18% to 20% of the software license fee. VSOE supporting the fair value of professional services is based on the standard daily rates charged when those services are sold separately, represented by a substantial portion of transactions falling within a reasonably tight pricing range.

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

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

For non-software multiple-element arrangements, the Company allocates revenue to each element based on a selling price hierarchy at the arrangement inception. The selling price for each element is based upon the following selling price hierarchy: VSOE, then third-party evidence (TPE), then best estimated selling price

Table of Contents

(BESP). The total arrangement consideration is allocated to each separate unit of accounting for each of the non-software deliverables using the relative selling prices of each unit based on this hierarchy. The Company limits the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or meeting of any specified performance conditions.

To determine the selling price in non-software multiple-element arrangements, the Company establishes VSOE of the selling price using the price charged for a deliverable when sold separately. Where VSOE does not exist, TPE is established by evaluating similar competitor products or services in standalone arrangements with similarly situated customers. If the Company is unable to determine the selling price because VSOE or TPE doesn t exist, it determines BESP for the purposes of allocating the arrangement consideration. BESP can be determined by considering pricing practices, margin objectives, contractually stated prices, competitive/market conditions and geographies.

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

Cost of Sales and Direct Operating Expenses

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Foreign Currency Translation

The functional currency of each of the Company s foreign operations is generally the local currency of the country in which the operation is located. All assets and liabilities are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates during the period. Increases and decreases in net assets resulting from currency translation are reflected in stockholder s equity as a component of accumulated other comprehensive income (loss).

Table of Contents

Allowance for Doubtful Accounts Receivable

A reconciliation of the beginning and ending balance of the allowance for doubtful accounts receivable follows (in millions):

	Continuing operations	Discontinued operations	Total
Balance at December 31, 2013	$ 17	$ 6	$ 23
Additions charged to operations	5	2	7
Translation adjustments and other		(8)[(1)]	(8)
Balance at December 31, 2014	$ 22	$	$ 22

(1) Translation adjustments and other for discontinued operations includes $7 million that was removed as a result of the AS Split-Off in 2014.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets (three to eight years for equipment and ten to 40 years for buildings and improvements). Leasehold improvements are amortized ratably over their remaining lease term or useful life, if shorter. Depreciation and amortization of property and equipment in continuing operations was $62 million in 2012, $63 million in 2013 and $55 million in 2014.

Software Products

Software development costs are expensed as incurred and consist primarily of design and development costs of new products, and significant enhancements to existing products incurred before the establishment of technological feasibility. Costs incurred subsequent to technological feasibility of new and enhanced products, costs incurred to purchase or to create and implement internal-use software, and software obtained through business acquisitions are capitalized. Such costs are amortized over the estimated useful lives of the related products, using the straight-line method. For purchased and internally developed software, costs are generally amortized over three to five years. For software acquired in business acquisitions, costs are generally amortized over three to twelve years (average life is nine years).

Amortization of all software products in continuing operations were as follows for 2012, 2013 and 2014 (in millions):

	2012	2013	2014
Amortization of all acquired and purchased software products	$ 173	$ 141	$ 102
Amortization of all internally developed software products (included in depreciation)	11	19	27

Purchase Accounting and Intangible Assets

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

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

Customer Base Intangible Assets

Customer base intangible assets represent customer contracts and relationships obtained as a result of the LBO and as part of businesses acquired since the LBO and are amortized using the straight-line method over their estimated useful lives, ranging from three to 18 years (average life is 15 years). Amortization of all customer base intangible assets in continuing operations totaled $63 million in 2012, $61 million in 2013 and $58 million in 2014.

Other Assets

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

Impairment Reviews for Long-Lived Assets

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

Future Amortization of Acquisition-Related Intangible Assets

Based on amounts recorded at December 31, 2014, total expected amortization of all acquisition-related intangible assets in each of the years ended December 31 follows (in millions):

2015	$ 84
2016	67
2017	59
2018	54
2019	46

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.

Table of Contents

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 was to be 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 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.

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 year ended December 31, 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 December 31, 2014	$ 672

Goodwill

July 1, 2014 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).

Table of Contents

Since each of the reporting units had an estimated 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.

July 1, 2013 Impairment Test

For the annual impairment test as of July 1, 2013, the Company chose to assess the qualitative factors of five of its reporting units and determined, for each of those five reporting units, a step-one test was not required. Management concluded that events occurring in 2013 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. The Company performed a step-one test for the remaining six reporting units.

In step one, the estimated fair value of each reporting unit is compared to its carrying value. The Company estimated the fair values of each reporting unit by a combination of (i) estimation of the discounted cash flows of each of the reporting units based on projected earnings (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). An equal weighting of the income approach and the market approach was used in the July 1, 2013 test. If there is a deficiency (the estimated fair value of a reporting unit is less than its carrying value), a step-two test is required. In step two, the amount of any goodwill impairment is measured by comparing the implied fair value of the reporting unit s goodwill to the carrying value of goodwill, with the resulting impairment reflected as a charge to operations. The implied fair value is determined in the same manner as the amount of goodwill recognized in a business combination.

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors, including the reporting unit s recent performance against budget, performance in the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions reflect an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit.

For the July 1, 2013 impairment test, the discount rates used were between 9% and 13.5% and the perpetual growth rates used were between 1.5% and 4%. Based on the results of the step-one tests, the Company determined that the fair values of each of the reporting units tested exceeded the respective carrying value and a step-two test was not required.

The Company determined that the excess of the estimated fair value over the carrying value of one of its reporting units, which is included in discontinued operations, was 9% of the carrying value as of the July 1, 2013 impairment test. This reporting unit s goodwill balance at July 1, 2013 was $527 million. As mentioned above, the Company uses a combination of the income approach and market approach to determine the fair value of each reporting unit. Under the income approach, which is subject to variability based on the discount and perpetual growth rate assumptions used, a 50 basis point decrease in the perpetual growth rate or a 50 basis point increase in the discount rate would not have caused this reporting unit to fail the step-one test. A one hundred basis point decrease in the perpetual growth rate or a one hundred basis point increase in the discount rate would have caused this reporting unit to fail the step-one test and require a step-two analysis, and some or all of this goodwill could have been impaired. The other five reporting units for which the Company performed a step one test each had estimated fair values that exceeded the respective carrying value of the reporting unit by at least 25% as of the July 1, 2013 impairment test.

July 1, 2012 Annual Impairment Test

Based on the results of the July 1, 2012 step-one tests, the Company determined that the carrying value of the Availability Services North America (AS NA) reporting unit, which is included in discontinued operations, was in excess of its respective fair value and a step-two test was required. The primary driver for the decline in the fair value of the AS NA reporting unit compared to the prior year was the decline in the cash flow projections for AS NA when compared to those used in the 2011 goodwill impairment test as a result of a decline in the overall outlook of this reporting unit.

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

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

For the July 1, 2012 impairment test, the discount rates used were between 10% and 12% and the perpetual growth rates used were between 3% and 4%.

The following table summarizes the 2012 goodwill impairment charge included in discontinued operations by reporting unit (in millions):

Segment	Reporting unit	Net goodwill balance before impairment	Impairment charge	Net goodwill balance after

							impairment
Availability Services	AS NA	$	914	$	(385)	$	529

Table of Contents

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

	Cost			Accumulated impairment		
	FS	PS&E	Subtotal	PS&E	Subtotal	Total
Balance at December 31, 2012	$ 3,485	$ 544	$ 4,029	$ (217)	$ (217)	$ 3,812
Adjustments related to the LBO and prior year acquisitions	(1)		(1)			(1)
Effect of foreign currency translation	17		17			17
Balance at December 31, 2013	3,501	544	4,045	(217)	(217)	3,828
Adjustments related to the LBO and prior year acquisitions	**(2)**		**(2)**			**(2)**
Effect of foreign currency translation	**(66)**		**(66)**			**(66)**
Balance at December 31, 2014	**$ 3,433**	**$ 544**	**$ 3,977**	**$ (217)**	**$ (217)**	**$ 3,760**

Other Long-Term Liabilities

Other long-term liabilities consist of straight-line rent expense accruals, asset retirement obligations for leased properties and, at SCC, a $17 million and $7 million dividend payable at December 31, 2013 and 2014, respectively (see Note 8).

Stock Compensation

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

Income Taxes

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

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 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 for future disposals.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which outlines a comprehensive revenue recognition model and supersedes most current revenue recognition guidance. This new guidance establishes a five step process that companies must use in order to recognize revenue properly. Those five steps are: (i) identifying contract(s) with a customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract, and (v) recognizing revenue when (or as) the entity satisfies a performance obligation.

Table of Contents

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, 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.

Also, the Company revised its presentation of stock compensation expense. Formerly, the Company presented this expense entirely within sales, marketing and administration expense. The Company s revised presentation allocates these costs to the appropriate functional areas. Further, the Company has revised its presentation of the costs for developer time spent on customer billable professional services projects. Formerly, the Company presented this expense within product development and maintenance expense. The Company s revised presentation records these amounts to cost of sales and direct operating expense.

There was no impact on total reported costs and expenses for any period as a result of the changes. Management does not believe these revisions are material to the previously issued financial statements.

The impact within the functional areas, including the impact of the reclassification of AS to discontinued operations, is as follows for the years ended December 31, 2012 and 2013 as compared to the results included in the statements of comprehensive income included in the 2013 Annual Report on Form 10-K (in millions):

	Year Ended December 31, 2013					
	As reported	Impact of discontinued operations	Reclassification of IT and facilities costs	Revised presentation of stock compensation expense	Revised presentation of developer time spent on professional services projects	As presented in the statement of comprehensive income (loss)
Cost of sales and direct operating (excluding depreciation)	$ 1,706	$ (738)	$ 52	$ 5	$ 20	$ 1,045
Sales, marketing and administration	964	(223)	(98)	(10)		633
Product development and maintenance	366	(5)	46	5	(20)	392
Total functional expenses	$ 3,036	$ (966)	$	$	$	$ 2,070

	Year Ended December 31, 2012					
	As reported	Impact of discontinued operations	Reclassification of IT and facilities costs	Revised presentation of stock compensation expense	Revised presentation of developer time spent on professional services projects	As presented in the statement of comprehensive income (loss)
Cost of sales and direct operating (excluding depreciation)	$ 1,712	$ (713)	$ 64	$ 4	$ 15	$ 1,082
Sales, marketing and administration	996	(223)	(122)	(8)		643
Product development and maintenance	380	(5)	58	4	(15)	422
Total functional expenses	$ 3,088	$ (941)	$	$	$	$ 2,147

3. Acquisitions and Discontinued Operations:

Acquisitions

SunGard is focused on generating organic growth from innovative products and services marketed on a global basis. The Company will selectively acquire businesses to help it achieve this goal by enhancing its products and services or extending its geographic reach.

During each of 2013 and 2014, the Company completed one acquisition in its FS segment. Cash paid, net of cash acquired, was $1 million and $4 million in 2013 and 2014, respectively (see Note 18). In addition, in 2013 the Company paid approximately $1 million related to deferred purchase price from a prior year acquisition.

During 2012, the Company completed two acquisitions in its FS segment. Cash paid, net of cash acquired, was $39 million. In addition, the Company paid approximately $1 million related to deferred purchase price from prior year acquisitions.

The acquisitions discussed above were not material to the Company s operations, financial position or cash flows.

Table of Contents

At December 31, 2014, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses were $6 million, of which less than $1 million is included in other long-term liabilities.

Discontinued Operations

In January 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 within three years (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, AS was split-off from SunGard (see Note 1). These businesses are included in our financial results as discontinued operations for all periods presented.

In January 2012, the Company sold its Higher Education business (HE) and in July 2012 the Company sold one FS subsidiary. A $571 million gain was recorded on the sales. As a result of the HE sale, in 2012, the Company paid approximately $400 million in income tax payments, which is presented within income taxes paid, net of refunds on the Consolidated Statements of Cash Flows.

The results for the discontinued operations for the years ended December 31, 2012, 2013 and 2014 were as follows (in millions):

	Year ended December 31,		
	2012	2013	**2014**
Revenue	$ 1,509	$ 1,421	**$ 338**
Operating income (loss), excluding goodwill impairment	106	71	**(25)**
Goodwill impairment charge	(385)		
Operating income (loss)	(279)	71	**(25)**
Interest expense, net	(68)	(73)	**(18)**
Other income (expense)	(1)	1	
Gain on sale of business	571		**22**
Income (loss) before income taxes	223	(1)	**(21)**
Benefit from (provision for) income taxes	(246)	18	**4**
Income (loss) from discontinued operations	$ (23)	$ 17	**$ (17)**

An additional $3 million benefit from income taxes was recorded in 2014 in income (loss) from discontinued operations in the statement of comprehensive income for SCC and SCCII due to the deduction of certain previously capitalized costs for income tax purposes available as a result of the AS Split-Off.

Table of Contents

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

	December 31, 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
Assets of discontinued operations	$	2,516
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
Liabilities of discontinued operations	$	799

4. Property and Equipment:

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

	December 31, 2013		**December 31, 2014**	
Computer and telecommunications equipment	$	349	**$**	**374**
Leasehold improvements		81		**84**
Office furniture and equipment		68		**67**
Buildings and improvements		21		**26**
Land		2		**2**
Construction in progress		7		**13**
Property and equipment total cost		528		**566**
Accumulated depreciation		(376)		**(414)**
Property and equipment, net	$	152	**$**	**152**

5. Debt and Derivative Instruments:

Debt consisted of the following (in millions):

	December 31, 2013	**December 31, 2014**
Senior Secured Credit Facilities:		
Secured revolving credit facility due March 8, 2018 (A)	$	**$**
Tranche A due February 28, 2014, effective interest rate of 1.92% (A)	7	
Tranche C due February 28, 2017, effective interest rate of 4.41% and 4.44% (A)	427	**400**
Tranche D due January 31, 2020, effective interest rate of 4.50% (A)	713	
Tranche E due March 8, 2020, effective interest rate of 4.10% and 4.31% (A)	2,183	**1,918**
Total Senior Secured Credit Facilities	3,330	**2,318**
Senior Secured Notes due 2014 at 4.875% (B)	250	
Senior Notes due 2018 at 7.375% (C)	900	**511**
Senior Notes due 2020 at 7.625% (C)	700	**700**
Senior Subordinated Notes due 2019 at 6.625% (C)	1,000	**1,000**
Secured accounts receivable facility, at 3.67% and 3.16% (D)	200	**140**
Other, primarily foreign bank debt, acquisition purchase price and capital lease obligations	4	
Total debt	$ 6,384	**$ 4,669**
Short-term borrowings and current portion of long-term debt	$ 290	**$**
Long-term debt	6,094	**4,669**
Long-term debt	$ 6,384	**$ 4,669**

The Company was in compliance with all covenants at December 31, 2014. Below is a summary of SunGard s debt instruments.

(A) Senior Secured Credit Facilities

SunGard has a $600 million revolving credit facility, of which $592 million was available for borrowing after giving effect to $8 million of outstanding letters of credit as of December 31, 2014. In addition, there were $4 million of letters of credit outstanding at December 31, 2014 that did not impact availability under the revolving credit facility.

On March 2, 2012, SunGard amended its Amended and Restated Credit Agreement dated as of August 11, 2005, as amended and restated from time to time (Credit Agreement) to, among other things, extend the maturity date of approximately $908 million in aggregate principal amount of tranche A and incremental term loans from February 28, 2014 to February 28, 2017 (tranche C), extend the maturity of the $880 million revolving credit facility commitments from May 11, 2013 to November 29, 2016, and amend certain covenants and other provisions, in order to, among other things, permit the potential spin-off of AS. The revolving credit facility commitments and tranche C each have springing maturity provisions which are described in the Credit Agreement. The interest rate on tranche C is LIBOR plus 3.75%.

On December 17, 2012, SunGard amended its Credit Agreement to, among other things, allow for the issuance of a $720 million term loan (tranche D), permit incremental credit extensions under the restated credit agreement in an amount up to $750 million; and modify certain covenants and other provisions in order to, among other things, permit additional restricted payments to be made with the net proceeds of the tranche D term loan and available cash in an aggregate amount not to exceed $750 million. Tranche D had certain springing maturities, and the interest rate was LIBOR plus 3.5% with a 1% LIBOR floor.

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

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

During 2013, the Company repaid $200 million of tranche A term loans, $50 million outstanding on the revolving portion of the accounts receivable facility, and made the quarterly amortization payments on tranche D and E which totaled approximately $24 million.

On February 7, 2014, SunGard amended and restated its Credit Agreement to among other things (a) amend certain covenants and other provisions of the Credit Agreement in order to permit the AS Split-Off, including (i) the ability to effect the split-off without requiring an initial public offering, (ii) permitting AS to incur up to $1.5 billion of indebtedness in connection with the split-off, and (iii) SunGard s total secured leverage ratio (less cash and cash equivalents in excess of $50 million), after giving pro forma effect to the split-off, to increase no more than 0.60x of Adjusted EBITDA at the time of the split-off; and (b) amend 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 net cash proceeds from the issuance of the SpinCo Term Loan to repay term loans (see mandatory prepayments below). Also, as a result of the AS Split-Off on March 31, 2014, SunGard s revolving credit facility decreased from $850 million to $600 million.

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

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

the federal funds rate plus one-half of 1%.

The applicable margin for borrowings under the various Credit Agreement tranches may change subject to attaining certain leverage ratios. In addition to paying interest on outstanding principal under the Credit Agreement, the Company pays a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments. The commitment fee rate is currently 1.125% per annum and may change subject to attaining certain leverage ratios.

As of December 31, 2014, the applicable interest rates and the effective interest rates adjusted for swaps (if applicable) were as follows:

	Applicable interest rate	Effective rate adjusted for swaps
Revolving credit facility	3.67%	N/A
Tranche C	3.92%	4.44%
Tranche E	4.00%	4.31%

N/A: Not Applicable

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

Mandatory Prepayments

The Credit Agreement requires SunGard to prepay outstanding term loans, subject to certain exceptions, with 50% of annual excess cash flow (subject to attaining a certain leverage ratio) and proceeds from certain asset sales, casualty and condemnation events, other borrowings and certain financings under SunGard s secured accounts receivable facility. Any mandatory prepayment resulting from a permitted disposition or the AS Split-Off are applied pro rata to the lenders of specific tranches of term loans at the Company s sole discretion. All other mandatory payments would be applied pro rata to the term loan lenders and to installments of the term loans in direct order of maturity. Pursuant to the terms of the Credit Agreement, SunGard made the following mandatory prepayments:

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

On March 31, 2014, SunGard used the $1,005 million net cash proceeds from the issuance of the SpinCo Term Loan in connection with the AS Split-Off, 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.

As a result of loan prepayments, SunGard is no longer required to make quarterly principal payments on the tranche C or tranche E term loans.

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, SunGard s (and most or all of its subsidiaries) ability to incur additional debt or issue preferred stock, pay dividends and distributions on or repurchase capital stock, create liens on assets, enter into sale and leaseback transactions, repay subordinated indebtedness, make investments, loans or advances, make capital expenditures, engage in certain transactions with affiliates, amend certain material agreements, change its lines of business, sell assets and engage in mergers or consolidations. In addition, under the revolving credit facility within the Credit Agreement, SunGard may be required to satisfy the total leverage ratio covenant depending on the amount drawn at the end of each fiscal quarter.

SunGard uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the Credit Agreement. Each of these swap agreements is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. At December 31, 2014, one-month LIBOR was 0.17% and three-month LIBOR was 0.26%. The net receipt or payment from the interest rate swap agreements is included in interest expense.

Table of Contents

A summary of the Company s interest rate swaps at December 31, 2014 follows:

Inception	Maturity	Notional Amount (in millions)		Interest rate paid	Interest rate received (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-March 2014	March 2020		300	2.27%	3-Month
Total / Weighted Average Interest Rate		$	900	1.52%	

The interest rate swaps are included at estimated fair value as an asset or a liability in the consolidated balance sheet based on a discounted cash flow model using applicable market swap rates and certain assumptions. For 2012 and 2013, the Company included unrealized after-tax gains of $2 million, $5 million respectively, and in 2014, the company had a $4 million unrealized after-tax loss in Other Comprehensive Income (Loss) related to the change in market value of the swaps. The market value of the swaps recorded in Other Comprehensive Income (Loss) may be recognized in the statement of operations if certain terms of the Credit Agreement change, are modified or if the loan is extinguished. The fair values of the swap agreements at December 31, 2013 are $4 million and are included in other assets. The fair values of the swap agreements at December 31, 2014 are $1 million and $5 million and are included in other assets and other accrued expenses, respectively. The effects of the interest rate swaps are reflected in the effective interest rate for the Credit Agreement loans in the components of the debt table above. The Company had no ineffectiveness related to its swap agreements as of December 31, 2014. 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 December 31, 2014.

(B) Senior Secured Notes due 2014

On January 15, 2004, SunGard issued $250 million of 4.875% senior unsecured notes due January 2014, which were subject to certain standard covenants. As a result of the LBO, these senior notes became collateralized on an equal and ratable basis with loans under the Credit Agreement and were guaranteed by all subsidiaries that guarantee the senior notes due 2018 and 2020 and senior subordinated notes due 2019. The Senior Secured Notes were fully repaid and retired in January 2014.

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

In November 2010, SunGard issued $900 million of 7.375% senior notes due 2018 (SunGard 2018 Notes) and $700 million of 7.625% of senior notes due 2020 (SunGard 2020 Notes and together with SunGard 2018 Notes SunGard Senior Notes). The proceeds, together with other cash, were used to retire the former $1.6 billion 9.125% senior notes that would have been due 2013. The SunGard Senior Notes (i) rank equally in right of payment to all existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the SunGard Senior Notes, (ii) are effectively subordinated in right of payment to all existing and future secured debt to the extent of the value of the assets securing such debt, and (iii) are structurally subordinated to all obligations of each subsidiary that is not a guarantor of the SunGard Senior Notes. All obligations under the SunGard Senior Notes are fully and unconditionally guaranteed, subject to certain exceptions, by substantially all domestic, 100% owned subsidiaries of SunGard.

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

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

On March 31, 2014, SunGard 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 2018 Notes which were then retired. The retirement of the SunGard 2018 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.

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

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

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

(D) Secured Accounts Receivable Facility

SunGard s syndicated secured accounts receivable facility limit was $200 million at December 31, 2014, which consists of a term loan of $140 million and a revolving commitment of $60 million. Advances may be borrowed and repaid under the revolving commitment with no impact on the facility limit. The term loan commitment may be repaid at any time at SunGard s option, but will result in a permanent reduction in the facility limit. The interest rate is one-month LIBOR plus 3.5% and one-month LIBOR plus 3.0% at December 31, 2013 and 2014 respectively, which were 3.67% and 3.16 % at December 31, 2013 and 2014 respectively. At December 31, 2014, $140 million was drawn against the term loan commitment and no amount was outstanding under the revolving credit commitment. Also at December 31, 2014, $364 million of accounts receivable secured the borrowings under the receivables facility.

On January 31, 2014, SunGard removed AS as a seller and, as a result, repaid $60 million of the term loan commitment. Before the removal of AS and the $60 million repayment of the term loan, the aggregate facility limit was $275 million, consisting of a $200 million term loan commitment and a $75 million revolving credit commitment.

Table of Contents

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.

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

Future Maturities

At December 31, 2014, the contractual future maturities of debt are as follows (in millions):

	Contractual
2015	$
2016	
2017	400
2018	511
2019	1,140
Thereafter	2,618
Total	$ 4,669

6. Accumulated Other Comprehensive Income (Loss):

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 years ended December 31, 2012, 2013 and 2014 (in millions):

	Year Ended December 31,			
Other Comprehensive Income Components	2012	2013	**2014**	Affected Line Item in the Statement of Comprehensive Income for Components Reclassified from OCI
Unrealized gain (loss) on derivative instruments identified as accounting hedges	$ (1)	$	**$ (15)**	
Loss (gain) on derivatives reclassified into income:				
Interest rate contracts	10	6	**7**	Interest expense and amortization of deferred financing fees
Forward Currency Hedges	3			Cost of sales and direct operating
Total reclassified into income	13	6	**7**	
Income tax benefit (expense)	(2)	(3)	**3**	

Amounts reclassified from accumulated other comprehensive income net of tax	11	3	**10**
Unrealized gain (loss) on derivative instruments, net of tax	$ 10	$ 3	**$ (5)**

87

Table of Contents

The following table provides a rollforward of the components of accumulated other comprehensive loss, net of tax, through December 31, 2014 as follows (in millions):

	Gains and Losses on Cash Flow Hedges	Currency Translation	Other	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2012	$ 1	$ (4)	$	$ (3)
Other comprehensive income before reclassifications		19	(3)	16
Amounts reclassified from accumulated other comprehensive income net of tax	3			3
Net current-period other comprehensive income	3	19	(3)	19
Balance at December 31, 2013	4	15	(3)	16
Other comprehensive income before reclassifications	**(15)**	**(65)**	**(3)**	**(83)**
Amounts reclassified from accumulated other comprehensive income net of tax	**10**			**10**
Net current-period other comprehensive income	**(5)**	**(65)**	**(3)**	**(73)**
Impact from AS Split-Off		**(75)**		**(75)**
Balance at December 31, 2014	**$ (1)**	**$ (125)**	**$ (6)**	**$ (132)**

7. Fair Value Measurements:

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

		Fair Value Measures Using			
	Balance Sheet Caption	Level 1	Level 2	Level 3	Total
Assets					
Money market funds	Cash and cash equivalents	$ 106	$	$	$ 106
Interest rate swap agreements	Other assets		1		1
Currency forward contracts	Prepaid expenses and other current assets		3		3

Total		$ 106	$ 4	$	$ 110
Liabilities					
Interest rate swap agreements	Other accrued expenses	$	$ 5	$	$ 5
Currency forward contracts	Other accrued expenses		1		1
Total		$	$ 6	$	$ 6

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			
	Balance Sheet Caption	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
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
Total		$ 407	$ 6	$	$ 413

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.

The Company uses currency forward contracts to manage its exposure to fluctuations in costs caused by variations in Indian Rupee (INR) exchange rates. These INR forward contacts are designated as cash flow hedges. The fair value of these currency forward contracts is determined using currency exchange market rates, obtained from reliable, independent, third party banks, at the balance sheet date. This fair value of forward contracts is subject to changes in currency exchange rates. The Company has no ineffectiveness related to its use of currency forward contracts. The fair value of the INR forward contracts were an asset of $2 million and $3 million at December 31, 2013 and 2014, respectively. The Company expects to reclassify in the next twelve months approximately $2 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 3). 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. In 2012, goodwill (a level 3 non-recurring fair value measure) with a carrying value of $914 million was written down to a fair value of $529 million due to the recognition of a $385 million impairment loss, which is reflected in discontinued operations (see Note 1).

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

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

	Fair Value Measures Using		
	Level 1	**Level 2**	**Level 3**
Assets			
Trade name	$	$	$ 672

Table of Contents

Fair Value of Financial Instruments

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

	December 31, 2013		**December 31, 2014**	
	Carrying Value	Fair Value	**Carrying Value**	**Fair Value**
Floating rate debt	$ 3,530	$ 3,548	**$ 2,458**	**$ 2,431**
Fixed rate debt	2,862	3,024	**2,211**	**2,286**

8. Preferred Stock

SCCII

SCCII has preferred and common stock outstanding at December 31, 2013 and 2014. The preferred stock is non-voting and ranks senior in right of payment to the common stock. Each share of preferred stock has a liquidation preference of $100 (the initial Class P liquidation preference) plus an amount equal to the accrued and unpaid dividends accruing at a rate of 11.5% per year of the initial Class P liquidation preference ($100 per share), compounded quarterly. Holders of preferred stock are entitled to receive cumulative preferential dividends to the extent a dividend is declared by the Board of Directors of SCCII at a rate of 11.5% per year of the initial Class P liquidation preference ($100 per share) payable quarterly in arrears. The aggregate amount of cumulative but undeclared preferred stock dividends at December 31, 2013 and 2014 was $764 million and $744 million, respectively ($77.35 and $98.64 per share, respectively).

Preferred shares and stock awards which include preferred shares are held by certain members of management. In the case of termination resulting from disability or death, an employee or his/her estate may exercise a put option which would require the Company to repurchase vested shares at the current fair market value. Accordingly, these shares of preferred stock must be classified as temporary equity (between liabilities and stockholder s equity) on the balance sheet of SCCII.

In December 2012, SunGard borrowed $720 million (see Note 5) and used the net proceeds, along with available cash, to finance a preferred stock dividend of approximately $718 million, or $72.80 per preferred share (equivalent to $3.64 per pre-split Unit, as defined in Note 10). As a result of the dividend, under the terms of various equity award agreements and the SCC and SCCII Dividend Rights Plan, SCC was required to make dividend-equivalent cash payments of up to approximately $30 million to equity award holders. Of the $30 million, approximately $6 million was paid in December 2012 and the remaining balance will be paid over approximately five years, subject to vesting of the underlying equity awards. The total dividend and dividend-equivalents paid in 2012 was $724 million. In order to effect this transaction, SDS declared a dividend of approximately $747 million through holding companies ultimately to SCCII, which in turn declared a dividend of approximately $718 million to the holders of the preferred stock and a dividend of approximately $30 million, representing the amount of the dividend-equivalent cash payments, to SCC as the sole holder of the common stock. Also as a result of the dividend, all outstanding options on

Units, except for the options with an exercise price of $4.50 per Unit, were modified to reduce the exercise price by $3.64 per Unit. There was no incremental stock compensation expense as a result of the dividend. Approximately $3 million and $2 million of dividend-equivalents were paid in 2013 and 2014, respectively.

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. The decrease in the undeclared dividend is due to the reduced quantity of preferred stock outstanding partially offset by continued compounding.

SCC

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

9. Common Stock

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

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

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

In the case of termination resulting from disability or death, an employee or his/her estate may exercise a put option which would require the Company to repurchase vested shares at the current fair market value. Accordingly, these common shares must be classified as temporary equity (between liabilities and equity) on the balance sheet of SCC.

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

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

Under the Plan, awards of time-based and performance-based options have been granted to purchase Units in the Parent Companies. Each Unit consisted of 1.3 shares of Class A common stock and 0.1444 shares of Class L common stock of SCC and 0.05 shares of preferred stock of SCCII before the AS Split-Off and 0.038 shares of preferred stock of SCCII after the AS Split-Off. The shares comprising a Unit are in the same proportion as the shares issued to all stockholders of the Parent Companies. From 2005 to 2007, options for Units were granted. Options for Units cannot be separately exercised for the individual classes of stock. Beginning in late 2007, awards were composed of restricted stock units (RSUs) for Units and options to purchase Class A common stock in SCC. Class A options were no longer granted after September 2010. Currently, RSUs and Appreciation Units (discussed below) are granted. All awards under the Plan are granted at fair market value on the date of grant.

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

91

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 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 Unit price and the 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 immediately prior to the AS Split-Off into SpinCo Awards. There was no incremental stock-based compensation expense as a result of these modifications.

Time-based options and RSUs granted generally vest over four or five years with monthly or annual vesting depending on the timing of the grant. Performance-based options and RSUs are earned upon the attainment of certain annual earnings goals based on Adjusted EBITA (defined as operating income before amortization of acquisition-related intangible assets, stock compensation expense and certain other items) or Adjusted EBITDA (defined as operating income before amortization of acquisition-related intangible assets, stock compensation expense, depreciation and certain other items) targets for the Company, depending on the date of grant, during a specified performance period. For awards granted prior to May 2011, there were generally five annual performance periods, of which 2014 was the last performance period included. For awards granted after May 2011, the performance period is generally 12 months at the end of which a portion of what was earned vests and the remainder of what was earned vests monthly or annually generally over three years. Time-based and performance-based options can partially or fully vest upon a change of control and certain other termination events, subject to certain conditions, and expire ten years from the date of grant. Once vested, time-based and performance-based RSUs become payable in shares upon the first to occur of a change of control, separation from service without cause, or the date that is four or five years (ten years for certain performance-based RSUs) after the date of grant.

In 2013 and 2014, certain senior executives of the Company were granted long-term incentive equity awards (Appreciation Units) to be settled in stock. The Appreciation Units vesting terms are either market-based dependent upon the performance of the Company s Unit price (Performance-based) or time-based. Performance-based Appreciation Units will vest only if the average value per Unit at each measurement date (as defined in the agreements) increases over a base Unit value specified in the agreements and may be subject to continued employment through June 1, 2017. Time-based Appreciation Units will vest in annual installments over a period of years as specified in the applicable award agreement, subject to continued employment. The Company determined the fair value of the Performance-based Appreciation Units using a Monte Carlo valuation model and will record the aggregate expense over the measurement period on a straight-line basis regardless of vesting, subject to continued employment, if applicable. Time-based Appreciation Units were valued using the Black-Scholes pricing model, and will be expensed over the service period on a straight-line basis.

In June 2014, in addition to granting RSUs subject to time-based vesting, the Company granted RSUs with market-based vesting dependent upon the performance of the Company s Unit price in relation to predetermined 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

Table of Contents

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.

The total fair value of options that vested for 2012, 2013 and 2014 was $4 million, $2 million and $1 million, respectively. The total fair value of Appreciation Units that vested during 2013 and 2014 was $2 million and $1 million, respectively. The total fair value of RSUs that vested for the years 2012, 2013 and 2014 was $30 million, $41 million and $32 million, respectively. At December 31, 2013 and 2014, approximately 3.2 million and 3.1 million RSUs, respectively, were vested.

The assumptions used in valuing the Appreciation Units and the RSUs with market-based vesting follow:

	Year ended December 31, 2013		**Year ended December 31, 2014**	
Award type	Appreciation Units		**Appreciation Units**	**RSUs**
Vesting terms	Market-based	Time-based	**Market-based**	**Market-based**
Valuation model	Monte-Carlo	Black-Scholes	**Monte-Carlo**	**Monte-Carlo**
Weighted-average fair value on date of grant	$ 5.45	$ 5.91	**$ 6.51**	**$ 16.44**
Assumptions used to calculate fair value:				
Volatility	38%	38%	**45%**	**45%**
Risk-free interest rate	0.8%	0.8%	**0.9%**	**0.8%**
Expected term	4 years	4 years	**3.2 years**	**3 years**
Dividends	zero	zero	**zero**	**zero**

Since the Company is not publicly traded, the Company utilizes equity valuations based on (a) stock market valuations of public companies in comparable businesses, (b) recent transactions involving comparable companies and (c) any other factors deemed relevant. The risk-free rate for periods within the contractual life of the Appreciation Unit or RSU is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatilities are based on implied volatilities from market comparisons of certain publicly traded companies and other factors. The expected term of Appreciation Units and Market-based RSUs granted is the term from grant date until distribution date.

For 2012, 2013 and 2014, the Company included stock compensation expense in the Statement of Comprehensive Income (Loss) as follows:

	2012	2013	**2014**
Cost of sales and direct operating expenses	$ 4	$ 5	**$ 7**
Sales, marketing and administration	23	29	**30**
Product development and maintenance	4	5	**5**
Stock compensation expense continuing operations	31	39	**42**
Stock compensation expense discontinued operations	7	7	**2**
Total stock compensation	$ 38	$ 46	**$ 44**

At December 31, 2014, there was approximately $1 million and $45 million of unearned non-cash stock-based compensation related to time-based options and RSUs, respectively, that the Company expects to record as expense over a weighted average of 1.9 and 3.0 years, respectively. Also, at December 31, 2014, there was approximately $15 million of unearned non-cash stock compensation related to Appreciation Units that the Company expects to record over 2.4 years. In addition, at December 31, 2014, there was approximately $0.2 million and $9 million of unearned non-cash stock-based compensation related to performance-based options and RSUs, respectively, that the Company could record as expense over a weighted average of 2.1 and 2.5 years, respectively, primarily depending on continued service. Included in the unrecognized expense related to performance award amounts above are approximately 39,000 option Units ($0.2 million) and 559,000 RSUs ($9 million) that were earned during 2012 through 2014, but that will vest monthly or annually during 2015 through 2017. For time-based options and RSUs, compensation expense is recorded on a straight-line basis over the requisite service period of four or five years. For performance-based options and RSUs, recognition of compensation expense starts when the achievement of financial performance goals becomes probable and is recorded over the remaining service period.

The following table summarizes option, RSU and Appreciation Unit activity during 2014:

	Options (in millions)	Weighted-Average Exercise Price	RSUs (in millions)	Units Weighted-Average Grant Date Fair Value	Appreciation Units (in millions)	Weighted-Average Base Unit Value	Class A Options (in millions)	Weighted-Average Exercise Price
Outstanding at December 31, 2013	14.8	$ 14.30	9.4	$ 20.59	4.6	$ 17.37	5.4	$ 1.72
Granted			3.1	19.09	0.5	17.44		
Exercised / released	(0.9)	8.69	(1.3)	20.25				
Canceled	(0.6)	15.26	(1.5)	17.62	(0.5)	17.34	(1.7)	1.40
Impact of SunGard awards modified	0.6	n/a	0.9	n/a	0.5	n/a		
Impact of SpinCo awards modified	(1.8)	14.41	(1.6)	20.56				
Outstanding at December 31, 2014	12.1	13.08	9.0	18.67	5.1	16.58	3.7	1.86

Included in the table above are 1.4 million option Units (weighted-average exercise price of $13.43), 0.5 million RSUs (weighted-average grant-date fair value of $19.87) and 1.0 million Class A options (weighted-average exercise price of $1.82) that have not vested and for which the performance period has ended. These options and RSUs may be canceled in the future. Also, approximately 1.7 million of the RSUs granted in 2014 are subject to Market-based vesting and may vest of up to 200% of the quantity granted based upon the stock price on the measurement date.

Shares available for grant under the Plan at December 31, 2014 were approximately 27.9 million shares of Class A common stock and 2.7 million shares of Class L common stock of SunGard Capital Corp. and 0.8 million shares of preferred stock of SunGard Capital Corp. II.

The total intrinsic value of options exercised during the years 2012, 2013 and 2014 was $22 million, $4 million and $8 million, respectively.

Cash proceeds received by SCC, including proceeds received by SCCII, from exercise of stock options were $0.2 million in 2012. Cash proceeds received by SCCII from exercise of stock options were $0.04 million in 2012. Cash proceeds received by SCC and SCCII from exercise of stock options in 2013 was not material. Cash proceeds received by SCC, including proceeds received from SCCII, from purchases of stock were $0.5 million in 2014. Cash proceeds received by SCCII from purchases of stock were $0.2 million in 2014. No cash proceeds from exercise of stock options were received in 2014.

The tax benefit from options exercised during 2012, 2013 and 2014 was $7 million, $1 million and $3 million, respectively. The tax benefit from release of RSUs during each of 2012, 2013 and 2014 was $6 million. The tax benefit is realized by SCC since SCC files as a consolidated group which includes SCCII and SunGard.

Table of Contents

The following table summarizes information as of December 31, 2014 concerning options for Units, Appreciation Units and options for Class A shares that have vested and that are expected to vest in the future:

	Vested and Expected to Vest			Exercisable		
Exercise Price ($)	**Quantity Outstanding (in millions)**	**Weighted-average Remaining Life (years)**	**Aggregate Intrinsic Value (in millions)**	**Quantity (in millions)**	**Weighted-average Remaining Life (years)**	**Aggregate Intrinsic Value (in millions)**
Option Units						
4.03	0.21	0.2	$ 3	0.21	0.2	$ 3
12.87-15.31	10.04	0.9	39	9.94	0.9	39
15.85-18.91	0.37	5.4		0.33	5.2	
Appreciation Units						
14.89-15.96	2.00	2.4	3	n/a		
Options for Class A shares						
0.21- 0.44	1.00	4.9		0.98	4.9	
1.41	0.17	3.9		0.17	3.9	
2.22-3.06	1.50	3.3		1.50	3.3	

11. Savings Plans:

The Company and its subsidiaries maintain savings and other defined contribution plans. Certain of these plans generally provide that employee contributions are matched with cash contributions by the Company subject to certain limitations including a limitation on the Company s contributions to 4% of the employee s compensation. Total expense for continuing operations under these plans aggregated $43 million in 2012, $45 million in 2013 and $51 million in 2014.

12. Income Taxes:

Income (loss) from continuing operations before income taxes for 2012, 2013 and 2014 consisted of the following (in millions):

	SCC			SCCII			SunGard		
	2012	2013	**2014**	2012	2013	**2014**	2012	2013	**2014**
U.S. operations	$ (154)	$ (31)	**$ (363)**	$ (154)	$ (30)	**$ (363)**	$ (154)	$ (30)	**$ (362)**
Foreign operations	62	102	**98**	62	102	**98**	62	102	**98**
Total	$ (92)	$ 71	**$ (265)**	$ (92)	$ 72	**$ (265)**	$ (92)	$ 72	**$ (264)**

95

Table of Contents

The continuing operations provision (benefit) for income taxes for 2012, 2013 and 2014 consisted of the following (in millions):

	SCC 2012	SCC 2013	SCC **2014**	SCCII 2012	SCCII 2013	SCCII **2014**	SunGard 2012	SunGard 2013	SunGard **2014**
Current:									
Federal	$ (21)	$ 5	**$ 1**	$ (21)	$ 5	**$ 1**	$ (20)	$ 6	**$ 2**
State	4	9	**4**	4	9	**4**	4	9	**4**
Foreign	22	36	**42**	22	36	**42**	22	36	**42**
Total current	5	50	**47**	5	50	**47**	6	51	**48**
Deferred:									
Federal	(27)	(13)	**(122)**	(27)	(13)	**(122)**	(28)	(14)	**(123)**
State	1		**33**	1		**33**	1		**33**
Foreign	(28)	(11)	**(15)**	(28)	(11)	**(15)**	(28)	(11)	**(15)**
Total deferred	(54)	(24)	**(104)**	(54)	(24)	**(104)**	(55)	(25)	**(105)**
Total	$ (49)	$ 26	**$ (57)**	$ (49)	$ 26	**$ (57)**	$ (49)	$ 26	**$ (57)**

Differences between income tax expense (benefit) at the expected U.S. federal statutory income tax rate of 35% and the Company s continuing operations reported income tax (benefit) expense and effective tax rate for 2012, 2013 and 2014 were as follows (in millions):

	SCC 2012	SCC 2013	SCC **2014**	SCCII 2012	SCCII 2013	SCCII **2014**	SunGard 2012	SunGard 2013	SunGard **2014**
Tax at federal statutory rate	$ (32)	$ 25	**$ (93)**	$ (32)	$ 25	**$ (93)**	$ (32)	$ 25	**$ (93)**
State income taxes, net of federal benefit	2	5	**(10)**	2	5	**(10)**	2	5	**(10)**
Foreign taxes, net of U.S. foreign tax credit (1)	(20)	1	**1**	(20)	1	**1**	(20)	1	**1**
Tax rate changes (2)	7	(1)	**46**	7	(1)	**46**	7	(1)	**46**
Nondeductible expenses	2	3	**4**	2	3	**4**	2	3	**4**
Change in uncertain tax positions (3)	10	1	**2**	10	1	**2**	10	1	**2**
Research and development credit	(1)	(9)	**(6)**	(1)	(9)	**(6)**	(1)	(9)	**(6)**
Domestic Production Activities Deduction		(1)	**(1)**		(1)	**(1)**		(1)	**(1)**
U.S. income taxes on non-U.S. unremitted earnings	(20)	4	**(3)**	(20)	4	**(3)**	(20)	4	**(3)**
Other, net	3	(2)	**3**	3	(2)	**3**	3	(2)	**3**
Total	$ (49)	$ 26	**$ (57)**	$ (49)	$ 26	**$ (57)**	$ (49)	$ 26	**$ (57)**

Effective income tax rate	53%	36%	**22%**	53%	36%	**22%**	53%	36%	**22%**

(1) Includes foreign taxes, dividends, utilization of foreign tax credits, and the rate differential between U.S. and foreign countries, and the change in foreign valuation allowance, as described in more detail below. Also includes $6 million, $4 million and $3 million in 2012, 2013 and 2014, respectively, related to benefits of tax holidays in Tunisia and India which expire in 2017 and 2024, respectively.

(2) Tax rate changes in 2014 includes an expense of $48 million due to changes in certain state deferred income tax rates, which are primarily driven by the change in the legal entity ownership of the SunGard trade name caused by the AS Split-Off.

(3) The change in uncertain tax positions recorded in continuing operations was an expense of $10 million, $1 million and $2 million in 2012, 2013 and 2014, respectively, which reflects the offsetting benefits recorded in prepaid expenses and other current assets and deferred income and other taxes on the balance sheet. The balance is recorded in discontinued operations.

Table of Contents

Deferred income taxes are recorded based upon differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating and tax credit carryforwards. Deferred income tax assets and liabilities at December 31, 2013 and 2014 consisted of the following (in millions):

	SCC		SCCII		SunGard	
	December 31, 2013	**December 31, 2014**	December 31, 2013	**December 31, 2014**	December 31, 2013	**December 31, 2014**
Current:						
Trade receivables and other current assets	$ (2)	**$**	$ (2)	**$**	$ (2)	**$**
Accrued expenses, net	28	**17**	28	**17**	28	**17**
Tax credit carryforwards	20		20		20	
Other current	(11)	**(5)**	(11)	**(5)**	(11)	**(5)**
Total current deferred income tax asset (liability)	35	**12**	35	**12**	35	**12**
Valuation allowance	(5)	**(4)**	(5)	**(4)**	(5)	**(4)**
Net current deferred income tax asset (liability)	30	**8**	30	**8**	30	**8**
Less: amounts classified as related to discontinued operations	(13)		(13)		(13)	
Net current deferred income tax asset (liability) continuing operations	$ 17	**$ 8**	$ 17	**$ 8**	$ 17	**$ 8**
Long-term:						
Property and equipment	$ 1	**$ (2)**	$ 1	**$ (2)**	$ 1	**$ (2)**
Intangible assets	(1,026)	**(596)**	(1,026)	**(596)**	(1,026)	**(596)**
Net operating loss carry-forwards	98	**71**	98	**71**	98	**71**
Stock compensation	62	**55**	62	**55**	62	**55**
U.S. income taxes on non-U.S. unremitted earnings	(24)	**(13)**	(24)	**(13)**	(24)	**(13)**
Other non-current	34	**6**	34	**6**	34	**6**
Other, net	(12)	**15**	(12)	**15**	(5)	**23**
Total long-term deferred income tax liability	(867)	**(464)**	(867)	**(464)**	(860)	**(456)**
Valuation allowance	(62)	**(48)**	(62)	**(48)**	(62)	**(48)**
Net long-term deferred income tax liability	(929)	**(512)**	(929)	**(512)**	(922)	**(504)**
	282		282		282	

Less: amounts classified as related to discontinued operations												
Net long-term deferred income tax liability continuing operations	$	(647)	**$**	**(512)**	$	(647)	**$**	**(512)**	$	(640)	**$**	**(504)**

The deferred income tax assets and liabilities include amounts classified as related to discontinued operations on the face of the financial statements for the year ended December 31, 2013.

As of December 31, 2014 the Company has net operating loss carryforwards, the tax effect of which is $71 million, which consist of $12 million for U.S. federal income tax purposes, $17 million for U.S. state income tax purposes and $42 million for foreign income tax purposes. The tax benefit recorded for net operating losses, net of valuation allowance, is $30 million, which consists of $6 million for U.S. federal income tax purposes, $2 million for U.S. state income tax purposes and $22 million for foreign income tax purposes. These tax loss carryforwards expire through 2034 and utilization is limited in certain jurisdictions. Some foreign losses have indefinite carryforward periods.

The valuation allowances of $67 million and $52 million at December 31, 2013 and 2014, respectively, were primarily related to federal, state and foreign net operating loss carryforwards that, in the judgment of management, are not more-likely-than-not to be realized.

A reconciliation of the beginning and ending balance of the valuation allowance follows (in millions):

	Continuing operations	Discontinued operations	Total
Balance at December 31, 2013	$ 41	$ 26	$ 67
Additions, net	12	1	13
Translation adjustments and other	(1)	(27) [(1)]	(28)
Balance at December 31, 2014	$ 52	$	$ 52

(1) Translation adjustments and other for discontinued operations includes $27 million that was sold or removed as a result of the AS Split-Off in 2014.

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. In the fourth quarter of 2014 after weighing the positive and negative evidence required, the Company recorded a valuation allowance of $3 million against certain losses generated in France. These losses were larger than anticipated and exceeded the scheduled reversal of deferred tax liabilities. The tax benefit of the French losses totals $24 million at December 31, 2014 and have an indefinite carryover period. Based upon the level of historical taxable income, projections for future taxable income and the reversal of deferred tax liabilities over the periods in which the deferred tax assets are deductible, management believes it is more-likely-than-not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2013 and 2014. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced or as the reversal of certain deferred tax liabilities continues.

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

	2012	2013	**2014**

Balance at beginning of year	$ 22	$ 94	**$ 99**
Additions for tax positions of prior years	22	7	**4**
Reductions for tax positions of prior years		(5)	**(3)**
Additions for tax positions of current year	50	3	**7**
Settlements for tax positions of prior years			**(3)**
Balance at end of year	$ 94	$ 99	**$ 104**

Table of Contents

As of December 31, 2014 the Company had unrecognized tax benefits and related accrued interest of approximately $104 million which, if recognized, would favorably affect the effective tax rate. Included in prepaid and other assets are amounts that would partially offset the impact on the effective tax rate. Increases in 2012 relate primarily to state income tax related matters. Included in the balance of unrecognized tax benefits is accrued interest and penalties, net of federal benefits of $4 million, $6 million and $8 million for 2012, 2013 and 2014, respectively. The Company recognizes interest and penalties in income tax expense.

As part of the AS Split-Off, SunGard entered into a tax sharing and disaffiliation agreement with AS that apportions responsibility for U.S. federal, state and local and foreign income and other taxes between the parties. See Note 15 for further information.

Tax years after 2006 remain open for examination by the Internal Revenue Service, although years 2007-2010 are effectively settled. The Internal Revenue Service recently completed its examination of tax years 2009 and 2010. In addition, French tax authorities have just begun an examination of the tax year 2012. SunGard entities in other jurisdictions are also under examination at December 31, 2014 and tax years after 2005 remain open for audit by various state, local and other foreign jurisdictions. The Company anticipates that it is reasonably possible that between $0 and $38 million of unrecognized tax benefits may be resolved within the next 12 months.

During the fourth quarter of 2012 as a result of debt refinancing activities, the Company reevaluated the earnings of all its foreign subsidiaries and those that could be expected to be permanently reinvested outside the U.S. The Company determined that certain of its foreign subsidiaries earnings are permanently reinvested. The recognition of U.S. income tax is required when earnings of the foreign subsidiaries are not considered permanently reinvested outside the U.S. As of December 31, 2013 and 2014, the Company provided a deferred income tax liability of approximately $24 million and $13 million, respectively for non-U.S. withholding and U.S. income taxes associated with the future repatriation of earnings for certain non-U.S. subsidiaries. The Company has not provided deferred taxes on approximately $94 million of undistributed earnings of non-U.S. subsidiaries at December 31, 2014. Quantification of the related deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

13. Employee Termination Benefits and Facility Closures:

The following table provides a rollforward of the liability balances for workforce reductions and facility closures for 2012, 2013 and 2014 (in millions):

	Workforce-related	Facilities	Total
Balance at December 31, 2011	$ 24	$ 5	$ 29
Expense related to 2012 actions	34	12	46
Paid	(31)		(31)
Other adjustments [1]	(4)		(4)
Balance at December 31, 2012	23	17	40
Expense related to 2013 actions	20	2	22
Paid	(23)	(3)	(26)
Other adjustments [1]	(6)	(1)	(7)

Balance at December 31, 2013		14		15		29
Expense related to 2014 actions		28[2]		4		32[3]
Paid		(26)		(6)		(32)
Other adjustments [1]		(4)				(4)[3]
Balance at December 31, 2014	$	12	$	13	$	25

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

Table of Contents

(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.
(3) The sum of the expense related to 2014 actions and other adjustments in 2014 is the net amount of expense related to employee termination benefits and facility closures and may include rounding (see Note 14).

The workforce related actions are expected to be paid out over the next 18 months (the majority within 12 months). The facilities accruals are for ongoing obligations to pay rent for vacant space and are net of sublease reserves. The lengths of these obligations vary by lease with the majority ending in 2019. The $13 million of facilities reserves is included in the future minimum rentals under operating leases (see Note 16).

14. Segment Information:

The Company has two reportable segments: FS and PS&E.

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

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

In reporting our results, we categorize revenue into three categories:

- Software Revenue
- SAAS and Cloud Revenue
- Professional & Business Processing Services.

The Company evaluates the performance of its segments based on Adjusted EBITDA. Adjusted EBITDA, a non-GAAP measure, is defined as operating income before the following items:

- depreciation,
- amortization of acquisition-related intangible assets,
- trade name and goodwill impairment,
- severance and facility closure charges,

- stock compensation,
- management fees, and
- certain other costs.

While these charges may be recurring, management excludes them in order to better analyze the segment results and evaluate the segment performance. This analysis is used extensively by management and is also used to communicate the segment results to the Company s board of directors. 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.

Table of Contents

The operating results for the years ended December 31, 2014, 2013 and 2012 for each segment follow (in millions):

	FS	PS&E	Sum of Segments
Year Ended December 31, 2014			
Revenue	$ 2,592	$ 217	$ 2,809
Adjusted EBITDA	742	68	810
Adjusted EBITDA margin	28.6%	31.1%	28.8%
Year over Year revenue change	2%	4%	2%
Year over Year Adjusted EBITDA change	(1)%	2%	%
Year Ended December 31, 2013			
Revenue	$ 2,551(1)	$ 210	$ 2,761
Adjusted EBITDA	746(1)	66	812
Adjusted EBITDA margin	29.2%	31.6%	29.4%
Year over Year revenue change	(2)%	3%	(2)%
Year over Year Adjusted EBITDA change	3%	%	2%
Year Ended December 31, 2012			
Revenue	$ 2,604	$ 204	$ 2,808
Adjusted EBITDA	727	66	793
Adjusted EBITDA margin	27.9%	32.5%	28.2%

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

	Year Ended December 31,		
	2012	2013	2014
Adjusted EBITDA (sum of segments)	$ 793	$ 812	$ 810
Corporate	(44)	(46)	(45)
Depreciation (2)	(96)	(104)	(107)
Amortization of acquisition-related intangible assets	(217)	(182)	(136)
Trade name impairment charge			(339)
Severance and facility closure costs	(42)(3)	(17)(4)	(27)(5)
Stock compensation expense	(31)	(39)	(42)
Management fees	(9)	(8)	(9)
Other costs (included in operating income)	(6)	(11)	(18)
Interest expense, net	(359)	(325)	(290)
Loss on extinguishment of debt	(82)	(6)	(61)
Other income (expense)	1	(2)	
Income (loss) from continuing operations before income taxes	$ (92)	$ 72	$ (264)

Note: In 2013, SCC s income from continuing operations before income taxes was $71 million. In 2014, SCC s and SCCII s income (loss) from continuing operations before income taxes was $(265) million.

101

Table of Contents

Depreciation, amortization of acquisition-related intangible assets, total assets and capital expenditures by segment follow (in millions):

	FS	PS&E	Sum of Segments	Corporate and other adjustments	Total
Year Ended December 31, 2014					
Depreciation (2)	$ 95	$ 9	$ 104	$ 3	$ 107
Amortization of acquisition-related intangible assets	129	7	136		136
Capital expenditures	131	10	141	2	143
Total assets	6,225	833	7,058	(551)(6)	6,507

	FS	PS&E	Sum of Segments	Corporate and other adjustments	Total
Year Ended December 31, 2013					
Depreciation (2)	$ 95	$ 7	$ 102	$ 2	$ 104
Amortization of acquisition-related intangible assets	168	13	181	1	182
Capital expenditures	102	8	110	1	111
Total assets	5,956	780	6,736	3,038(6)	9,774

	FS	PS&E	Sum of Segments	Corporate	Total
Year Ended December 31, 2012					
Depreciation (2)	$ 88	$ 7	$ 95	$ 1	$ 96
Amortization of acquisition-related intangible assets	199	17	216	1	217
Capital expenditures	88	7	95	2	97

(1) SunGard received approximately $12 million in proceeds related to a bankruptcy claim assigned and sold to a third party in the third quarter of 2013. The claim related to a FS customer that filed for Chapter 11 bankruptcy in January 2013. The amount of the claim represented previously reserved revenue, which now has been recognized, and a termination charge related to the customer contract.

(2) Includes amortization of capitalized software.

(3) Includes $27 million, $2 million and $1 million of severance in FS, PS&E and corporate, respectively. Also includes $12 million of lease exit costs in FS.

(4) Includes $13 million and $1 million of severance in FS and corporate, respectively. Also includes $3 million of lease exit costs in FS.

(5) Includes $22 million and $1 million of severance in FS and PS&E, respectively. Also includes $4 million of lease exit costs in FS.

(6) Includes items that are eliminated in consolidation, trade name, deferred income taxes and the assets of the Company s assets of discontinued operations.

Table of Contents

Geographic Presence

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

	Year ended December 31,		
	2012	2013	**2014**
United States	$ 1,733	$ 1,685	**$ 1,712**
International:			
United Kingdom	171	170	**182**
Continental Europe	466	453	**428**
Asia/Pacific	253	261	**280**
Canada	89	85	**90**
Other	96	107	**117**
Subtotal International	1,075	1,076	**1,097**
Total	$ 2,808	$ 2,761	**$ 2,809**

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

	December 31, 2013	**December 31, 2014**
United States	$ 92	**$ 99**
International:		
United Kingdom	16	**16**
Continental Europe	17	**15**
Canada	1	
Asia/Pacific	23	**19**
Other	3	**3**
Total	$ 152	**$ 152**

15. Related Party Transactions:

Sponsor Transactions

SunGard is required to pay management fees to affiliates of the Sponsors in connection with management consulting services provided to SunGard and the Parent Companies. These services include financial, managerial and operational advice and implementation strategies for improving the operating, marketing and financial performance of SunGard and its subsidiaries. In March 2014, the Company and the Sponsors amended the management agreement to increase the management fee from 1% to 1.1% of quarterly Adjusted EBITDA for five of seven Sponsors and fixed payments of $50,000 per quarter for each of the two remaining Sponsors. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and goodwill and trade name impairments, further adjusted to exclude unusual items and other adjustments as defined in the management agreement, which is consistent with the Credit Agreement. Management fees are payable quarterly in arrears. In addition, these affiliates of the Sponsors may be entitled to additional fees in connection with certain financing, acquisition, disposition and change in control transactions. For the years ended December 31, 2012, 2013 and 2014, SunGard recorded $9 million, $8 million and $9 million, respectively, relating to management fees in continuing operations in the statement of comprehensive income, of which $4 million and $3 million is included in other accrued expenses at December 31, 2013 and 2014, respectively. In addition, for the years ended December 31, 2012 and 2013, SunGard recorded $23 million and $4 million, respectively, relating to management fees in discontinued operations in the statement of comprehensive income (loss).

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

During 2013 and 2014, Goldman Sachs & Co. and/or its respective affiliates received fees of approximately $1 million and less than $1 million, respectively, in connection with the March 2013 and February 2014 amendments of SunGard s Credit Agreement.

In addition to the amounts above, on March 31, 2014 the Company recorded approximately $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 approximately $1 million of management fees which is included in income (loss) from discontinued operations resulting from the sale of two FS businesses.

AS Transactions

In connection with the 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 SpinCo. The Trademark License Agreement sets forth the terms under which SpinCo 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, SpinCo 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, SpinCo 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. At December 31, 2014, the Company had recorded approximately $2 million of accounts receivable from AS under the TSA;

(iii) a Global Master Services Agreement (GMSA) replaced the existing agreements under which AS provides certain availability services, managed services, and recovery services to SunGard. SunGard agreed to spend a minimum of approximately $66 million under the GMSA for the period from the AS Split-Off through March 31, 2016. For the nine months ended December 31, 2014, the Company incurred expenses of $25 million for services provided under the GMSA, substantially all of which is included in cost of sales and direct operating expenses in the consolidated statement of comprehensive income (loss). At December 31, 2014, the Company had recorded approximately $1 million of accounts receivable, $4 million of accounts payable, and a $1 million prepaid maintenance contract related to 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 and has recorded a related $3 million liability payable to AS at December 31, 2014.

In addition, during the nine months ended December 31, 2014, AS purchased certain data center outsourcing services and treasury products from FS, for which FS recognized approximately $2 million of revenue.

16. Commitments, Contingencies and Guarantees:

The Company leases a substantial portion of its computer equipment and facilities under operating leases. The Company s leases are generally non-cancelable or cancelable only upon payment of cancellation fees. All lease payments are based on the passage of time, but include, in some cases, payments for insurance, maintenance and property taxes. There are no bargain purchase options on operating leases at favorable terms, but most facility leases have one or more renewal options and have either fixed or Consumer Price Index escalation clauses. Certain facility leases include an annual escalation for increases in utilities and property taxes. In addition, certain facility leases are subject to restoration clauses, whereby the facility may need to be restored to its original condition upon termination of the lease. There were a combined $10 million of restoration liabilities included in accrued expenses and other long term liabilities at December 31, 2014.

Future minimum rentals and sublease income under operating leases with initial or remaining non-cancelable lease terms in excess of one year for continuing operations at December 31, 2014 follow (in millions):

	Future minimum rentals	Future minimum sublease rental income
2015	$ 62	$ 5
2016	56	5
2017	45	5
2018	33	4
2019	14	
Thereafter	21	
	$ 231	$ 19

Rent expense from continuing operations aggregated to $69 million in 2012, $62 million in 2013 and $58 million in 2014. Sublease income was $3 million, $5 million and $6 million in 2012, 2013 and 2014, respectively. At December 31, 2014, the Company had unconditional purchase obligations of approximately $123 million which includes the amounts due under the GMSA (see Note 15) and $19 million of outstanding letters of credit and bid bonds issued primarily as security for performance under certain customer contracts.

In the event that the management agreement described in Note 15 is terminated by the Sponsors (or their affiliates) or SunGard and its Parent Companies, the Sponsors (or their affiliates) will receive a lump sum payment equal to the present value of the annual management fees that would have been payable for the remainder of the term of the management agreement. The initial term of the management agreement is ten years, and it extends annually for one year unless the Sponsors (or their affiliates) or SunGard and its Parent Companies provide notice to the other. The initial ten year term expires August 11, 2015.

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

The Company has had patent infringement lawsuits filed against it or certain of its customers claiming that certain of its products infringe the intellectual property rights of others. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or limitations on the Company s ability to offer certain features, functionalities, products, or services, and may also cause the

105

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. At December 31, 2014, the Company does not have any significant accruals related to patent indemnification or infringement claims.

The Company evaluates, on a regular basis, developments in its legal matters. The Company records a provision for a liability when it believes that it is both probable that a liability has been incurred, and the amount can be reasonably estimated.

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

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

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

Table of Contents

17. Quarterly Financial Data (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013				
Revenue	$ 639	$ 672	$ 678	$ 772
Gross profit (excluding items described in Note 1) (1)	372	414	427	503
Income (loss) before income taxes (SCC)	(52)	10(2)	29(2)(3)	84(2)
Income (loss) before income taxes (SunGard and SCCII)	(52)	10(2)	29(2)(3)	85(2)
Income (loss) from continuing operations (SCC)	(35)	5(2)	22(2)(3)	53(2)
Income (loss) from continuing operations (SunGard and SCCII)	(35)	5(2)	22(2)(3)	54(2)
Income (loss) from discontinued operations	(12)	10	1	18
Net income (loss) (SCC)	(47)	15(2)	23(2)(3)	71(2)
Net income (loss) (SunGard and SCCII)	(47)	15(2)	23(2)(3)	72(2)
Net income (loss) attributable to SCC	(72)	(32)(2)	(26)(2)(3)	23(2)
2014				
Revenue	**$ 653**	**$ 673**	**$ 691**	**$ 792**
Gross profit (excluding items described in Note 1) (1)	**384**	**400**	**411**	**516**
Income (loss) before income taxes (SCC and SCCII)	**(424)(4)**	**5**	**22(5)**	**132**
Income (loss) before income taxes (SunGard)	**(424)(4)**	**5**	**22(5)**	**133**
Income (loss) from continuing operations (SCC and SCCII)	**(323)(4)**	**3**	**11(5)**	**101**
Income (loss) from continuing operations (SunGard)	**(323)(4)**	**3**	**11(5)**	**102**
Income (loss) from discontinued operations (SCC and SCCII)	**(17)**			**3**
Income (loss) from discontinued operations (SunGard)	**(17)**			
Net income (loss) (SCC and SCCII)	**(340)(4)**	**3**	**11(5)**	**104**
Net income (loss) (SunGard)	**(340)(4)**	**3**	**11(5)**	**102**
Net income (loss) attributable to SCC	**(390)(4)**	**(37)**	**(31)(5)**	**62**

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

(2) During the second quarter of 2013, the Company completed a review of its accounting practices related to vacation pay obligations. In countries where the vacation policy stipulated that vacation days earned in the current year must be used in that same year, the Company adjusted its quarterly estimate of accrued vacation costs to better match expense recognition with amounts payable to employees when leaving the Company. The impact of the change in estimate was an aggregate decrease to costs and expenses of $10 million in the quarter ended June 30, 2013. The impact of this change was negligible for the full year since the balance would have naturally reversed, with a substantial majority of that reversal occurring during the fourth quarter.

(3) SunGard received approximately $12 million in proceeds related to a bankruptcy claim assigned and sold to a third party in the third quarter of 2013. The claim related to an FS customer that filed for Chapter 11 bankruptcy in January 2013. The amount of the claim represented previously reserved revenue, which now has been recognized, and a termination charge related to the customer contract.

(4)

Includes a $339 million impairment charge of the trade name asset (see Note 1 of Notes to Consolidated Financial Statements) and a $61 million loss on extinguishment of debt (see Note 5 of Notes to Consolidated Financial Statements).

(5) 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.

All of the previously-issued interim financial statements included in Quarterly Reports on Form 10-Q for 2014 included an error in the Statements of Comprehensive Income (Loss) related to the removal of the cumulative foreign currency translation loss associated with the AS businesses that were split-off on March 31, 2014. The removal of the cumulative foreign currency translation loss was reflected in both the Consolidated Statements of Comprehensive Income (Loss) and the rollforwards of stockholders equity included in the notes to the condensed consolidated financial statements in each of the Quarterly Reports. However, the inclusion of this item in the 2014 Statements of Comprehensive Income (Loss) was not appropriate since it relates to the distribution of the AS businesses to our owners and should have been excluded from the 2014 Other

Table of Contents

Comprehensive Income according to GAAP. Management does not believe the error is material to any of the previously-issued financial statements. The table below shows the impact of the correction of this error for each period. These revisions will also be reflected in the Company s 2015 quarterly filings.

The following table presents the amounts as originally reported and as revised for each of SCC, SCCII and SunGard (in millions):

	Three Months Ended March 31, 2014		Six Months Ended June 30, 2014		Nine Months Ended September 30, 2014	
	As reported	As revised	As reported	As revised	As reported	As revised
Other Comprehensive Income (Loss)	$ (57)	$ 25	$ (63)	$ 19	$ (110)	$ (35)
Comprehensive Income (Loss)	(397)	(315)	(400)	(318)	(436)	(361)
Comprehensive Income (Loss) attributable to SunGard Capital Corp. (SCC only)	(447)	(365)	(490)	(408)	(568)	(493)

18. Supplemental Cash Flow Information:

Supplemental cash flow information for 2012, 2013 and 2014 follows (in millions):

	Year ended December 31,		
	2012	2013	**2014**
Supplemental information:			
Acquired businesses:			
Property and equipment	$	$	**$**
Software products	12	1	**3**
Customer base	12		**1**
Goodwill	28	1	
Other assets	1		
Deferred income taxes	(3)		
Purchase price obligations and debt assumed	1		
Net current assets (liabilities) assumed	(11)		
Cash paid for acquired businesses, net of cash acquired of $2 million and $- million and $- million, respectively	$ 40	$ 2	**$ 4**

19. Supplemental Guarantor Condensed Consolidating Financial Statements:

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

LLC also unconditionally guarantee the senior secured credit facilities, described in Note 5. The Guarantors are subject to release under certain circumstances as described below.

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

- The sale, exchange or transfer of the subsidiary s capital stock or all or substantially all of its assets;
- Designation of the Guarantor as an unrestricted subsidiary for purposes of the indenture covenants;
- Release or discharge of the Guarantor s guarantee of certain other indebtedness; or
- Legal defeasance or covenant defeasance of the indenture obligations when provision has been made for them to be fully satisfied.

Table of Contents

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

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 2014, and for the years ended December 31, 2012, 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.

Supplemental Condensed Consolidating Balance Sheet

	December 31, 2013				
(in millions)	**Parent Company**	**Guarantor Subsidiaries (c)**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Assets					
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)	
Total Assets	$ 11,064	$ 11,937	$ 3,254	$ (16,481)	$ 9,774
Liabilities and Stockholder s Equity					
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 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
Total liabilities	10,243	3,111	1,173	(5,574)	8,953
Total stockholder s equity	821	8,826	2,081	(10,907)	821
Total Liabilities and Stockholder s Equity	$ 11,064	$ 11,937	$ 3,254	$ (16,481)	$ 9,774

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

(b) The Company pushes down tax liabilities associated with the consolidated and combined filings in U.S. federal, state and local jursidictions from the Parent Company to its Gurantor Subsidiaries. As these intercompany balances have not been historically settled, this entry eliminates the accumulated Parent Company income tax receivable balance with Gurantor Subisidiaries 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.

Supplemental Condensed Consolidating Balance Sheet

December 31, 2014

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 202	$ 1	$ 244	$	$ 447
Intercompany balances		3,049	500	(3,549)	
Trade receivables, net	1	446[(a)]	239		686
Prepaid expenses, taxes and other current assets	32[(b)]	43	39	(2)[(b)]	112
Total current assets	235	3,539	1,022	(3,551)	1,245
Property and equipment, net		94	58		152
Intangible assets, net	68	348	262		678
Trade name		672			672
Deferred income taxes	69			(69)	
Intercompany balances	194	8	154	(356)	
Goodwill		3,099	661		3,760
Investment in subsidiaries	8,039	1,366		(9,405)	
Total Assets	$ 8,605	$ 9,126	$ 2,157	$ (13,381)	$ 6,507
Liabilities and Stockholder s Equity					
Current:					
	$	$	$	$	$

Short-term and current portion of long-term debt					
Intercompany balances	3,549			(3,549)	
Accounts payable and other current liabilities	59	510[(b)]	427	(2)[(b)]	994
Total current liabilities	3,608	510	427	(3,551)	994
Long-term debt	4,529		140		4,669
Intercompany debt	162		194	(356)	
Deferred and other income taxes	101	559	17	(69)	608
Other liabilities		18	13		31
Total liabilities	8,400	1,087	791	(3,976)	6,302
Total stockholder s equity	205	8,039	1,366	(9,405)	205
Total Liabilities and Stockholder s Equity	$ 8,605	$ 9,126	$ 2,157	$ (13,381)	$ 6,507

110

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

(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.

Supplemental Condensed Consolidating Schedule of Comprehensive Income

	Year Ended December 31, 2012				
(in millions)	**Parent Company**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Total revenue	$	$ 1,936	$ 1,256	$ (384)	$ 2,808
Costs and expenses:					
Cost of sales and administrative expenses	69	1,430	1,032	(384)	2,147
Depreciation and amortization		63	33		96
Amortization of acquisition-related intangible assets	1	165	51		217
Total costs and expenses	70	1,658	1,116	(384)	2,460
Operating income (loss)	(70)	278	140		348
Net interest income (expense)	(331)		(28)		(359)
Equity in earnings of unconsolidated subsidiary	71	132		(203)	
Other income (expense)	(82)	(1)	2		(81)
Income (loss) from continuing operations before income taxes	(412)	409	114	(203)	(92)
Benefit from (provision for) income taxes	156	(96)	(11)		49
Income (loss) from continuing operations	(256)	313	103	(203)	(43)
Income (loss) from discontinued operations, net of tax	190	(242)	29		(23)
Net income (loss)	$ (66)	$ 71	$ 132	$ (203)	$ (66)
Comprehensive income (loss)	$ (23)	$ 100	$ 157	$ (257)	$ (23)

Table of Contents

Supplemental Condensed Consolidating Schedule of Comprehensive Income

(in millions)	Year Ended December 31, 2013 Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 1,908	$ 1,258	$ (405)	$ 2,761
Costs and expenses:					
Cost of sales and administrative expenses	77	1,401	997	(405)	2,070
Depreciation and amortization		67	37		104
Amortization of acquisition-related intangible assets	1	134	47		182
Total costs and expenses	78	1,602	1,081	(405)	2,356
Operating income (loss)	(78)	306	177		405
Net interest income (expense)	(300)		(25)		(325)
Equity in earnings of unconsolidated subsidiary	376	149		(525)	
Other income (expense)	(6)		(2)		(8)
Income (loss) from continuing operations before income taxes	(8)	455	150	(525)	72
Benefit from (provision for) income taxes	120	(96)	(50)		(26)
Income (loss) from continuing operations	112	359	100	(525)	46
Income (loss) from discontinued operations, net of tax	(49)	17	49		17
Net income (loss)	$ 63	$ 376	$ 149	$ (525)	$ 63
Comprehensive income (loss)	$ 82	$ 386	$ 163	$ (549)	$ 82

Table of Contents

Supplemental Condensed Consolidating Schedule of Comprehensive Income

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	Year Ended December 31, 2014				
Total revenue	$	$ 2,000	$ 1,265	$ (456)	$ 2,809
Costs and expenses:					
Cost of sales and administrative expenses	85	1,491	1,020	(456)	2,140
Depreciation and amortization		66	41		107
Amortization of acquisition-related intangible assets		92	44		136
Trade name impairment charge		339			339
Total costs and expenses	85	1,988	1,105	(456)	2,722
Operating income (loss)	(85)	12	160		87
Net interest income (expense)	(272)	(1)	(17)		(290)
Loss on extinguishment of debt	(61)				(61)
Equity in earnings of unconsolidated subsidiary	96	100		(196)	
Income (loss) from continuing operations before income taxes	(322)	111	143	(196)	(264)
Benefit from (provision for) income taxes	126	(22)	(47)		57
Income (loss) from continuing operations	(196)	89	96	(196)	(207)
Income (loss) from discontinued operations, net of tax	(28)	7	4		(17)
Net income (loss)	$ (224)	$ 96	$ 100	$ (196)	$ (224)
Comprehensive income (loss)	$ (297)	$ 47	$ 48	$ (95)	$ (297)

As discussed in Note 17, all of the previously-issued interim financial statements included in Quarterly Reports on Form 10-Q for 2014 included an error in the Statements of Comprehensive Income (Loss) related to the removal of the cumulative foreign currency translation loss associated with the AS businesses that were split-off on March 31, 2014. The removal of the cumulative foreign currency translation loss was reflected in the 2014 Supplemental Condensed Consolidating Schedule of Comprehensive Income (Loss). However, the inclusion of this item was not appropriate since it relates to the distribution of the AS businesses to our owners and should have been excluded from the 2014 Other Comprehensive Income according to GAAP. Management does not believe the error is material to any of the previously-issued financial statements. The table below shows the impact of the correction of this error for each period. These revisions will also be reflected in the Company s 2015 quarterly filings.

	Three Months Ended March 31, 2014		Six Months Ended June 30, 2014		Nine Months Ended September 30, 2014	
	As originally reported	As revised	As originally reported	As revised	As originally reported	As revised
Comprehensive Income- Parent	$ (397)	$ (315)	$ (400)	$ (318)	$ (436)	$ (361)
Comprehensive Income- Guarantor	(259)	(226)	(191)	(158)	(151)	(118)
Comprehensive Income- Non-Guarantor	(23)	26	9	58	(26)	23
Comprehensive Income-Eliminations	282	200	182	100	177	95

Table of Contents

Supplemental Condensed Consolidating Schedule of Cash Flows

	Year Ended December 31, 2012				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (66)	$ 71	$ 132	$ (203)	$ (66)
Income (loss) from discontinued operations	190	(242)	29		(23)
Income (loss) from continuing operations	(256)	313	103	(203)	(43)
Non cash adjustments	61	77	65	203	406
Changes in operating assets and liabilities	(192)	122	(6)		(76)
Cash flow from (used in) continuing operations	(387)	512	162		287
Cash flow from (used in) discontinued operations	(476)	321	112		(43)
Cash flow (from (used in) operations [b] [c]	(863)	833	274		244
Investment activities:					
Intercompany transactions [a]	2,432	(373)	(288)	(1,771)	
Cash paid for property and equipment and software		(31)	(9)		(40)
Cash paid for property and equipment and software		(67)	(30)		(97)
Other investing activities	(1)	1	1		1
Cash provided by (used in) continuing operations	2,431	(470)	(326)	(1,771)	(136)
Cash provided by (used in) discontinued operations	208	1,422	(33)		1,597
Cash provided by (used in) investment activities	2,639	952	(359)	(1,771)	1,461
Financing activities:					
Intercompany dividends of HE sale proceeds		(1,771)		1,771	
Net repayments of long-term debt	(1,277)	(1)	50		(1,228)
Premium paid to retire debt	(48)				(48)
Dividends paid	(724)				(724)
Other financing activities	(36)				(36)
Cash provided by (used in) continuing operations	(2,085)	(1,772)	50	1,771	(2,036)
Cash provided by (used in) discontinued operations		(1)	(2)		(3)
Cash provided by (used in) financing activities	(2,085)	(1,773)	48	1,771	(2,039)
Effect of exchange rate changes on cash			7		7
Increase (decrease) in cash and cash equivalents	(309)	12	(30)		(327)
Beginning cash and cash equivalents [d]	529	(15)	359		873
Ending cash and cash equivalents [d]	$ 220	$ (3)	$ 329	$	$ 546

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

(b) The Supplemental Condensed Consolidating Schedule of Cash Flows for the year ended December 31, 2012 has been revised to correct the presentation of taxes paid and related intercompany transactions for the Parent Company, Guarantor Subsidiaries and Non-Guarantor Subsidiaries. While these revisions had no impact on the previously reported total cash flows of the Parent Company, Guarantor Subsidiaries or Non-Guarantor Subsidiaries, the corrections resulted in the following changes to previously reported amounts: For the Parent Company, cash flow from (used in) operations changed from $(881) million to $(863) million and cash provided by (used in) investment activities changed from $2,657 million to $2,639 million. For the Guarantor Subsidiaries, cash flow from (used in) operations changed from $847 million to $833 million and cash provided by (used in) investment activities changed from $938 million to $952 million. For the Non-Guarantor Subsidiaries, cash flow from (used in) operations changed from $278 million to $274 million and cash provided by (used in) investment activities changed from $(363) million to $(359) million. These revisions had no impact on the consolidated financial statements of the Company, the Supplemental Condensed Consolidating Balance Sheet, or the Supplemental Condensed Consolidating Schedule of Comprehensive Income.

(c) Cash flows from (used in) operations for the Parent Company and Guarantor Subsidiaries do not include any amounts related to their 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 year ended December 31, 2012, the Parent Company allocated approximately $191 million of tax liabilities to its Guarantor Subsidiaries.

(d) Includes cash of discontinued operations.

Table of Contents

Supplemental Condensed Consolidating Schedule of Cash Flows

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	Year Ended December 31, 2013				
Cash flow from operations:					
Net income (loss)	$ 63	$ 376	$ 149	$ (525)	$ 63
Income (loss) from discontinued operations	(49)	17	49		17
Income (loss) from continuing operations	112	359	100	(525)	46
Non cash adjustments	(304)	39	84	525	344
Changes in operating assets and liabilities	(104)	121	15		32
Cash flow from (used in) continuing operations	(296)	519	199		422
Cash flow from (used in) discontinued operations	(97)	289	132		324
Cash flow from (used in) operations [b]	(393)	808	331		746
Investment activities:					
Intercompany transactions [a]	667	(262)	(53)	(352)	
Cash paid for acquired businesses, net of cash acquired		(2)			(2)
Cash paid for property and equipment and software		(73)	(38)		(111)
Other investing activities			1		1
Cash provided by (used in) continuing operations	667	(337)	(90)	(352)	(112)
Cash provided by (used in) discontinued operations	183	(289)	(40)		(146)
Cash provided by (used in) investment activities	850	(626)	(130)	(352)	(258)
Financing activities:					
Intercompany dividends		(120)	(120)	240	
Net repayments of long-term debt	(253)		(51)		(304)
Dividends paid	(3)				(3)
Other financing activities	(18)				(18)
Cash provided by (used in) continuing operations	(274)	(120)	(171)	240	(325)
Cash provided by (used in) discontinued operations		(57)	(57)	112	(2)
Cash provided by (used in) financing activities	(274)	(177)	(228)	352	(327)
Effect of exchange rate changes on cash			(1)		(1)
Increase (decrease) in cash and cash equivalents	183	5	(28)		160
Beginning cash and cash equivalents [c]	220	(3)	329		546
Ending cash and cash equivalents [c]	$ 403	$ 2	$ 301	$	$ 706

(a) The intercompany cash transactions reflected above within investment activities largely reflect cash dividends or the return of capital.
(b) Cash flows from (used in) operations for the Parent Company and Guarantor Subsidiaries do not include any amounts related to their 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 year ended December 31, 2013, the Parent Company allocated approximately $164 million of tax liabilities to its Guarantor Subsidiaries
(c) Includes cash of discontinued operations.

Table of Contents

Supplemental Condensed Consolidating Schedule of Cash Flows

	Year Ended December 31, 2014				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (224)	$ 96	$ 100	$ (196)	$ (224)
Income (loss) from discontinued operations	(28)	7	4		(17)
Income (loss) from continuing operations	(196)	89	96	(196)	(207)
Non cash adjustments	19	302	81	196	598
Changes in operating assets and liabilities	(124)	85	(20)		(59)
Cash flow from (used in) continuing operations	(301)	476	157		332
Cash flow from (used in) discontinued operations	(44)	52	25		33
Cash flow from (used in) operations [(a)]	(345)	528	182		365
Investment activities:					
Intercompany transactions [(c)]	396	(249)	5	(152)	
Cash paid for acquired businesses, net of cash acquired		(4)			(4)
Cash paid for property and equipment and software	(2)	(89)	(52)		(143)
Other investing activities					
Cash provided by (used in) continuing operations	394	(342)	(47)	(152)	(147)
Cash provided by (used in) discontinued operations	1,041	(41)	(993)		7
Cash provided by (used in) investment activities	1,435	(383)	(1,040)	(152)	(140)
Financing activities:					
Intercompany dividends		(66)	(66)	132	
Intercompany debt borrowings (repayments)			(20)	20	
Net repayments of long-term debt	(1,269)		(64)		(1,333)
Other financing activities	(22)				(22)
	(1,291)	(66)	(150)	152	(1,355)

Cash provided by (used in) continuing operations					
Cash provided by (used in) discontinued operations		(80)	967		887
Cash provided by (used in) financing activities	(1,291)	(146)	817	152	(468)
Effect of exchange rate changes on cash			(16)		(16)