

SUNGARD DATA SYSTEMS INC
Form PRER14A
May 23, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934, as amended

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input checked="" type="checkbox"/> | Preliminary proxy statement | <input type="checkbox"/> | Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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SUNGARD DATA SYSTEMS INC.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

Payment of Filing Fee (Check the appropriate box):

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.. No fee required.

.. Fee computed below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share, of SunGard Data Systems Inc. (SunGard common stock)

(2) Aggregate number of securities to which transaction applies:

290,339,403 shares of SunGard common stock

47,009,493 options to purchase shares of SunGard common stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (Set forth the amount on which the filing fee is calculated and state how it was determined):

\$36.00 per share of SunGard common stock

\$36.00 minus weighted average exercise price of outstanding options of \$23.44 per share subject to an option

(4) Proposed maximum aggregate value of transaction:

\$11,042,657,740

(5) Total fee paid:

\$1,300,000

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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SUNGARD DATA SYSTEMS INC.

680 East Swedesford Road

Wayne, Pennsylvania 19087

484-582-2000

, 2005

Dear Fellow Stockholder:

You are cordially invited to attend the 2005 annual meeting of stockholders (the annual meeting) of SunGard Data Systems Inc. (SunGard or the Company), which will be held on , , 2005, beginning at , at .

On March 27, 2005, the board of directors of SunGard approved a merger agreement providing for the acquisition of the Company by Solar Capital Corp., a Delaware corporation whose owners currently consist of private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group. If the merger is completed, you will be entitled to receive \$36.00 in cash, without interest, for each share of the Company s common stock you own.

At the annual meeting, you will be asked to adopt the merger agreement and to elect directors, among other matters. The board of directors has approved and declared the merger and the merger agreement advisable, and has declared that it is fair to and in the best interests of SunGard and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation of the merger or its parent) that SunGard enter into the merger agreement and consummate the merger on the terms and conditions set forth in the merger agreement. The board of directors unanimously recommends that SunGard s stockholders vote FOR the adoption of the merger agreement.

The proxy statement attached to this letter provides you with information about the proposed merger and the annual meeting. We encourage you to read the entire proxy statement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of SunGard common stock. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement for purposes of the vote referred to above.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE YOUR SHARES BY INTERNET, TELEPHONE OR MAIL. IF YOU RECEIVE MORE THAN ONE PROXY CARD BECAUSE YOU OWN SHARES THAT ARE REGISTERED DIFFERENTLY, PLEASE VOTE ALL OF YOUR SHARES SHOWN ON ALL OF YOUR PROXY CARDS.

Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the annual meeting.

Thank you for your cooperation and continued support.

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Sincerely,

Cristóbal Conde

President and

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

THIS PROXY STATEMENT IS DATED _____, 2005

AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT _____, 2005.

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SUNGARD DATA SYSTEMS INC.

680 East Swedesford Road

Wayne, Pennsylvania 19087

484-582-2000

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
, 2005**

To Our Stockholders:

The 2005 annual meeting of stockholders of SunGard Data Systems Inc., a Delaware corporation (SunGard or the Company), will be held on , 2005, at a.m. New York time, at , for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of March 27, 2005, between the Company and Solar Capital Corp. (Merger Co), pursuant to which, upon the merger becoming effective, each share of common stock, par value \$0.01 per share, of the Company (other than shares held in the treasury of the Company, owned by Merger Co or any direct or indirect wholly owned subsidiary of Merger Co or the Company or held by stockholders who are entitled to and who properly exercise appraisal rights in compliance with all of the required procedures under Delaware law) will be converted into the right to receive \$36.00 in cash, without interest.
2. To approve the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.
3. To elect directors.
4. To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for SunGard for its fiscal year ending December 31, 2005.
5. To act upon other business as may properly come before the meeting.

Only holders of SunGard s common stock at the close of business on , 2005 are entitled to notice of the meeting and to vote at the meeting.

You are cordially invited to attend the meeting in person.

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Your vote is important, regardless of the number of shares of the Company's common stock you own. The adoption of the merger agreement requires the approval of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote thereon. The director nominees will be elected by a plurality of the votes cast. The proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of our independent registered public accounting firm each requires the affirmative vote of a majority of the shares present and entitled to vote. Even if you plan to attend the meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the meeting.

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if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your vote will be counted as a vote in favor of the adoption of the merger agreement, in favor of the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, in favor of each of SunGard's nominees for director, in favor of ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and in accordance with the recommendation of the board of directors on any other matters properly brought before the meeting for a vote. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement, but will not affect the outcome of the vote regarding the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies, the election of directors, or the ratification of our independent registered public accounting firm. Alternatively, you may vote your shares over the Internet or by telephone, as indicated on the proxy card. If you are a stockholder of record and do attend the meeting and wish to vote in person, you may withdraw your proxy and vote in person.

Stockholders of SunGard who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written demand for appraisal to SunGard before the vote is taken on the merger agreement and they comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

By Order of the Board of Directors,

Leslie S. Brush

Vice President Legal,

Chief Governance Officer

and Secretary

, 2005

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SUMMARY

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms SunGard, Company, we, our, ours, and us refer to SunGard Data Systems Inc. and its subsidiaries.

Summary Term Sheet

Parties to the Merger. SunGard is a global leader in integrated software and processing solutions, primarily for financial services. SunGard also helps information-dependent enterprises of all types to ensure the continuity of their business. Solar Capital Corp., which we refer to as Merger Co, is a Delaware corporation formed on March 24, 2005 for the sole purpose of completing the merger with SunGard and obtaining the related financing transactions. Merger Co is currently owned by private equity funds sponsored by Silver Lake Partners, Bain Capital, The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts, Providence Equity Partners and Texas Pacific Group. See The Parties to the Merger beginning on page 69.

The Merger. You are being asked to vote to adopt a merger agreement providing for the acquisition of SunGard by Merger Co. (the merger agreement). Pursuant to the merger agreement, Merger Co, or a wholly-owned subsidiary of Merger Co, will merge with and into SunGard (the merger). SunGard will be the surviving corporation in the merger (the surviving corporation). See The Merger Agreement beginning on page 73.

Merger Consideration. If the merger is completed, you will be entitled to receive \$36.00 in cash, without interest, for each share of our common stock that you own. See The Merger Agreement Treatment of Stock and Options beginning on page 74.

Treatment of Outstanding Options. Immediately prior to the effective time of the merger, all outstanding options to acquire SunGard common stock will become fully vested and immediately exercisable. All such options (other than certain options held by certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its ultimate parent) not exercised prior to the merger will be converted into a right to receive, upon the exercise of the option and payment of the applicable exercise price, an amount of cash equal to \$36.00 multiplied by each share of stock subject to the option. Any option not so exercised will, immediately following such conversion, be cancelled and holders of these options will be entitled to receive a cash payment equal to the amount by which \$36.00 exceeds the exercise price for each share of SunGard common stock underlying the options, less applicable withholding taxes. See The Merger Agreement Treatment of Stock and Options beginning on page 74.

Board Recommendation. The Company's board of directors unanimously recommends that SunGard's stockholders vote FOR the adoption of the merger agreement. See Special Factors Recommendation of the Company's Board of Directors beginning on page 27.

Record Date and Voting. You are entitled to vote at the annual meeting if you owned shares of SunGard common stock at the close of business on _____, 2005, the record date for the annual meeting. Each outstanding share of our common stock on the record date entitles the holder to one vote on each matter submitted to stockholders for approval at the annual meeting. As of the record date, there were _____ shares of common stock of SunGard entitled to be voted. See The Annual Meeting Record Date, Quorum and Voting Power beginning on page 70.

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Stockholder Vote Required to Adopt the Merger Agreement. For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote FOR the adoption of the merger agreement. See The Annual Meeting Required Vote beginning on page 70.

Share Ownership of Directors and Executive Officers. As of _____, 2005, the record date, the directors and executive officers of SunGard held and are entitled to vote, in the aggregate, shares of our common stock, representing approximately % of the outstanding shares of our common stock. The directors and executive officers have informed SunGard that they intend to vote all of their shares of our common stock FOR the adoption of the merger agreement. See The Annual Meeting Voting by Directors and Executive Officers beginning on page 71.

Tax Consequences. The merger will be a taxable transaction to you if you are a U.S. person. For U.S. federal income tax purposes, your receipt of cash (whether as merger consideration or pursuant to the proper exercise of appraisal rights) in exchange for your shares of SunGard common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares of SunGard common stock. Under U.S. federal income tax law, you may be subject to information reporting on cash received in the merger unless an exemption applies. Backup withholding may also apply (currently at a rate of 28%) with respect to the amount of cash received in the merger, unless you provide proof of an applicable exemption or a correct taxpayer identification number, and otherwise comply with the applicable requirements of the backup withholding rules. You should consult your own tax advisor for a full understanding of how the merger will affect your federal, state and local and/or non-U.S. taxes. See Special Factors Material U.S. Federal Income Tax Consequences beginning on page 63.

Appraisal Rights. Under the General Corporation Law of the State of Delaware, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this proxy statement. This appraisal amount could be more than, the same as or less than the amount a stockholder would be entitled to receive under the terms of the merger agreement. Any holder of our common stock intending to exercise their appraisal rights, among other things, must submit a written demand for an appraisal to us prior to the vote on the adoption of the merger agreement and must not vote or otherwise submit a proxy in favor of adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Dissenters Rights of Appraisal beginning on page 96 and Annex D Section 262 of the Delaware General Corporation Law.

Questions and Answers about the Annual Meeting and the Merger

Q: What matters will you vote on at the annual meeting?

A: You will vote on the following proposals:

to adopt the merger agreement;

to approve the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement;

to elect nominees to serve on our board of directors;

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to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005; and

to act on other matters and transact other business, as may properly come before the meeting.

Q: How does the Company's board of directors recommend that you vote on the proposals?

A: Our board of directors recommends that you vote:

FOR the proposal to adopt the merger agreement;

FOR adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies;

FOR each of the nominees for director; and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2005.

Q: What vote of stockholders is required to adopt the merger agreement?

A: For us to complete the merger, stockholders holding at least a majority of the shares of our common stock outstanding at the close of business on the record date must vote FOR the adoption of the merger agreement.

Q: What vote of stockholders is required for each other proposal at the annual meeting?

A: The director nominees will be elected by a plurality of the votes cast at the annual meeting. The proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of our independent registered public accounting firm each requires the affirmative vote of a majority of the shares present and entitled to vote.

Q: What does it mean if you get more than one proxy card?

A: If you have shares of our common stock that are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

Q: How do you vote without attending the annual meeting?

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. If you hold shares in street name through a broker, bank or other nominee, then you received this proxy statement from the nominee, along with the nominee's form of proxy card which includes voting instructions. In either case, you may vote your shares by Internet, telephone or mail without attending the annual meeting. To vote by Internet or telephone 24 hours a day, seven days a week, follow the instructions on the proxy card. To vote by mail, mark, sign and date the proxy card and return it in the postage-paid envelope provided.

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If you hold shares in a savings plan, or if you hold shares of a company SunGard acquired which you have not yet exchanged for SunGard shares, you may vote those shares only by mail.

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Internet and telephone voting provide the same authority to vote your shares as if you returned your proxy card by mail. In addition, Internet and telephone voting will reduce our proxy-related postage expenses.

Q: How do you vote in person at the annual meeting?

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you. Even if you plan to attend the meeting, we recommend that you vote your shares in advance as described above, so your vote will be counted even if you later decide not to attend.

If you hold shares in street name through a broker, bank or other nominee, you may vote those shares in person at the meeting only if you obtain and bring with you a signed proxy from the necessary nominees giving you the right to vote the shares. To do this, you should contact your nominee.

Q: Can you change your vote?

A: After you vote your shares, whether by Internet, telephone or mail, you may change your vote at any time before voting is closed at the annual meeting. If you hold shares in your name as the stockholder of record, you should write to our Corporate Secretary at our principal offices, 680 East Swedesford Road, Wayne, Pennsylvania 19087, stating that you want to revoke your proxy and that you need another proxy card. If you hold your shares in street name through a broker, bank or other nominee, you should contact the nominee and ask for a new proxy card. Alternatively, you may vote again by Internet or telephone. If you attend the annual meeting, you may vote by ballot as described above, which will cancel your previous vote. Your last vote before voting is closed at the annual meeting is the vote that will be counted.

Q: What is a quorum?

A: A quorum of the holders of the outstanding shares of our common stock must be present for the annual meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our common stock entitled to vote are present at the meeting, either in person or represented by proxy. Withheld votes, abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q: If your shares are held in street name by your broker, will your broker vote your shares for you?

A: Yes, but only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without those instructions, your shares will not be voted.

Q: How are votes counted?

A: For the proposal relating to the adoption of the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal relating to adoption of the merger agreement, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST the adoption of the merger agreement.

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For the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal to adjourn or postpone the meeting, if necessary or appropriate, to solicit additional proxies, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies.

For the election of directors, you may vote FOR all of the nominees or you may WITHHOLD your vote for one or more of the nominees. Withheld votes will not count as votes cast for the nominee, but will count for the purpose of determining whether a quorum is present. As a result, if you withhold your vote, it has no effect on the outcome of the vote to elect directors.

For the proposal relating to ratification of SunGard's independent registered public accounting firm, you may vote FOR, AGAINST or ABSTAIN. Abstentions will not count as votes cast on the proposal relating to ratification of SunGard's independent registered public accounting firm, but will count for the purpose of determining whether a quorum is present. As a result, if you ABSTAIN, it has the same effect as if you vote AGAINST ratification of SunGard's independent registered public accounting firm.

If you sign your proxy card without indicating your vote, your shares will be voted FOR the adoption of the merger agreement, FOR adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies, FOR each of the nominees for director, FOR ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and in accordance with the recommendations of the Company's board of directors on any other matters properly brought before the meeting for a vote.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Generally, nominees have the discretion to vote for directors and the ratification of the appointment of our independent registered public accounting firm, unless you instruct otherwise. Broker non-votes will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present.

As a result, broker non-votes will have the same effect as a vote against the adoption of the merger agreement. Broker non-votes will also have the same effect as a vote against the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies and the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, but will not affect the outcome of the vote relating to the election of directors.

Q: Who will bear the cost of this solicitation?

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. In addition, D. F. King & Co., Inc. will provide solicitation services to us for a fee of approximately \$15,000 plus out-of-pocket expenses. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials and annual reports to the beneficial owners of the shares they hold of record.

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Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible, and we anticipate that it will be completed in the third quarter of 2005. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement must be satisfied or waived (as permitted by law). In addition, Merger Co is not obligated to complete the merger until the expiration of a 15-business day marketing period that Merger Co may use to complete its financing for the merger. The marketing period begins to run after we have obtained stockholder approval and satisfied other conditions under the merger agreement and will be extended to October 10, 2005 if it has not otherwise ended by August 19, 2005. See The Merger Agreement Conditions to the Merger and The Merger Agreement Effective Time.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, you will receive a letter of transmittal with instructions informing you how to send your stock certificates to the paying agent in order to receive the merger consideration, without interest. You should use the letter of transmittal to exchange SunGard stock certificates for the merger consideration to which you are entitled as a result of the merger. If your shares are held in street name by your broker, you will receive instructions from your broker as to how to effect the surrender of your street name shares and receive cash for those shares. DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY.

Q: What will happen to the directors who are up for election if the merger agreement is adopted?

A: If the merger agreement is adopted by stockholders and the merger is completed, SunGard's directors will no longer be directors of the surviving corporation in the merger. The current directors of SunGard, including those elected at the annual meeting, will serve only until the merger is completed.

Q: Who can help answer my other questions?

A: If you have more questions about the annual meeting or the merger, you should contact Investor Relations at (484) 582-5500. You may also contact our proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street, New York, NY 10005

Brokers and dealers call: (212) 269-5550 (collect)

All others call toll free: (800) 659-5550

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Board Recommendation (Page 27)

After careful consideration, our board of directors:

by unanimous vote of those present at the meeting of the board of directors called for that purpose (excluding Cristóbal Conde and another director who was unable to attend the meeting in person or by telephone due to his travel schedule), has determined that the merger agreement and the merger, upon the terms and conditions set forth in the merger agreement, are advisable, fair to and in the best interests of the Company and its stockholders (other than certain executive officers and other members of senior management who will invest in equity securities of the surviving corporation or its parent);

by unanimous vote of those present at the meeting of the board of directors called for that purpose, has approved the merger agreement; and

unanimously recommends that SunGard's stockholders vote FOR the adoption of the merger agreement.

Opinion of Credit Suisse First Boston LLC (Page 27 and Annex B)

In connection with the merger, Credit Suisse First Boston LLC delivered a written opinion to the board of directors of SunGard as to the fairness, from a financial point of view, to the holders of SunGard common stock (other than certain employees of SunGard who will invest in securities of the surviving corporation) of the merger consideration to be received by such holders in the merger. The full text of Credit Suisse First Boston's written opinion, dated March 27, 2005, is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Credit Suisse First Boston's opinion was provided to the SunGard board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.**

Opinion of Lazard Frères & Co. LLC (Page 35 and Annex C)

In connection with the merger, Lazard Frères & Co. LLC (Lazard) delivered a written opinion to SunGard's board of directors as to the fairness as of the date thereof, from a financial point of view, to the holders of SunGard common stock (other than Merger Co, any stockholders of Merger Co, any of SunGard's directors or management and any stockholders of SunGard who properly exercise dissenters' rights) of the consideration to be paid in the merger to such holders. The full text of Lazard's written opinion, dated March 27, 2005, is attached to this proxy statement as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Lazard's opinion was provided to the SunGard board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger.**

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Financing (Page 50)

SunGard and Merger Co estimate that the total amount of funds necessary to consummate the merger and related transactions will be approximately \$11.4 billion, which will be funded by new credit facilities, private offerings of debt securities and equity financing. Funding of the equity and debt financing is subject to the satisfaction of the conditions set forth in the commitment letters pursuant to which the financing will be provided, see *Special Factors Financing of the Merger*. The following arrangements are in place to provide the necessary financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

Equity Financing (Page 50)

Merger Co has received equity commitment letters from each member of the investor group, pursuant to which such members have agreed severally to make aggregate capital contributions of up to \$3.5 billion to Merger Co.

Debt Financing (Page 51)

Merger Co has received a debt commitment letter from JPMorgan Chase Bank, N.A., J.P. Morgan Securities, Inc., Citicorp North America, Inc., Citigroup Global Markets Inc., Deutsche Bank Trust Company Americas, Deutsche Bank AG Cayman Islands Branch, Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P. and Morgan Stanley Senior Funding, Inc. to provide (a) up to \$5 billion of senior secured credit facilities, (b) up to \$3 billion of senior subordinated loans under a bridge facility, (c) one or more trade receivables commercial paper co-purchase conduit facilities with an aggregate availability not to exceed \$500 million, and (d) up to \$500 million of pay-in-kind senior loans under a bridge facility.

Interests of the Company's Directors and Executive Officers in the Merger (Page 55)

Following the merger, it is expected that our current executive officers will continue as executive officers of the surviving corporation, although James L. Mann will no longer serve as chairman of the board of directors. The service of our directors other than Cristóbal Conde, our chief executive officer, will end on the completion of the merger. Like all our other stockholders, our executive officers will be entitled to receive \$36.00 per share in cash for each of their shares of SunGard common stock, and all of their outstanding stock options will become fully vested and exercisable unless otherwise agreed between the holder of any such option and Merger Co. Silver Lake Partners and the other members of the investor group indicated in their discussions regarding the transaction that they would not proceed with the transaction unless Mr. Conde and a sufficient number of our other executive officers and members of senior management made significant investments in the surviving corporation (or its parent). Accordingly, Mr. Conde and certain of our other executive officers and members of senior management (the management participants) have entered into agreements with the investor group pursuant to which they have agreed to make an equity investment in the surviving corporation (or its parent), and additional executive officers and the members of senior management may enter into such agreements in the future. The management participants are permitted to make this equity investment by paying cash, by contributing shares of SunGard common stock to Merger Co (or its parent), or by converting their options for SunGard common stock into options to acquire shares in the surviving corporation (or its parent). The management participants' equity investment in the surviving corporation (or its parent) will be illiquid and subject to a stockholders agreement restricting the ability of the management participants to sell such equity. The equity investment agreed upon by the management participants in the surviving corporation is expected to represent approximately 3% of the

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outstanding equity securities of the surviving corporation (or its parent) following the merger. The management participants are also permitted to make additional equity investments in the surviving corporation (or its parent) in amounts to be determined. Like all our other option holders, the management participants will also be able to receive cash in respect of their options for SunGard common stock by exercising their options immediately prior to the completion of the merger, and receiving in the merger the \$36.00 per share merger consideration for the shares received upon such exercise. In addition, the management participants will enter into employment and related agreements with the surviving corporation (or its parent), and will receive new incentive equity grants in the surviving corporation (or its parent). The management participants will not, as a result of the merger, receive any change in control payments or be entitled to any rights or entitlements, including severance payments, pursuant to each management participant's change in control agreement with SunGard dated as of December 15, 2004 or January 13, 2005, as the case may be, which will be te