SUNGARD DATA SYSTEMS INC
Form 10-Q
August 09, 2011
Table of Contents

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2011

OR

¨ **Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file numbers:

SunGard Capital Corp.	**000-53653**
SunGard Capital Corp. II	**000-53654**
SunGard Data Systems Inc.	**001-12989**

SunGard® Capital Corp.

SunGard® Capital Corp. II

SunGard® Data Systems Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-3059890**
Delaware	**20-3060101**
Delaware	**51-0267091**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

680 East Swedesford Road, Wayne, Pennsylvania 19087

(Address of principal executive offices, including zip code)

484-582-2000

(Registrants telephone number, including area code)

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

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

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

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

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 number of shares of the registrants common stock outstanding as of June 30, 2011:

SunGard Capital Corp.	255,870,461 shares of Class A common stock and 28,429,970 shares of Class L common stock
SunGard Capital Corp. II	100 shares of common stock
SunGard Data Systems Inc.	100 shares of common stock

Table of Contents

SunGard Capital Corp.

SunGard Capital Corp. II

SunGard Data Systems Inc.

And Subsidiaries

Index

Table of Contents

PART I. FINANCIAL INFORMATION

Explanatory Note

This Form 10-Q is a combined quarterly report being filed separately by three registrants: SunGard Capital Corp. (SCC), SunGard Capital Corp. II (SCCII) and SunGard Data Systems Inc. (SunGard). SCC and SCC II are collectively referred to as the Parent Companies . Unless the context indicates otherwise, any reference in this report to the Company, we, us and our refer to the Parent Companies together with their direct and indirect subsidiaries, including SunGard. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

Table of Contents

ITEM 1. FINANCIAL STATEMENTS

SunGard Capital Corp.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2010	**June 30, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 821**
Trade receivables, less allowance for doubtful accounts of $41 and $50	894	**863**
Earned but unbilled receivables	167	**188**
Prepaid expenses and other current assets	178	**184**
Clearing broker assets	230	**277**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,343**
Property and equipment, less accumulated depreciation of $1,135 and $1,255	918	**926**
Software products, less accumulated amortization of $1,301 and $1,434	809	**713**
Customer base, less accumulated amortization of $1,158 and $1,280	2,000	**1,889**
Other intangible assets, less accumulated amortization of $23 and $21	187	**170**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,020**
Goodwill	5,774	**5,825**
Total Assets	$ 12,968	**$ 12,886**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**47**
Accrued compensation and benefits	302	**260**
Accrued interest expense	103	**92**
Other accrued expenses	421	**366**
Clearing broker liabilities	210	**250**
Deferred revenue	997	**999**
Total current liabilities	2,106	**2,024**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,212	**1,197**
Total liabilities	11,364	**11,289**
Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	54	**31**
Class L common stock subject to a put option	87	**55**
Class A common stock subject to a put option	11	**7**

Stockholders equity:			
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $4,699 million and $5,033 million; 50,000,000 shares authorized, 28,670,331 and 28,761,476 shares issued			
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 258,037,523 and 258,858,048 shares issued			
Capital in excess of par value		2,703	**2,746**
Treasury stock, 326,329 and 331,506 shares of Class L common stock; and 2,940,981 and 2,987,587 shares of Class A common stock		(34)	**(35)**
Accumulated deficit		(2,970)	**(3,175)**
Accumulated other comprehensive income (loss)		(29)	**51**
Total SunGard Capital Corp. stockholders equity (deficit)		(330)	**(413)**
Noncontrolling interest in preferred stock of SCCII		1,782	**1,917**
Total equity		1,452	**1,504**
Total Liabilities and Equity	$	12,968	**$ 12,886**

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

2

Table of Contents

SunGard Capital Corp.

Consolidated Statements of Operations

(In millions)

(Unaudited)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011
Revenue:				
Services	$ 1,112	**$ 1,126**	$ 2,216	**$ 2,230**
License and resale fees	103	**109**	171	**183**
Total products and services	1,215	**1,235**	2,387	**2,413**
Reimbursed expenses	38	**31**	66	**63**
	1,253	**1,266**	2,453	**2,476**
Costs and expenses:				
Cost of sales and direct operating	581	**573**	1,173	**1,158**
Sales, marketing and administration	286	**313**	557	**597**
Product development	69	**83**	141	**164**
Depreciation and amortization	72	**72**	146	**144**
Amortization of acquisition-related intangible assets	120	**119**	240	**244**
	1,128	**1,160**	2,257	**2,307**
Operating income (loss)	125	**106**	196	**169**
Interest income	1	**1**	1	**2**
Interest expense and amortization of deferred financing fees	(160)	**(129)**	(319)	**(266)**
Other income (expense)	14	**1**	14	**(1)**
Income (loss) from continuing operations before income taxes	(20)	**(21)**	(108)	**(96)**
Benefit from (provision for) income taxes	(1)	**(52)**	31	
Income (loss) from continuing operations	(21)	**(73)**	(77)	**(96)**
Income (loss) from discontinued operations, net of tax			2	
Net income (loss)	(21)	**(73)**	(75)	**(96)**
Income attributable to the noncontrolling interest (including $(3) million, $(11) million, $3 million and $(10) million in temporary equity)	(49)	**(55)**	(96)	**(109)**
Net income (loss) attributable to SunGard Capital Corp.	$ (70)	**$ (128)**	$ (171)	**$ (205)**

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

Table of Contents

SunGard Capital Corp.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Six Months Ended June 30,	
	2010	**2011**
Cash flow from operations:		
Net loss	$ (75)	**$ (96)**
Income (loss) from discontinued operations	2	
Income (loss) from continuing operations	(77)	**(96)**
Reconciliation of income (loss) from continuing operations to cash flow from operations:		
Depreciation and amortization	385	**388**
Deferred income tax provision (benefit)	(57)	**(30)**
Stock compensation expense	17	**15**
Amortization of deferred financing costs and debt discount	22	**20**
Other noncash items	(13)	**3**
Accounts receivable and other current assets	131	**8**
Accounts payable and accrued expenses	(119)	**(125)**
Clearing broker assets and liabilities, net	6	**(7)**
Deferred revenue	(61)	**1**
Cash flow from continuing operations	234	**177**
Cash flow from discontinued operations	12	
Cash flow from operations	246	**177**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(26)**
Cash paid for property and equipment and software	(147)	**(133)**
Other investing activities	8	**(1)**
Cash provided by (used in) continuing operations	(152)	**(160)**
Cash provided by (used in) discontinued operations	(1)	
Cash provided by (used in) investment activities	(153)	**(160)**
Financing activities:		
Cash received from issuance of common stock	1	**2**
Cash received from borrowings, net of fees	29	**14**
Cash used to repay debt	(35)	**(2)**
Cash used to repurchase treasury stock	(3)	**(1)**
Other financing activities	(1)	**(8)**
Cash provided by (used in) continuing operations	(9)	**5**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(9)	**5**

Effect of exchange rate changes on cash	(19)	**21**
Increase (decrease) in cash and cash equivalents	65	**43**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$ 729	**$ 821**

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

Table of Contents

SunGard Capital Corp. II

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2010	**June 30, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 821**
Trade receivables, less allowance for doubtful accounts of $41 and $50	894	**863**
Earned but unbilled receivables	167	**188**
Prepaid expenses and other current assets	178	**184**
Clearing broker assets	230	**277**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,343**
Property and equipment, less accumulated depreciation of $1,135 and $1,255	918	**926**
Software products, less accumulated amortization of $1,301 and $1,434	809	**713**
Customer base, less accumulated amortization of $1,158 and $1,280	2,000	**1,889**
Other intangible assets, less accumulated amortization of $23 and $21	187	**170**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,020**
Goodwill	5,774	**5,825**
Total Assets	$ 12,968	**$ 12,886**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**47**
Accrued compensation and benefits	302	**260**
Accrued interest expense	103	**92**
Other accrued expenses	422	**366**
Clearing broker liabilities	210	**250**
Deferred revenue	997	**999**
Total current liabilities	2,107	**2,024**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,211	**1,197**
Total liabilities	11,364	**11,289**
Commitments and contingencies		
Preferred stock subject to a put option	37	**24**
Stockholders equity:		
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,818 million and $1,930 million; 14,999,000 shares authorized, 9,924,392 and 9,955,951 issued		

Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and oustanding			
Capital in excess of par value		3,747	**3,769**
Treasury stock, 112,987 and 114,779 shares		(14)	**(14)**
Accumulated deficit		(2,137)	**(2,233)**
Accumulated other comprehensive income (loss)		(29)	**51**
Total stockholders equity		1,567	**1,573**
Total Liabilities and Stockholders Equity	$	12,968	**$ 12,886**

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

Table of Contents

SunGard Capital Corp. II

Consolidated Statements of Operations

(In millions)

(Unaudited)

	Three Months Ended June 30, 2010	Three Months Ended June 30, **2011**	Six Months Ended June 30, 2010	Six Months Ended June 30, **2011**
Revenue:				
Services	$ 1,112	**$ 1,126**	$ 2,216	**$ 2,230**
License and resale fees	103	**109**	171	**183**
Total products and services	1,215	**1,235**	2,387	**2,413**
Reimbursed expenses	38	**31**	66	**63**
	1,253	**1,266**	2,453	**2,476**
Costs and expenses:				
Cost of sales and direct operating	581	**573**	1,173	**1,158**
Sales, marketing and administration	286	**313**	557	**597**
Product development	69	**83**	141	**164**
Depreciation and amortization	72	**72**	146	**144**
Amortization of acquisition-related intangible assets	120	**119**	240	**244**
	1,128	**1,160**	2,257	**2,307**
Operating income (loss)	125	**106**	196	**169**
Interest income	1	**1**	1	**2**
Interest expense and amortization of deferred financing fees	(160)	**(129)**	(319)	**(266)**
Other income (expense)	14	**1**	14	**(1)**
Income (loss) from continuing operations before income taxes	(20)	**(21)**	(108)	**(96)**
Benefit from (provision for) income taxes	(1)	**(52)**	31	
Income (loss) from continuing operations	(21)	**(73)**	(77)	**(96)**
Income (loss) from discontinued operations, net of tax			2	
Net income (loss)	$ (21)	**$ (73)**	$ (75)	**$ (96)**

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

Table of Contents

SunGard Capital Corp. II

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Six Months Ended June 30,	
	2010	**2011**
Cash flow from operations:		
Net income (loss)	$ (75)	**$ (96)**
Income (loss) from discontinued operations	2	
Income (Loss) from continuing operations	(77)	**(96)**
Reconciliation of income (loss) from continuing operations to cash flow from operations:		
Depreciation and amortization	385	**388**
Deferred income tax provision (benefit)	(57)	**(30)**
Stock compensation expense	17	**15**
Amortization of deferred financing costs and debt discount	22	**20**
Other noncash items	(13)	**3**
Accounts receivable and other current assets	131	**8**
Accounts payable and accrued expenses	(119)	**(125)**
Clearing broker assets and liabilities, net	6	**(7)**
Deferred revenue	(61)	**1**
Cash flow from continuing operations	234	**177**
Cash flow from discontinued operations	12	
Cash flow from operations	246	**177**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(26)**
Cash paid for property and equipment and software	(147)	**(133)**
Other investing activities	8	**(1)**
Cash provided by (used in) continuing operations	(152)	**(160)**
Cash provided by (used in) discontinued operations	(1)	
Cash provided by (used in) investment activities	(153)	**(160)**
Financing activities:		
Cash received from borrowings, net of fees	29	**14**
Cash used to repay debt	(35)	**(2)**
Cash used to repurchase treasury stock	(1)	
Other financing activities	(2)	**(7)**
Cash provided by (used in) continuing operations	(9)	**5**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(9)	**5**

Effect of exchange rate changes on cash	(19)	**21**
Increase (decrease) in cash and cash equivalents	65	**43**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$ 729	**$ 821**

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

Table of Contents

SunGard Data Systems Inc.

Consolidated Balance Sheets

(In millions except share and per-share amounts)

(Unaudited)

	December 31, 2010	**June 30, 2011**
Assets		
Current:		
Cash and cash equivalents	$ 778	**$ 821**
Trade receivables, less allowance for doubtful accounts of $41 and $50	894	**863**
Earned but unbilled receivables	167	**188**
Prepaid expenses and other current assets	178	**184**
Clearing broker assets	230	**277**
Deferred income taxes	10	**10**
Total current assets	2,257	**2,343**
Property and equipment, less accumulated depreciation of $1,135 and $1,255	918	**926**
Software products, less accumulated amortization of $1,301 and $1,434	809	**713**
Customer base, less accumulated amortization of $1,158 and $1,280	2,000	**1,889**
Other intangible assets, less accumulated amortization of $23 and $21	187	**170**
Trade name, less accumulated amortization of $7 and $10	1,023	**1,020**
Goodwill	5,774	**5,825**
Total Assets	$ 12,968	**$ 12,886**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 9	**$ 10**
Accounts payable	64	**47**
Accrued compensation and benefits	302	**260**
Accrued interest expense	103	**92**
Other accrued expenses	423	**368**
Clearing broker liabilities	210	**250**
Deferred revenue	997	**999**
Total current liabilities	2,108	**2,026**
Long-term debt	8,046	**8,068**
Deferred income taxes	1,207	**1,192**
Total liabilities	11,361	**11,286**
Commitments and contingencies		
Stockholder s equity:		
Common stock, par value $.01 per share; 100 shares authorized, issued and oustanding		
Capital in excess of par value	3,773	**3,782**
Accumulated deficit	(2,137)	**(2,233)**
Accumulated other comprehensive income (loss)	(29)	**51**

Total stockholder s equity	1,607	**1,600**
Total Liabilities and Stockholder s Equity	$ 12,968	**$ 12,886**

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

8

Table of Contents

SunGard Data Systems Inc.

Consolidated Statements of Operations

(In millions)

(Unaudited)

	Three Months Ended June 30, 2010	Three Months Ended June 30, **2011**	Six Months Ended June 30, 2010	Six Months Ended June 30, **2011**
Revenue:				
Services	$ 1,112	**$ 1,126**	$ 2,216	**$ 2,230**
License and resale fees	103	**109**	171	**183**
Total products and services	1,215	**1,235**	2,387	**2,413**
Reimbursed expenses	38	**31**	66	**63**
	1,253	**1,266**	2,453	**2,476**
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Product development	69	**83**	141	**164**
Depreciation and amortization	72	**72**	146	**144**
Amortization of acquisition-related intangible assets	120	**119**	240	**244**
	1,128	**1,160**	2,257	**2,307**
Operating income (loss)	125	**106**	196	**169**
Interest income	1	**1**	1	**2**
Interest expense and amortization of deferred financing fees	(160)	**(129)**	(319)	**(266)**
Other income (expense)	14	**1**	14	**(1)**
Income (loss) from continuing operations before income taxes	(20)	**(21)**	(108)	**(96)**
Benefit from (provision for) income taxes	(1)	**(52)**	31	
Income (loss) from continuing operations	(21)	**(73)**	(77)	**(96)**
Income (loss) from discontinued operations, net of tax			2	
Net income (loss)	$ (21)	**$ (73)**	$ (75)	**$ (96)**

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

Table of Contents

SunGard Data Systems Inc.

Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Six Months Ended June 30, 2010	**2011**
Cash flow from operations:		
Net income (loss)	$ (75)	**$ (96)**
Income (loss) from discontinued operations	2	
Income (loss) from continuing operations	(77)	**(96)**
Reconciliation of income (loss) from continuing operations to cash flow from operations:		
Depreciation and amortization	385	**388**
Deferred income tax provision (benefit)	(58)	**(30)**
Stock compensation expense	17	**15**
Amortization of deferred financing costs and debt discount	22	**20**
Other noncash items	(13)	**3**
Accounts receivable and other current assets	131	**8**
Accounts payable and accrued expenses	(117)	**(125)**
Clearing broker assets and liabilities, net	6	**(7)**
Deferred revenue	(61)	**1**
Cash flow from continuing operations	235	**177**
Cash flow from discontinued operations	12	
Cash flow from operations	247	**177**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(13)	**(26)**
Cash paid for property and equipment and software	(147)	**(133)**
Other investing activities	8	**(1)**
Cash provided by (used in) continuing operations	(152)	**(160)**
Cash provided by (used in) discontinued operations	(1)	
Cash provided by (used in) investment activities	(153)	**(160)**
Financing activities:		
Cash received from borrowings, net of fees	29	**14**
Cash used to repay debt	(35)	**(2)**
Other financing activities	(4)	**(7)**
Cash provided by (used in) continuing operations	(10)	**5**
Cash provided by (used in) discontinued operations		
Cash provided by (used in) financing activities	(10)	**5**

Effect of exchange rate changes on cash	(19)	**21**
Increase (decrease) in cash and cash equivalents	65	**43**
Beginning cash and cash equivalents includes cash of discontinued operations: (2010: $22)	664	**778**
Ending cash and cash equivalents includes cash of discontinued operations: (2010: $36)	$ 729	**$ 821**

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 (UNAUDITED)

1. Basis of Presentation:

SunGard Data Systems Inc. (SunGard) was acquired on August 11, 2005 (the LBO) in a leveraged buy-out by a consortium of private equity investment funds associated with Bain Capital Partners, The Blackstone Group, Goldman Sachs & Co., Kohlberg Kravis Roberts & Co., Providence Equity Partners, Silver Lake and TPG (collectively, the Sponsors).

SunGard is a wholly owned subsidiary of SunGard Holdco LLC, which is wholly owned by SunGard Holding Corp., which is wholly owned by SunGard Capital Corp. II (SCCII), which is a subsidiary of SunGard Capital Corp. (SCC). All four of these companies were formed for the purpose of facilitating the LBO and are collectively referred to as the Holding Companies. SCC, SCCII and SunGard are separate reporting companies and, together with their direct and indirect subsidiaries, are collectively referred to as the Company .

The Company has four reportable segments: Financial Systems (FS), Higher Education (HE), Public Sector (PS) and Availability Services (AS Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The balances at December 31, 2010 and for the three and six months ended June 30, 2010 have been revised to include this business in HE. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2010. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

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

In June 2011, the FASB amended guidance relating to the presentation requirements of comprehensive income within an entity s financial statements. Under the guidance, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income in a single continuous statement or in two separate but consecutive statements. The amended guidance eliminates the previously available option of presenting the components of other comprehensive income as part of the statement of changes in equity. In addition, an entity is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. The amendment is effective for fiscal years beginning after December 15, 2011 and will be applied retrospectively.

2. Revision:

During the second quarter of 2011, the Company identified a classification error within its consolidated statements of operations. The misclassification resulted in overstating the product development expense line item on the statement of operations. Generally, the offsetting understatement was to cost of sales and direct operating expenses. The error in classification had no impact on total reported expenses for any period and therefore had no impact on operating or net income. The Company assessed the materiality of this item on previously reported periods and concluded the misclassification error was not material and did not warrant restatement of previously issued financial statements. Accordingly, product development expense for the three- and six-month periods ended June 30, 2010 has been revised from $93 million to $69 million and from $189 million to $141 million, respectively, to correct the immaterial misclassification. In future filings, any comparative period presentations will be revised when those periods are presented.

Table of Contents

3. Acquisitions and Discontinued Operations:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During the six months ended June 30, 2011, the Company completed three acquisitions in its FS segment. Cash paid, net of cash acquired and subject to certain adjustments, was $26 million.

Discontinued Operations

In December 2010, the Company sold its PS UK business. The results for the discontinued operations for the three-and six-months ended June 30, 2010 were as follows (in millions):

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Revenue	$ 45	$ 94
Operating income	1	4
Income before income taxes	1	4
Provision for income taxes	(1)	(2)
Income from discontinued operations	$	$ 2

4. Goodwill:

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

	Cost					Cumulative Impairment				
	FS	**HE**	**PS**	**AS**	**Subtotal**	**HE**	**PS**	**AS**	**Subtotal**	**Total**
Balance at December 31, 2010	$ 3,450	$ 1,048	$ 436	$ 2,203	$ 7,137	$ (32)	$ (205)	$ (1,126)	$ (1,363)	$ 5,774
2011 acquisitions	6				6					6
Tax benefits realized from the exercise of stock options related to the LBO and other	(2)	(1)		(2)	(5)					(5)
Effect of foreign currency translation	42			8	50					50
Balance at June 30, 2011	$ 3,496	$ 1,047	$ 436	$ 2,209	$ 7,188	$ (32)	$ (205)	$ (1,126)	$ (1,363)	$ 5,825

Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The balances at December 31, 2010 have been revised to include this business in HE.

Table of Contents

5. Clearing Broker Assets and Liabilities:

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

	December 31, 2010	**June 30, 2011**
Segregated customer cash and treasury bills	$ 57	**$ 65**
Collateral for securities borrowed	154	**190**
Receivables from customers and other	19	**22**
Clearing broker assets	$ 230	**$ 277**
Payables to customers	$ 19	**$ 14**
Collateral for securities loaned	137	**173**
Payable to brokers and dealers	54	**63**
Clearing broker liabilities	$ 210	**$ 250**

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

6. Debt and Derivatives:

On January 31, 2011, SunGard entered into the First Refinancing Amendment to its Amended and Restated Senior Secured Credit Agreement, dated as of June 9, 2009 (Credit Agreement) to, among other things, (a) eliminate the LIBOR and base rate floors and (b) reduce the Eurocurrency rate spread from 3.75% to 3.50% and the base rate spread from 2.75% to 2.50% with no impact on maturity.

On March 11, 2011, SunGard entered into the Second Refinancing and Incremental Amendment to its Credit Agreement to, among other things, obtain new revolving credit commitments in an aggregate amount equal to $300 million that will terminate on May 11, 2013, thereby increasing the Company s revolving credit commitments by $50 million, to $880 million, all of which now have been extended to (or expire on) May 11, 2013.

The Company 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 senior secured credit facilities. 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. The net receipt or payment from the interest rate swap agreements is included in interest expense. The Company does not enter into interest rate swaps for speculative or trading purposes. A summary of the Company s interest rate swaps follows:

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

The fair values of interest rate swaps designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are $38 million and $24 million as of December 31, 2010 and June 30, 2011, respectively.

13

Table of Contents

The table below summarizes the impact of the effective portion of interest rate swaps on the balance sheets and statements of operations for the three and six months ended June 30, 2010 and 2011 (in millions):

	Classification	Three Months Ended June 30, 2010	Three Months Ended June 30, **2011**	Six Months Ended June 30, 2010	Six Months Ended June 30, **2011**
Gain (loss) recognized in Accumulated Other Comprehensive Income (OCI)	OCI	$ (17)	**$ (9)**	$ (37)	**$ (10)**
Loss reclassified from accumulated OCI into income	Interest expense and amortization of deferred financing fees	20	**7**	42	**20**

The Company has no ineffectiveness related to its swap agreements.

The Company expects to reclassify in the next twelve months approximately $21 million from OCI into earnings related to the Company s interest rate swaps based on the borrowing rates at June 30, 2011.

7. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at June 30, 2011 (in millions):

	Fair Value Measures Using Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents - money market funds	$ 282	$	$	$ 282
Liabilities				
Interest rate swap agreements and other	$	$ 24	$	$ 24

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

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

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

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

Table of Contents

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, as of December 31, 2010 and June 30, 2011 (in millions):

	December 31, 2010		June 30, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 4,707	$ 4,644	**$ 4,725**	**$ 4,689**
Fixed rate debt	3,348	3,432	**3,353**	**3,429**

The fair value of the Company s floating rate and fixed rate long-term debt is primarily based on market rates.

8. Comprehensive Income (Loss):

Comprehensive income (loss) consists of net income (loss) adjusted for other increases and decreases affecting stockholder s equity that are excluded from the determination of net income (loss). The calculation of comprehensive income (loss) follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2011**	2010	**2011**
Net loss	$ (21)	**$ (73)**	$ (75)	**$ (96)**
Foreign currency translation gains (losses)	(78)	**18**	(139)	**75**
Unrealized gains (losses) on derivative instruments	1	**(3)**	3	**5**
Comprehensive income (loss)	$ (98)	**$ (58)**	$ (211)	**$ (16)**

9. Equity:

A rollforward of SCC s equity for 2011 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2010	$ 87	$ 11	$ (330)	$ (232)	$ 54	$ 1,782	$ 1,836
Net income (loss)			(205)	(205)	(10)	119	109
Foreign currency translation			75	75			
Net unrealized gain on derivative instruments			5	5			
Comprehensive income (loss)			(125)	(125)	(10)	119	109
Stock compensation expense			15	15			
Termination of put options due to employee terminations and other	(36)	(4)	41	1	(16)	16	
Issuance of common and preferred stock	(1)		3	2			
Purchase of treasury stock			(1)	(1)			
Transfer intrinsic value of vested restricted stock units	5		(8)	(3)	3		3
Other			(8)	(8)			
Balance at June 30, 2011	$ 55	$ 7	$ (413)	$ (351)	$ 31	$ 1,917	$ 1,948

15

Table of Contents

A rollforward of SCC s equity for 2010 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2009	$ 88	$ 11	$ 321	$ 420	$ 51	$ 1,593	$ 1,644
Net income (loss)			(171)	(171)	3	93	96
Foreign currency translation			(139)	(139)			
Net unrealized gain on derivative instruments			3	3			
Comprehensive income (loss)			(307)	(307)	3	93	96
Stock compensation expense			17	17			
Termination of put options due to employee terminations and other	(2)			(2)	(1)	1	
Purchase of treasury stock			(1)	(1)		(1)	(1)
Transfer intrinsic value of vested restricted stock units	4		(6)	(2)	2		2
Balance at June 30, 2010	$ 90	$ 11	$ 24	$ 125	$ 55	$ 1,686	$ 1,741

In the case of termination of employment 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. These common or preferred shares must be classified as temporary equity (between liabilities and equity) on the balance sheet of SCC and SCCII. At vesting or exercise, grant-date intrinsic value or exercise value, respectively, is reclassified to temporary equity. On termination of employment, the value included in temporary equity is reclassified to permanent equity.

Table of Contents

10. Segment Information:

The Company has four reportable segments: FS, HE and PS, which together form the Company s Software & Processing Solutions business, and AS. The Company evaluates the performance of its segments based on operating results before interest, income taxes, amortization of acquisition-related intangible assets, stock compensation and certain other costs. Effective January 1, 2011, the Company s K-12 business was transferred from PS to HE. The results for 2010 have been revised to include this business in HE. The operating results apply to each of SCC, SCCII and SunGard unless otherwise noted. The operating results for each segment follow (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2011**	2010	**2011**
Revenue:				
Financial systems	$ 702	**$ 714**	$ 1,362	**$ 1,386**
Higher education	150	**150**	286	**290**
Public sector	36	**36**	71	**70**
Software & processing solutions	888	**900**	1,719	**1,746**
Availability services	365	**366**	734	**730**
	$ 1,253	**$ 1,266**	$ 2,453	**$ 2,476**
Depreciation and amortization:				
Financial systems	$ 21	**$ 21**	$ 40	**$ 42**
Higher education	3	**3**	7	**7**
Public sector	1	**2**	2	**3**
Software & processing solutions	25	**26**	49	**52**
Availability services	47	**46**	97	**92**
	$ 72	**$ 72**	$ 146	**$ 144**
Income (loss) from operations:				
Financial systems	$ 147	**$ 139**	$ 261	**$ 254**
Higher education	37	**44**	71	**71**
Public sector	10	**10**	18	**20**
Software & processing solutions	194	**193**	350	**345**
Availability services	84	**81**	154	**154**
Corporate and other items (1)	(141)	**(158)**	(286)	**(308)**
Other costs	(12)	**(10)**	(22)	**(22)**
	$ 125	**$ 106**	$ 196	**$ 169**
Cash paid for property and equipment and software:				
Financial systems	$ 21	**$ 21**	$ 41	**$ 44**
Higher education	2	**2**	4	**5**
Public sector	2	**1**	4	**2**
Software & processing solutions	25	**24**	49	**51**
Availability services	46	**45**	97	**80**
Corporate administration			1	**2**
	$ 71	**$ 69**	$ 147	**$ 133**

(1) Includes corporate administrative expenses, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $120 million and $119 million for the three months ended June 30, 2010 and 2011, respectively, and $240 million and $244 million for the six months ended June 30, 2010 and 2011, respectively.

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2011**	2010	**2011**
Amortization of acquisition-related intangible assets:				
Financial systems	$ 64	**$ 63**	$ 128	**$ 132**[(1)]
Higher education	10	**10**	20	**20**
Public sector	3	**3**	7	**6**
Software & processing solutions	77	**76**	155	**158**
Availability services	43	**43**	85	**86**
	$ 120	**$ 119**	$ 240	**$ 244**

(1) Amortization of acquisition-related intangible assets in 2011 includes impairment charges related to customer base and software, respectively, for a subsidiary in the FS segment of approximately $3 million and $4 million.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2011**	2010	**2011**
Capital Markets	$ 167	**$ 186**	$ 319	**$ 361**
Global Trading	184	**148**	346	**299**
Asset Management	86	**96**	171	**185**
Wealth Management	95	**87**	187	**178**
Banking	48	**57**	91	**104**
Corporate Liquidity	42	**50**	87	**91**
Insurance	44	**42**	82	**81**
Global Services & Distribution	29	**39**	63	**71**
Other	7	**9**	16	**16**
Total Financial Systems	$ 702	**$ 714**	$ 1,362	**$ 1,386**

11. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $3 million and $2 million of management fees in sales, marketing and administration expenses during each of the three months ended June 30, 2010 and 2011, respectively. The Company recorded $7 million and $6 million of management fees in sales, marketing and administration expenses during each of the six months ended June 30, 2010 and 2011, respectively. At December 31, 2010 and June 30, 2011, $6 million and $5 million, respectively, was included in other accrued expenses.

Table of Contents

12. Supplemental Cash Flow Information:

Supplemental cash flow information for the six months ended June 30, 2010 and 2011 follows (in millions):

	Six Months Ended June 30,	
Supplemental information:	2010	**2011**
Acquired businesses:		
Property and equipment	$ 2	**$ 1**
Software products	3	**11**
Customer base	10	**12**
Goodwill	2	**6**
Other tangible and intangible assets	3	
Deferred income taxes	(2)	**(5)**
Purchase price obligations and debt assumed	(1)	
Net current liabilities assumed	(4)	**1**
Cash paid for acquired businesses, net of cash acquired of $2 and $4, respectively	$ 13	**$ 26**

13. Subsequent Event:

As disclosed in a Form 8-K filed on August 5, 2011, the Company announced that SCC, SunGard, Datatel Parent Corp. (Datatel) and certain of their respective affiliates had entered into an Agreement and Plan of Merger dated as of August 4, 2011, and that SunGard, SunGard Higher Education Inc. and certain affiliates of Datatel had entered into an Asset Purchase Agreement dated as of August 4, 2011 (together, the Transaction Agreements) to sell SunGard s HE business (excluding the K-12 Education business). The transactions are subject to customary closing conditions and could close as early as late in the fourth quarter of 2011 or as late as August 2, 2012. SunGard intends to use the transaction proceeds of $1.775 billion, less applicable taxes and fees, to repay a portion of its existing indebtedness.

14. Supplemental Guarantor Condensed Consolidating Financial Statements:

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

The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2010 and June 30, 2011, and for the three and six month periods ended June 30, 2010 and 2011 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties nor guarantors to the debt issued as described in the notes to consolidated financial statements included in the Company s Form 10-K for the year ended December 31, 2010.

Table of Contents

Supplemental Condensed Consolidating Balance Sheet
December 31, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 179	$	$ 599	$	$ 778
Intercompany balances	(7,500)	6,659	841		
Trade receivables, net	2	702	357		1,061
Prepaid expenses, taxes and other current assets	2,729	85	309	(2,705)	418
Total current assets	(4,590)	7,446	2,106	(2,705)	2,257
Property and equipment, net		602	316		918
Intangible assets, net	150	3,330	539		4,019
Intercompany balances	(4)		4		
Goodwill		4,657	1,117		5,774
Investment in subsidiaries	14,012	2,456		(16,468)	
Total Assets	$ 9,568	$ 18,491	$ 4,082	$ (19,173)	$ 12,968
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$	$ 2	$ 7	$	$ 9
Accounts payable and other current liabilities	203	3,661	940	(2,705)	2,099
Total current liabilities	203	3,663	947	(2,705)	2,108
Long-term debt	7,607	2	437		8,046
Intercompany debt	(195)	65	249	(119)	
Deferred income taxes	346	749	112		1,207
Total liabilities	7,961	4,479	1,745	(2,824)	11,361
Total stockholder s equity	1,607	14,012	2,337	(16,349)	1,607
Total Liabilities and Stockholder s Equity	$ 9,568	$ 18,491	$ 4,082	$ (19,173)	$ 12,968

Supplemental Condensed Consolidating Balance Sheet
June 30, 2011

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 224	$ 4	$ 593	$	$ 821
Intercompany balances	(6,313)	5,482	831		
Trade receivables, net	1	720	330		1,051
Prepaid expenses, taxes and other current assets	1,310	89	436	(1,364)	471
Total current assets	(4,778)	6,295	2,190	(1,364)	2,343
Property and equipment, net		607	319		926
Intangible assets, net	139	3,130	523		3,792
Intercompany balances	(8)	1	7		
Goodwill		4,652	1,173		5,825
Investment in subsidiaries	14,177	2,510		(16,687)	

Total Assets	$	9,530	$	17,195	$	4,212	$	(18,051)	$	12,886
Liabilities and Stockholder s Equity										
Current:										
Short-term and current portion of long-term debt	$		$	2	$	8	$		$	10
Accounts payable and other current liabilities		179		2,223		978		(1,364)		2,016
Total current liabilities		179		2,225		986		(1,364)		2,026
Long-term debt		7,609		3		456				8,068
Intercompany debt		(198)		63		253		(118)		
Deferred income taxes		340		727		125				1,192
Total liabilities		7,930		3,018		1,820		(1,482)		11,286
Total stockholder s equity		1,600		14,177		2,392		(16,569)		1,600
Total Liabilities and Stockholder s Equity	$	9,530	$	17,195	$	4,212	$	(18,051)	$	12,886

20

Table of Contents

(in millions)	Supplemental Condensed Consolidating Schedule of Operations Three Months Ended June 30, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 908	$ 388	$ (43)	$ 1,253
Costs and expenses:					
Cost of sales and direct operating		392	232	(43)	581
Sales, marketing and administration	22	155	109		286
Product development		5	64		69
Depreciation and amortization		51	21		72
Amortization of acquisition-related intangible assets	1	101	18		120
	23	704	444	(43)	1,128
Operating income (loss)	(23)	204	(56)		125
Net interest income (expense)	(148)	(67)	56		(159)
Other income (expense)	92	11	14	(103)	14
Income (loss) from continuing operations before income taxes	(79)	148	14	(103)	(20)
Benefit from (provision for) income taxes	58	(56)	(3)		(1)
Income (loss) from continuing operations	(21)	92	11	(103)	(21)
Income from discontinued operations, net of tax					
Net income (loss)	$ (21)	$ 92	$ 11	$ (103)	$ (21)

(in millions)	Supplemental Condensed Consolidating Schedule of Operations Three Months Ended June 30, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 866	$ 399	$ 1	$ 1,266
Costs and expenses:					
Cost of sales and direct operating		344	228	1	573
Sales, marketing and administration	39	157	117		313
Product development		24	59		83
Depreciation and amortization		49	23		72
Amortization of acquisition-related intangible assets		98	21		119
	39	672	448	1	1,160
Operating income (loss)	(39)	194	(49)		106
Net interest income (expense)	(118)	(77)	67		(128)
Other income (expense)	29	12		(40)	1
Income (loss) before income taxes	(128)	129	18	(40)	(21)
Benefit from (provision for) income taxes	55	(101)	(6)		(52)
Net income (loss)	$ (73)	$ 28	$ 12	$ (40)	$ (73)

Table of Contents

(in millions)	Supplemental Condensed Consolidating Schedule of Operations Six Months Ended June 30, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 1,782	$ 747	$ (76)	$ 2,453
Costs and expenses:					
Cost of sales and direct operating		783	466	(76)	1,173
Sales, marketing and administration	50	293	214		557
Product development		45	96		141
Depreciation and amortization		105	41		146
Amortization of acquisition-related intangible assets	1	202	37		240
	51	1,428	854	(76)	2,257
Operating income (loss)	(51)	354	(107)		196
Net interest income (expense)	(295)	(123)	100		(318)
Other income (expense)	152	8	14	(160)	14
Income (loss) from continuing operations before income taxes	(194)	239	7	(160)	(108)
Benefit from (provision for) income taxes	119	(87)	(1)		31
Income (loss) from continuing operations	(75)	152	6	(160)	(77)
Income from discontinued operations, net of tax			2		2
Net income (loss)	$ (75)	$ 152	$ 8	$ (160)	$ (75)

(in millions)	Supplemental Condensed Consolidating Schedule of Operations Six Months Ended June 30, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 1,711	$ 765	$	$ 2,476
Costs and expenses:					
Cost of sales and direct operating		708	450		1,158
Sales, marketing and administration	65	302	230		597
Product development		48	116		164
Depreciation and amortization		99	45		144
Amortization of acquisition-related intangible assets		195	49		244
	65	1,352	890		2,307
Operating income (loss)	(65)	359	(125)		169
Net interest income (expense)	(205)	(112)	53		(264)
Other income (expense)	78	(50)		(29)	(1)
Income (loss) before income taxes	(192)	197	(72)	(29)	(96)
Benefit from (provision for) income taxes	96	(118)	22		
Net income (loss)	$ (96)	$ 79	$ (50)	$ (29)	$ (96)

Table of Contents

Supplemental Condensed Consolidating Schedule of Cash Flows

(in millions)	Six Months ended June 30, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flow from operations:					
Net income (loss)	$ (75)	$ 152	$ 8	$ (160)	$ (75)
Income (loss) from discontinued operations			2		2
Income (loss) from continuing operations	(75)	152	6	(160)	(77)
Non cash adjustments	(110)	244	59	160	353
Changes in operating assets and liabilities	(95)	92	(38)		(41)
Cash flow provided by (used in) continuing operations	(280)	488	27		235
Cash flow provided by (used in) discontinued operations			12		12
Cash flow provided by (used in) operations	(280)	488	39		247
Investment activities:					
Intercompany transactions	407	(381)	(26)		
Cash paid for acquired businesses, net of cash acquired			(13)		(13)
Cash paid for property and equipment and software		(113)	(34)		(147)
Other investing activities		10	(2)		8
Cash provided by (used in) continuing operations	407	(484)	(75)		(152)
Cash provided by (used in) discontinued operations			(1)		(1)
Cash provided by (used in) investment activities	407	(484)	(76)		(153)
Financing activities:					
Net repayments of long-term debt	(23)	(2)	19		(6)
Other financing activities	(4)				(4)
Cash provided by (used in) continuing operations	(27)	(2)	19		(10)
Cash provided by (used in) discontinued operations					
Cash provided by (used in) financing activities	(27)	(2)	19		(10)
Effect of exchange rate changes on cash			(19)		(19)

