SUNGARD DATA SYSTEMS INC
Form 10-K
March 24, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

þ	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **for the fiscal year ended December 31, 2009**
	or
o	**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 o	No þ
SunGard Capital Corp. II	Yes o	No þ
SunGard Data Systems Inc.	Yes o	No þ

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 o	No þ
SunGard Capital Corp. II	Yes o	No þ
SunGard Data Systems Inc.	Yes þ	No o

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

SunGard Capital Corp.	Yes þ	No o
SunGard Capital Corp. II	Yes þ	No o
SunGard Data Systems Inc.	Yes o	No þ

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

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

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

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 o	No þ
SunGard Capital Corp. II	Yes o	No þ
SunGard Data Systems Inc.	Yes o	No þ

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, 2010:

SunGard Capital Corp.:	255,328,407 shares of Class A common stock and 28,369,759 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.

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PART IV

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Explanatory Note

This Annual Report on Form 10-K 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 annual 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 on Form 10-K may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, s 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.

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PART I

Item 1. ***Business***

Overview

We are one of the world s leading software and technology services companies. We provide software and processing solutions to institutions throughout the financial services industry, higher education and the public sector. We also provide disaster recovery services, managed services, information availability consulting services and business continuity management software.

We serve more than 25,000 customers in more than 70 countries. We seek to establish long-term customer relationships by negotiating multi-year contracts and by emphasizing customer support and product quality and integration. We believe that we are one of the most efficient operators of mission-critical IT solutions as a result of the economies of scale we derive from serving multiple customers on shared platforms. Our revenue is highly diversified by customer and product, with no single customer accounting for more than 9% of our total revenue during any of the past three fiscal years. We estimate that approximately 90% of our revenue for the past three fiscal years was recurring in nature.

We operate our business in four segments:

Our Segments

	Software & Processing			
	Financial Systems	Higher Education	Public Sector	Availability Services
Revenue for the Year Ended December 31, 2009	$3.1 billion	$526 million	$397 million	$1.5 billion
Product and Service Offerings	Specialized software and processing solutions that automate the mission-critical business processes associated with trading securities, managing portfolios and accounting for investment assets, and consulting and IT management services	Specialized software and enterprise resource planning solutions, professional services, and consulting and IT management services to address the administrative, academic and community needs of higher education institutions	Specialized software and enterprise resource planning and administrative solutions, public safety and justice solutions, K-12 student information solutions, and consulting and IT management services	Recovery services and managed services, consulting, and business continuity management software that help companies maintain uninterrupted access to their mission-critical IT systems
Number of Customers	14,000	1,600	2,000	10,000
Primary Customers	Financial services companies	Higher education organizations around the world, including	School districts Central, federal,	IT departments of large, medium and small companies

Corporate and government treasury departments Energy companies	colleges, universities, campuses, foundations and state systems	state and local governments Public safety and justice agencies Not-for-profit organizations	across virtually all industries, primarily in North America and Europe

We were acquired on August 11, 2005 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 (the Transaction). As a result of the Transaction, we are highly leveraged and our equity is no longer publicly traded.

To the extent required by Item 1 of Form 10-K, the information contained in ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA Note 12 is hereby incorporated by reference into this ITEM 1.

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Our Strengths

Leading franchise in attractive industries. Built over many years, our business has leading positions and strong customer relationships in industries with attractive growth dynamics.

Leading industry positions. We believe that, within the highly fragmented global market for financial services IT software and services, the majority of businesses within our FS segment are leaders in the sectors in which they participate. We believe that HE and PS are both leading providers of software and services to higher education institutions and the public sector, respectively, and that AS is the pioneer and a leading provider in the information availability services industry.

Attractive industry dynamics. While the economic crisis and resulting recession has had a negative impact on the sectors in which we operate, we believe that, over the long term, our primary market segments continue to have strong growth potential. We believe that our FS business will benefit from several key industry dynamics: the shift from internal to outsourced IT spending, the shift from infrastructure to application software spending, and the general increase in IT spending associated with increasing compliance and regulatory requirements and customers increasing need for real-time information. We anticipate that our HE and PS businesses will benefit from favorable growth dynamics in higher education and public safety and justice IT spending. We believe that our AS business will continue to benefit from favorable growth in the small and medium business sector as well as in the managed services industry. We believe that our strong relationships with our customers in the relatively fragmented software and processing sectors that we serve and our extensive experience and the significant total capital that we have invested in AS help us to maintain leading positions. We believe that these factors should provide us with competitive advantages and enhance our growth potential.

Highly attractive business model. We have substantial recurring revenue and a diversified customer base and generate significant operating cash flow.

Extensive portfolio of businesses with substantial recurring revenue. With a large portfolio of proprietary services and products in each of our four business segments, we have a diversified and stable business. We estimate that approximately 90% of our revenue for the past three fiscal years was recurring in nature. With the exception of our broker/dealer business, we believe that our FS revenue is more insulated from changes in trading and transaction volumes than the financial services industry at large because our FS customers generally pay us monthly fees that are based on metrics such as number of accounts, trades or transactions, users or number of hours of service. Our portfolio of solutions and the largely recurring nature of our revenue across all four of our segments have reduced volatility in our revenue and income from operations.

Diversified and stable customer base. Our customer base is highly diversified with no single customer accounting for more than 9% of total revenue during any of the last three fiscal years. Our base of more than 25,000 customers includes most of the world s largest financial services firms, a variety of other financial services firms, corporate and government treasury departments, energy companies, higher education institutions, school districts, local governments and not-for-profit organizations. Our AS business serves customers across virtually all industries. In addition, our track record of helping our customers improve their operational efficiency, achieve high levels of availability and address regulatory requirements results in stable, long-term customer relationships.

Significant operating cash flow generation. With strong operating margins and relatively moderate capital-expenditure and working-capital investment needs, we generate significant operating cash flow. Our strong cash flow allows us to meet our significant debt-service requirements and make discretionary investments to grow the business, both by investing in new products and services and through acquisitions.

Experienced management team with track record of success with proper incentives. Our management team fosters an entrepreneurial culture, has a long track record of operational excellence, has a proven ability to acquire and integrate complementary businesses, and is highly committed to our Company s long-term success.

Long track record of operational excellence. We have a solid track record of performance consistent with internal financial targets. Our experienced senior executive officers have proven capabilities in both running a global business and managing numerous applications that are important to our customers. Our FS solutions account for and manage over $25 trillion in investment assets and process over 5 million transactions per day. In our HE business, 1,600 organizations including colleges, universities, campuses, foundations and state systems rely on our solutions. Our PS products are used by agencies that serve more than 140 million citizens in North America and 40 million citizens in the UK. Our AS business has had a 100% success rate in supporting customer recoveries since our inception.

Successful, disciplined acquisition program. To complement our organic growth, we have a highly disciplined program to identify, evaluate, execute and integrate acquisitions. We have completed over 170 acquisitions and overall have improved the operating performance of acquired businesses. Our ongoing acquisition program has contributed significantly to our long-term growth and success.

Experienced and committed management team. Our executive officers have on average more than 15 years of industry experience. Our senior managers have committed significant personal capital to our Company in connection with the Transaction.

Business Strategy

We are focused on expanding our position not only as a leading provider of software and processing solutions, but also as the provider of choice for a wide range of information availability services and managed services for IT-departments in companies across virtually all industries. Our operating and financial strategy emphasizes fiscal discipline, profitable revenue growth and significant operating cash flow generation. In pursuit of these objectives, we have implemented the following strategies:

Expand our industry-leading franchise. We are constantly enhancing our product and service offerings across our portfolio of businesses, further building and leveraging our customer relationships, and looking to acquire complementary businesses at attractive valuations.

Enhance our product and service offerings. We continually support, upgrade and enhance our systems to incorporate new technology and meet the needs of our customers for increased operational efficiency and resilience. Our strong base of recurring revenue drives high operating margins that allow us to consistently reinvest in our products and services. In 2009 and 2008, software development expenses were 7% and 8%, respectively, of revenue from software and processing solutions. We continue to introduce innovative products and services in all four of our business segments. We believe that our focus on product enhancement and innovation will help us to increase our penetration of existing and new customers.

Extend our strong customer relationships. We focus on developing trusted, mutually beneficial, long-term relationships with our customers. We look to maximize cross-selling opportunities, increase our share of our customers total IT spending and maintain a high level of customer satisfaction. Our global account management program allows us to present a single face to our larger FS customers as well as better target potential cross-selling opportunities.

Acquire and integrate complementary businesses. We seek opportunistically to acquire businesses that broaden our existing product and service offerings, expand our customer base and strengthen our leadership positions, especially within the fragmented FS, HE and PS markets, and that will provide us with a suitable return on investment. Before committing to an acquisition, we devote significant resources to due diligence and to developing a post-acquisition integration plan, including the identification and quantification of potential cost savings and synergies.

Continue to enhance our attractive business model. We continue to focus on maintaining our attractive business model and, in particular, increasing our recurring revenue base and implementing incremental operational improvements.

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Increase our recurring revenue base. We strive to generate a high level of recurring revenue and stable cash flow from operations. We charge customers monthly subscription fees under multi-year contracts, and we continue to prefer such contracts because they offer high levels of revenue stability and visibility. Moreover, we believe that our high quality services and customized solutions help increase the level of integration and efficiency for our customers and reduce customer defections to other vendors or to in-house solutions.

Implement incremental operational improvements. We have identified opportunities to further increase revenue, reduce costs and improve cash flow from operations. These include the global account management program within FS, which stimulates cross-selling opportunities and enhances relationship management at our largest customers; the combination of our consulting services and technology services business units to form a global services organization which offers a broader range of services to our customers leveraging a global delivery model; the introduction of a customer relationship management system to enhance sales force automation in our AS business; the implementation of a software-as-a-service (SaaS) application development framework to help accelerate time-to-market and achieve flexible delivery of software solutions; and the consolidation of data centers within FS.

Enhance our performance-based culture. We are focused on enhancing our performance-based culture. Our compensation programs are designed to be based primarily on achieving high performance goals. We continue to evaluate the competitiveness of our compensation plans in order to promote retention of key individuals in both our existing and acquired businesses.

Business Segment Overview

Financial Systems

FS provides mission-critical software and IT services to institutions in virtually every segment of the financial services industry. These systems automate the many complex processes associated primarily with managing investment portfolios and trading of and accounting for investment assets. These solutions address the processing requirements of a broad range of users within financial services. In addition, we also provide professional services that focus on application implementation and integration of these solutions and on custom software development. Since our inception, we have consistently enhanced our FS solutions to add new features, process new types of financial instruments, meet new regulatory requirements, incorporate new technologies and meet evolving customer demands.

We deliver many of our FS solutions as an application service provider, primarily from our data centers located in North America and Europe that customers access through the Internet or virtual private networks. We also deliver some of our FS solutions by licensing the software to customers for use on their own computers.

Our FS businesses are grouped internally into two divisions. The main distinction between the two divisions is that one division serves customers whose businesses are primarily in North America while the other division serves customers whose businesses are primarily international. The grouping of FS businesses in two divisions also takes into account the balance of management workload.

Americas Division: The Americas division includes our Brokerage & Clearance, Corporations, Global Services, Insurance, Trading and Wealth Management businesses. It offers software solutions and strategic IT consulting to a broad range of users, including chief financial officers, compliance officers, custodians, insurers and reinsurers, plan administrators, registered investment advisors, treasurers, traders and wealth managers. These solutions help automate and manage the trading and processing requirements of banks, broker/dealers, insurance companies, pension companies, fiduciary trusts and other financial services firms primarily in North America.

International Division: The International division includes our Alternative Investments, Banks, Capital Markets & Investment Banking, Global Trading and Institutional Asset Management businesses. It also includes our FS international distribution organization which on behalf of many of our FS businesses conducts business with customers in China, India, Japan, and the rest of Asia-Pacific, Central and Eastern Europe, the

Middle East, Africa and Latin America. The International division offers software solutions and strategic IT consulting to a broad range of users including asset managers, compliance officers, fund administrators, market makers and traders.

Our FS businesses in the Americas and International divisions are organized in the following customer-facing business areas:

Alternative Investments: We offer solutions specifically designed for firms specializing in alternative investments. These solutions support multiple asset classes and their derivatives, including equities, foreign exchange, interest rates, credit, commodities and convertibles. Solutions include strategy-specific applications for convertible and capital structure arbitrage, global repurchase agreements, stock finance, and listed options trading. Our enterprise-wide, straight-through processing solutions meet the trading, risk management, and investor and portfolio accounting requirements of single- and multi-strategy institutions.

Banks: We provide an integrated solution suite for asset/liability management, budgeting and planning, regulatory compliance, and profitability. Our products also manage all aspects of universal banking including back-office transaction processing, front-office multi-channel delivery, card management and payments.

Corporations: Our solutions provide chief financial officers and treasurers with the ability to monitor cash flow in real time and with increased operational controls on treasury, receivables and payments functions. An end-to-end collaborative financial management framework gives chief financial officers and treasurers tools to help drive maximum value from working capital and reduce risk.

Brokerage & Clearance: We are a leading provider of solutions for the global processing of securities and derivatives. These solutions support trade processing, clearing and accounting, helping brokerage and clearing firms streamline operations and control risk and cost. Our solutions provide centralized transactional databases, support cross-asset business functions, and offer consolidated views of accounts and risk management. These solutions help firms gain front-to-back operational efficiencies, realize advantages of scale and support business growth.

Capital Markets & Investment Banking: Our solutions support cross-asset trading and straight-through processing of derivative instruments, helping investment banks to manage global trading books in multiple asset classes. These solutions also support securities lending and borrowing, repurchase agreements, and related transactions. We also offer solutions for the enterprise-wide management of market, credit, interest rate and liquidity risk. In addition, we provide a framework for helping banks to manage operational risk and compliance requirements.

Global Services: We deliver consulting, technology and professional services for financial services, energy organizations and corporations. Leveraging SunGard s global delivery model, approximately 4,500 consultants and developers help customers achieve value from advanced technology, application management, business process management, business process outsourcing, information management, infrastructure management and testing services.

Global Trading: We provide multi-asset, front- to back-office trading solutions for equities, fixed income, derivatives, FX and commodities on exchanges worldwide. These solutions support full lifecycle trading and trade processing activities including information services, market connectivity and order management that help improve trade efficiency and risk monitoring.

Institutional Asset Management: We provide asset managers with comprehensive, integrated solutions to support their global investment operations. These solutions help connect every stage of the investment lifecycle, from portfolio analysis and electronic trading connectivity to regulatory compliance and investment accounting and reporting. We also provide systems for trading, pre- and post-trade compliance measurement, risk management, performance measurement and attribution, and data management.

Insurance: We provide IT solutions for the insurance industry in each of the following major business lines: life/health/annuities/pensions, property and casualty, reinsurance and asset management. Our software and services support functions from the front-office through the back-office from customer service and policy administration to actuarial calculations, financial and investment accounting, and reporting.

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Trading: We provide traders of U.S. equities, commodities and listed options with Web-based, electronic trading platforms for trade order management, direct market access and risk and compliance management. Our cross-asset solutions automate the transaction lifecycle, providing network connectivity and straight-through processing from pre- to post-trade. Our data analysis tools help improve the speed and ease of optimizing portfolios, assessing risk exposure and identifying market opportunities. Our energy solutions help financial services institutions, industrial and energy companies to efficiently compete in global energy markets by streamlining and integrating the trading, risk management and operations of physical commodities and their associated financial instruments.

Wealth Management: Our wealth management solutions help investment advisors, trust bank managers and wealth managers grow their businesses by helping support the needs of their mass affluent and high-net worth clients. We provide solutions for financial planning, asset allocation, surveillance and suitability, new account opening, portfolio management, unified managed account programs, trade execution, asset management, custody and trust accounting. Our compliance and data management solutions help compliance officers mitigate risk and improve efficiencies through centralized data infrastructures, automated trade supervision and code-of-ethics monitoring. We also serve organizations that administer defined-contribution and defined-benefit retirement plans. Our retirement plan recordkeeping systems support many plan types and fulfill functions ranging from processing of contributions and payments to tax reporting and trade management.

Higher Education

In HE, we provide software solutions, strategic and systems integration consulting, and technology management services to colleges and universities, including community colleges, liberal arts colleges, public universities, foundations, state systems, central and district offices, and international institutions, to help them support communities of learners. Higher education institutions rely on our broad portfolio of solutions and expert guidance to find better ways to teach, learn, manage and connect with their constituents. Our Open Digital Campus strategy combines our deep expertise in higher education with alternative delivery models, modular software components, and modern technologies that help universities and colleges design and build their next-generation digital campuses. Our solutions include administration and enterprise resource planning, advancement, IT management and outsourcing, portal and communication tools, performance management, enrollment management, academic performance and strategic planning.

Public Sector

In PS, we provide software and processing solutions designed to meet the specialized needs of central, federal, state and local governments, public safety and justice agencies, public schools, utilities, nonprofits, and other public sector institutions. Our systems and services help institutions improve the efficiency of their operations and utilize the Web and wireless technologies in serving their constituents. Our PS products support a range of specialized enterprise resource planning and administrative solutions for functions such as accounting, human resources, payroll, utility billing, land management, public safety and criminal justice, and IT managed services.

Availability Services

In AS, we help our customers improve the resilience of mission critical systems. We do this by designing, implementing and managing cost-effective solutions using people, process and technology to address enterprise IT availability needs. Since we pioneered commercial disaster recovery in the 1970s, we believe that our specialization in information availability solutions, together with our experience, technology expertise, resource management capabilities, vendor neutrality and diverse service offerings, have uniquely positioned us to meet customers varied needs in an environment in which businesses are critically dependent on availability of IT. We have a comprehensive portfolio of services that extend from always ready standby services to high availability advanced recovery services and always on production and managed services, including planning and provisioning of private and public cloud computing and software-as-a-service (SaaS) platforms. We also provide business continuity management software and consulting services to help our customers design, implement and maintain plans to protect their central business systems. To serve our 10,000 AS customers, we have 5,000,000 square feet of operations space at over 80 facilities in nine countries and a global network of approximately 25,000 miles. Since our inception, we have had a 100% success rate helping our customers recover from unplanned interruptions resulting from major disasters including the Gulf Coast hurricanes in 2008, widespread flooding in the U.K. in 2007, hurricane Katrina and Gulf Coast hurricanes in 2005, Florida hurricanes in 2004, the Northeast U.S. blackout in 2003 and the terrorist attacks of September 11, 2001.

We provide the following four categories of services: recovery services, managed services, consulting services and business continuity management software. They can be purchased independently or collectively, depending on the customer s requirements. Although recovery services remain our principal revenue generating services, managed services, consulting and business continuity management software increasingly account for a greater percentage of our new sales. Because advanced recovery and managed services are often unique to individual customers and utilize a greater proportion of dedicated (versus shared) resources, they typically require modestly more capital expenditures and command a somewhat lower operating margin rate than traditional systems recovery services. The combination of all of these services provides our customers with a total, end-to-end IT operations and information availability management solution.

Recovery Services: AS helps customers maintain access to the information and computer systems they need to run their businesses by providing cost-effective solutions to keep IT systems operational and secure in the event of an unplanned business disruption. These business disruptions can range from man-made events (e.g. power outages, telecommunications disruptions and acts of terrorism) to natural disasters (e.g. floods, hurricanes and earthquakes). AS offers a complete range of recovery services, depending on the length of time deemed acceptable by customers for IT systems outage ranging from minutes (for mission-critical applications) to several hours or several days (for non-mission-critical applications). We deliver these services using processors, servers, storage devices, networks and other resources and infrastructure that are subscribed to by multiple customers, which results in economies of scale for us and cost-effectiveness for our customers. These shared services range from basic standby systems recovery services, workforce continuity services, and mobile recovery options to blended advanced recovery or high availability solutions that typically combine systems recovery services with dedicated data storage resources that allow customers to replicate data to one of our sites, helping them minimize data loss and reduce recovery times.

Managed Services: AS provides IT infrastructure and production services that customers use to run their businesses on a day-to-day basis. These services range from co-located IT infrastructure (e.g., where AS provides data center space, power, cooling and network connectivity) to fully managed infrastructure services (e.g., where AS fully manages the daily operation of a customer s IT infrastructure). AS can also provide managed services at the customer s data center. Some managed services require dedicated processors, servers, storage devices, networks and other resources, which are either obtained by the customer or provided by us for the customer s exclusive use. Other managed services are provided on shared infrastructure. Managed services are designed in a flexible manner that allow customers to choose the services they need from a menu of options delivered on pre-agreed schedules or on an on-demand basis. Therefore, the combination of selected managed services is unique to each customer, with solutions crafted to meet that customer s specific needs. Managed services help customers augment their IT resources and skills without having to hire full-time internal IT staff and invest in infrastructure that is not fully used all the time. In 2010, we expect to launch enterprise-grade cloud computing services in North America building on our expertise in information availability and managed services.

Consulting Services: AS offers consulting services to help customers solve critical business continuity and IT infrastructure problems including business continuity, data storage and management, information security, and numerous categories of IT infrastructure operations.

Business Continuity Management Software: AS offers software solutions that help customers operate a comprehensive and professional business continuity plan across their enterprise and enable ongoing business operations in a crisis. AS software has flexible modular solutions that allow customers to add functionality as required. Modules are available to support business impact analysis, business continuity planning, incident response and emergency notification. The software solution leverages a common platform for data consistency, as well as standardized reporting for seamless automation of the business continuity process.

Acquisitions

To complement our organic growth, we have a highly disciplined program to identify, evaluate, execute and integrate acquisitions. Generally, we seek to acquire businesses that broaden our existing product lines and service offerings by adding complementary products and service offerings and by expanding our geographic reach. During 2009, we spent approximately $12 million in cash to acquire three businesses.

The following table lists the businesses we acquired in 2009:

Acquired Company/Business	Date Acquired	Description
Performance Pathways, Inc.	03/01/09	Student assessment and curriculum solutions for K-12 school districts.
Genix Systems AG	04/01/09	Integrated CRM solution primarily for private banking in Switzerland and Luxembourg.
Ice Risk	05/04/09	Front-end real-time risk solution for commodities marketplace.

Product Development

We continually support, upgrade and enhance our systems and develop new products to meet the needs of our customers for operational efficiency and resilience and to leverage advances in technology. FS is transforming some of the key functionality of its core systems into components to form a new software development and on-demand delivery environment called Infinity. Infinity enables financial institutions to develop and deploy custom applications, integrating SunGard components with their own proprietary or third party components. Infinity uses SunGard s Common Services Architecture (CSA), a service-oriented architecture (SOA) development framework, offering business process management (BPM) and a virtualized, software-as-a-service (SaaS) infrastructure.

Our expenditures for software development during the years ended December 31, 2007, 2008 and 2009, including amounts that were capitalized, totaled approximately $297 million, $325 million and $318 million, respectively. In 2007, 2008 and 2009, software development expenses were 8%, 8% and 7%, respectively, of revenue from software and processing solutions. These amounts do not include routine software support costs that are included in cost of sales, nor do they include costs incurred in performing certain customer-funded development projects in the ordinary course of business.

Marketing

Most of our FS and HE solutions are marketed throughout North America and Western Europe and many are marketed worldwide, including Asia-Pacific, Central and Eastern Europe, the Middle East, Africa and Latin America. Our AS and PS solutions are marketed primarily in North America and Europe, with a focus on both new accounts and existing accounts. Our revenue from sales outside the United States during the years ended December 31, 2007, 2008 and 2009 totaled approximately $1.48 billion, $1.64 billion and $1.67 billion, respectively.

Brand and Intellectual Property

We own registered marks for the SUNGARD name and own or have applied for trademark registrations for many of our services and software products.

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 few registrations of our copyrights and a number of patents and patent applications pending. We will continue to apply for software and business method patents on a case-by-case basis and will continue to monitor ongoing developments in the evolving software and business method patent field (see ITEM 1A RISK FACTORS).

Competition

Because most of our computer services and software solutions are specialized and technical in nature, most of the niche areas in which we compete have a relatively small number of significant competitors. Some of our existing competitors and some potential competitors have substantially greater financial, technological and marketing resources than we have (see ITEM 1A RISK FACTORS).

Financial Systems. In our FS business, we compete with numerous other data processing and software vendors that may be broadly categorized into two groups. The first group is comprised of specialized financial systems companies that are much smaller than we are. The second group is comprised of large computer services companies whose principal businesses are not in the financial systems area, some of which are also active acquirors. We also face competition from the internal processing and IT departments of our customers and prospects. The key competitive factors in marketing financial systems are the accuracy and timeliness of processed information provided to customers, features and adaptability of the software, level and quality of customer support, degree of responsiveness, level of software development expertise, total cost of ownership and return on investment. We believe that we compete effectively with respect to each of these factors and that our leadership, reputation and experience in this business are important competitive advantages.

Higher Education and Public Sector. In our HE and PS businesses, we compete with a variety of other vendors depending upon customer characteristics such as size, type, location, computing environment and functional requirements. 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 technologies. We also compete with outsourcers and systems integrators, as well as the internal processing and information technology departments of our customers and prospective customers. The key competitive factors in marketing higher education and public sector systems are the accuracy and timeliness of processed information provided to customers, 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.

Availability Services. In our AS business, our greatest source of competition for recovery and advanced recovery services is in-house dedicated solutions, which are solutions that our customers or prospective customers develop and maintain internally instead of purchasing from a vendor such as us. Historically, our single largest commercial competitor in the AS business for recovery and advanced recovery services has been IBM Corporation, which we believe is the only company other than ours that currently provides the full continuum of information availability services. We also face competition from specialized vendors, including hardware manufacturers, data-replication and virtualization software companies, outsourcers, managed hosting companies, IT services companies and telecommunications companies. Competition among managed or data center service providers is fragmented across various competitor types, such as major telecommunication providers, carrier neutral managed services providers, real estate investment trusts, IT outsourcers and regional colocation providers. We believe that we compete effectively with respect to the key competitive dimensions in the information availability industry, namely economies of scale, quality of infrastructure, scope and quality of services, including breadth of hardware platforms and network capacity, level and quality of customer support, level of technical expertise, vendor neutrality and price. We also believe that our experience and reputation as an innovator in information availability solutions, our proven track record, our financial stability and our ability to provide the entire portfolio of information availability services as a single vendor solution are important competitive advantages.

Employees

As of December 31, 2009, we had approximately 20,700 employees. We believe that 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 believe that we have been

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able to retain and attract highly qualified personnel (see ITEM 1A RISK FACTORS). We believe that our employee relations are excellent.

Sustainable Development

We have a strong commitment to sustainability. The customers, communities and environment we do business with and in are increasingly influenced by sustainability issues. Most of our businesses already have established practices for recycling, conservation and disposal of hazardous materials. We believe in accountability, doing business ethically and doing the right thing. We remain dedicated to establishing a corporate culture of sustainable development to help ensure that SunGard can continue to take pride in what we do and the way we do it.

During 2009, we produced our first Sustainability Report. We have been collecting data since 2008 to establish a baseline carbon footprint. The primary sources of our carbon footprint are the electricity that we use to power our data centers and office facilities and the air travel that we undertake in the course of doing business. SunGard is a large consumer of electricity in our 5,000,000 square feet of data center and operations space. In our Availability Services business, we track and manage our utility bills in the U.S. and have installed Internet meters in the U.K. We track and report our carbon footprint using an environmental management system. For further information, please refer to SunGard s 2008 Sustainability Report which is available at http://sungard.com/aboutsungard/corporateresponsibility.aspx.

We also continued our partnerships with the World Business Council on Sustainable Development, The Green Grid organization and the Corporate Eco-Forum as part of our objective to work with companies across industries to implement best practices. We are a signatory to the Bali, Poznan and Copenhagen communiqués of the Prince of Wales s Corporate Leaders Group on Climate Change, and we are also partners of the Prince s Rainforest Project. During 2009, we also participated in the Environmental Defense Fund s Climate Corps program as part of Kohlberg Kravis Roberts Green Portfolio Project.

Item 1A. ***Risk Factors***

Certain of the matters we discuss in this Report on Form 10-K may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, will, should, s 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:

our high degree of debt-related leverage;

general economic and market conditions;

the condition of the financial services industry, including the effect of any further consolidation among financial services firms;

the integration of acquired businesses, the performance of acquired businesses, and the prospects for future acquisitions;

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;

customers taking their information availability solutions in-house;

the trend in information availability toward solutions utilizing more dedicated resources;

the market and credit risks associated with clearing broker operations;

the ability to retain and attract customers and key personnel;

risks relating to the foreign countries where we transact business;

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; and

unanticipated changes in our tax provision or the adoption of new tax legislation.

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 Securities and Exchange Commission (SEC), including this Report on Form 10-K. 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 facilities and the indentures relating to our senior notes due 2013 and 2015 and senior subordinated notes due 2015. 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 2013 and 2015 and senior subordinated notes due 2015 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, we are required to satisfy and maintain specified financial ratios and other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those ratios 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 and the senior notes due 2014, to the extent required by the indenture governing these notes. 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 the senior notes, as well as 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. Also, customers with excess IT resources may choose to take their information availability solutions in-house rather than obtain those solutions from us. 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.

Our business depends to a significant degree on the financial services industry, and a weakening of, or further consolidation in, 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, 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, they could decide to consolidate on a non-SunGard system, which could have an adverse effect on our financial results.

Our acquisition program is an important element of our strategy but, because of the uncertainties involved, this program may not be successful and we may not be able to successfully integrate and manage acquired businesses.

Part of our growth strategy is to pursue additional acquisitions in the future. There can be no assurance that our acquisition program will continue to be successful. 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 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.

If we are unable to identify suitable acquisition candidates and successfully complete acquisitions, our growth may be adversely affected.

Our growth has depended in part on our ability to acquire similar or complementary businesses on favorable terms. This growth strategy is subject to a number of risks that could adversely affect our business and financial results, including:

- we may not be able to find suitable businesses to acquire at affordable valuations or on other acceptable terms;
- we may face competition for acquisitions from other potential acquirers, some of whom may have greater resources than us or may be less highly leveraged, or from the possibility of an acquisition target pursuing an initial public offering of its stock;
- we may have to incur additional debt to finance future acquisitions as we have done in the past and no assurance can be given as to whether, and on what terms, such additional debt will be available; and
- we may find it more difficult or costly to complete acquisitions due to changes in accounting, tax, securities or other regulations.

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

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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. The same disasters or circumstances that may lead to our customers requiring access to our availability services may negatively impact our own ability to provide such services. Our three largest availability services facilities are particularly important, and a major disruption at one or more of those facilities could disrupt or otherwise impair our ability to provide services to our availability services customers. 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 application service provider systems may be subject to disruptions that could adversely affect our reputation and our business.

Our application service provider systems maintain and process confidential data on behalf of our customers, some of which is critical to their business operations. For example, our trading and brokerage and clearance 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. If our application service provider systems 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 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. 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 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, such as advancements that have facilitated the ability of our AS customers to develop their own internal solutions, 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.

Customers taking their information availability solutions in-house may continue to create pressure on our organic revenue growth rate.

Our AS solutions allow customers to leverage our significant infrastructure and take advantage of our experience, technology expertise, resource management capabilities and vendor neutrality. Technological advances in recent years have significantly reduced the cost and the complexity of developing in-house solutions. Some customers, especially among the very largest having significant IT resources, prefer to develop and maintain their own in-house availability solutions, which can result in a loss of revenue from those customers. If this trend continues or worsens, there will be continued pressure on our organic revenue growth rate.

The trend toward information availability solutions utilizing more single customer dedicated resources likely will lower our overall operating margin rate over time.

In the information availability services industry, especially among our more sophisticated customers, there is an increasing preference for solutions that utilize some level of dedicated resources, such as blended advanced recovery services and managed services. The primary reason for this trend is that adding dedicated resources, although more costly, provides greater control, reduces data loss and facilitates quicker responses to business interruptions. Advanced recovery services often result in greater use of dedicated resources with a modest decrease in operating margin rate. Managed services require significant dedicated resources and, therefore, have an appropriately lower operating margin rate.

Our brokerage operations are highly regulated and are riskier than our other businesses.

Organizations like the Securities and Exchange Commission, Financial Services Authority and Financial Industry Regulatory Authority can, among other things, fine, censure, issue cease-and-desist orders and suspend or expel a broker/dealer or any of its officers or employees for failures to comply with the many laws and regulations that govern brokerage operations. Our ability to comply with these laws and regulations is largely dependent on our establishment, maintenance and enforcement of an effective brokerage compliance program. Our 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, in particular with respect to active traders, may change, which could adversely affect our financial results.

We are exposed to certain risks relating to the execution and clearance services provided by our brokerage operations to retail customers, institutional clients (including hedge funds and other broker/dealers), and proprietary traders. These risks include, but are not limited to, customers failing to pay for securities commitments in the marketplace, trading errors, the inability or failure to settle trades, and trade execution or clearance systems 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 cannot limit our liability for trading losses even when we are not at fault. As a result we may suffer losses that are disproportionate to the relatively modest profit contributions of this business.

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

Certain of our customer contracts, particularly those with governments, institutions of higher education 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, institutions of higher education 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 in the past or other unusual terms, 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.

If we fail to comply with government regulations in connection with our business or 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 Transaction 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

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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.

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 the United Kingdom and Continental Europe. Over the past few years we have expanded our operations in India and acquired businesses in China and Singapore in an effort to increase our presence throughout Asia Pacific. 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 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 foreign tax law and potentially adverse 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. 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.

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 noteholders believe that any such transaction is in their own best interests. For example, the Sponsors could cause us to make acquisitions or

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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.

The software industry is characterized by the existence of a large number of patents and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Some of our competitors or other third parties may have been more aggressive than us in applying for or obtaining patent protection 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 (as they have already done in the past) 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.

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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.

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 affect 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. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to furnish a report by management on internal control over financial reporting, including management s assessment of the effectiveness of such control. 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 controls 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. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, we could fail to meet our reporting obligations, and there could be a material adverse effect on our business and financial results.

Unanticipated changes in our tax provision or the adoption of new tax legislation 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 audit by tax authorities. Although we believe our 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 U.S. and other jurisdictions could significantly impact how U.S. multinational corporations are taxed. Although we cannot predict whether or in what form such legislation will pass, if enacted it could have an adverse effect on our business and financial results.

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Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We lease space, primarily for availability services facilities, data centers, sales offices, customer support offices and administrative offices, in many locations worldwide. We also own some of our computer and office facilities. Our principal facilities include our leased Availability Services facilities in Philadelphia, Pennsylvania (640,000 square feet), Carlstadt, New Jersey (578,600 square feet), and Hounslow, England (195,000 square feet) and include our financial systems application service provider centers in Voorhees, New Jersey; Birmingham, Alabama; Burlington, Massachusetts; Hopkins, Minnesota; 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.

Item 4. ***(Removed and Reserved)***

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 the date of this filing, there was one holder of record of our common stock.

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. [(1)]

Income Statement Data [(2) (3)]	For the period from August 11, 2005 through December 31, 2005[(1)]	2006	2007	2008	2009
			(In millions)		
Revenue	$ 1,631	$ 4,323	$ 4,901	$ 5,596	$ 5,508
Income (loss) from operations	198	532	630	469	(576)
Net loss	(29)	(116)	(60)	(242)	(1,117)

Balance Sheet Data (2)	2005	2006	2007	2008	2009
			(In millions)		
Total assets	$ 14,589	$ 14,682	$ 14,842	$ 15,778	$ 13,980
Total short-term and long-term debt	7,429	7,439	7,485	8,875	8,315
Equity	3,389	3,394	3,384	2,869	1,914

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SunGard Capital Corp. II [(1)]

Income Statement Data [(2) (3)]	For the period from August 11, 2005 through December 31, 2005[(1)]	2006	2007	2008	2009
			(In millions)		
Revenue	$ 1,631	$ 4,323	$ 4,901	$ 5,596	$ 5,508
Income (loss) from operations	198	532	631	470	(576)
Net loss	(29)	(118)	(60)	(242)	(1,118)

Balance Sheet Data [(2)]	2005	2006	2007	2008	2009
			(In millions)		
Total assets	$ 14,587	$ 14,673	$ 14,840	$ 15,778	$ 13,980
Total short-term and long-term debt	7,429	7,439	7,485	8,875	8,315
Stockholders equity	3,521	3,524	3,505	3,011	2,026

SunGard Data Systems Inc.

Income Statement Data [(2)(3)]	Predecessor January 1 through August 10, 2005	Successor August 11 through December 31, 2005	Combined[(1)] Year Ended December 31, 2005	2006	Successor 2007	2008	2009
				(In millions)			
Revenue	$ 2,371	$ 1,631	$ 4,002	$ 4,323	$ 4,901	$ 5,596	$ 5,508
Income (loss) from operations	296	197	493	532	631	470	(576)
Net income (loss)	146	(29)	117	(118)	(60)	(242)	(1,118)

Balance Sheet Data[(2)]	2005	2006	Successor 2007	2008	2009
			(In millions)		
Total assets	$ 14,587	$ 14,671	$ 14,840	$ 15,778	$ 13,980
Total short-term and long-term debt	7,429	7,439	7,485	8,875	8,315
Stockholders equity	3,572	3,574	3,556	3,063	2,067

(1)

SunGard Capital Corp. (SCC) and SunGard Capital Corp. II (SCCII) were created in 2005 for the purpose of acquiring SunGard Data Systems Inc. (SunGard) which occurred on August 11, 2005 (the Transaction). SunGard s combined results for the year ended December 31, 2005 represent the addition of the Predecessor period from January 1, 2005 through August 10, 2005 and the Successor period from August 11, 2005 through December 31, 2005. This combination does not comply with generally accepted accounting principles or with the rules for pro forma presentation, but is presented because we believe it provides the most meaningful comparison of our results.

(2) Includes the effect of business acquisitions and dispositions from the date of each event. There were eleven acquisitions in 2005, ten acquisitions in 2006, eleven acquisitions in 2007, six acquisitions in 2008 and three acquisitions in 2009. Three businesses were sold in 2006, four businesses were sold in 2008 and two businesses were sold in 2009.

(3) The period from January 1, 2005 through August 10, 2005 includes $59 million of accounting, investment banking, legal and other costs associated with the Transaction and the abandoned spin-off of SunGard Availability Services as well as $59 million resulting from the acceleration of vesting of stock options and restricted stock.

The period from August 11, 2005 through December 31, 2005 includes $18 million consisting primarily of payroll taxes and certain compensation expenses related to the Transaction.

2007 includes expense of $28 million associated with the early retirement of the $400 million of senior floating rate notes due 2013, of which $19 million represented the retirement premium paid to noteholders.

2008 includes a goodwill impairment charge of $128 million, intangible asset write-offs of $67 million and foreign currency losses and unused alternative financing commitment fees associated with the acquisition of GL TRADE S.A. of $17 million.

2009 includes a goodwill impairment charge of $1.13 billion and intangible asset write-offs of $35 million.

See Notes 1, 2 and 6 of Notes to Consolidated Financial Statements.

Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations*

Overview

We are one of the world s leading software and technology services companies. We provide software and processing solutions to institutions throughout the financial services industry, higher education, and the public sector; and we help enterprises of all types maintain the continuity of their business through information availability services. We support more than 25,000 customers in over 70 countries. We operate our business in four segments: Financial Systems (FS), Higher Education (HE), Public Sector (PS) and Availability Services (AS). Our FS segment primaril serves financial services companies, corporate and government treasury departments and energy companies. Our HE segment primarily serves higher education institutions. Our PS segment primarily serves state and local governments and not-for-profit organizations. Our AS segment serves IT-dependent companies across virtually all industries.

SunGard Data Systems Inc. (SunGard) was acquired on August 11, 2005 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 (the Transaction).

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 Transaction and are collectively referred to as the Holding Companies.

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

In HE, we primarily provide software, strategic and systems integration consulting, and technology management services to higher education organizations around the world, including colleges, universities, campuses, foundations and state systems. HE solutions include administration, advancement, IT management, performance management, enrollment management, academic performance and strategic planning.

In PS, we primarily provide software and processing solutions designed to meet the specialized needs of central, federal, state and local governments, public safety and justice agencies, public schools, utilities, non-profits, and other public sector institutions. Our PS solutions support a range of specialized enterprise resource planning and administrative solutions.

In AS, we help our customers maintain access to the information and computer systems they need to run their businesses by providing them with cost-effective resources to keep their mission-critical IT systems reliable and secure. We offer a complete range of availability services, including recovery services, managed services, consulting services and business continuity management software.

Global Economic Conditions

Current instability in the worldwide financial markets, including volatility in and disruption of the credit markets, has resulted in uncertain economic conditions. Late in 2008, a global financial crisis triggered unprecedented market volatility and depressed economic growth. In 2009, the markets began to slowly stabilize as the year progressed, but have not returned to pre-crisis levels.

Our results of operations typically trail current economic activity, largely due to the multi-year contracts that generate the majority of our revenue. We participate in financial services, higher education and public sector markets and, in our availability services business, across a broad cross-section of industries. We also participate in most major geographic markets around the world. Each of these markets, to varying degrees, has experienced some disruption. The results in 2009 reflect the impact of these challenging economic conditions. In response, we have right-sized our expense base in line with expected revenue opportunities but have continued to invest in capital spending, product development and to opportunistically acquire technology through acquisitions.

The following discussion reflects the results of operations and financial condition of SCC, which are materially the same as the results of operations and financial condition of SCCII and SunGard. Therefore, the discussions provided are applicable to each of SCC, SCCII and SunGard 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 above 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.

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 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. Our management has discussed the critical accounting policies described below with our audit committee.

Intangible Assets and Purchase Accounting

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 and trade name. 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 our determination of fair values for the Transaction and for other significant acquisitions, we engage independent appraisal firms to assist us with the valuation of intangible (and certain tangible) assets acquired and certain assumed obligations.

We periodically review 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 we determine that the carrying value of a group of assets may not be recoverable, the related estimated future undiscounted cash flows expected to result from the use and eventual disposition of the asset group are compared to the carrying value of the asset group. If the sum of the estimated future undiscounted cash flows is less than the carrying amount, we record an impairment charge based on the difference between the carrying value of the asset group and its fair value, which we estimate based on discounted expected future cash flows. In determining whether an asset group is impaired, we make assumptions regarding recoverability of costs, estimated future cash flows from the assets, intended use of the assets and other relevant factors. If these estimates or their related assumptions change, we may be required to record impairment charges for these assets.

We are required to perform a goodwill impairment test, a two-step test, annually and more frequently when negative conditions or a triggering event arise. We complete our annual goodwill impairment test as of July 1. In step one, the estimated fair value of each reporting unit is compared to its carrying value. If there is a deficiency (the estimated fair value is less than the carrying value), a step two test is required. In step two, the amount of any goodwill impairment is calculated by comparing the implied fair value of the reporting unit s goodwill to the carrying value of goodwill, with the 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 the use of projections of future cash flows 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 as well as performance in the market that the reporting unit serves. 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.

Based on an evaluation of 2009 year-end results and a reduction in the revenue growth outlook for the AS business, we concluded that AS had experienced a triggering event in its North American reporting unit (AS NA), one of two reporting units identified in the July 1 annual impairment test where the excess of the estimated fair value over the carrying value was less than 10%. None of our other reporting units experienced a triggering event. We first evaluated AS NA s long-lived assets, primarily the customer base and property and equipment, for impairment. In performing the impairment tests for the long-lived assets, we estimated the undiscounted cash flows over the remaining useful lives of the customer base and compared the results to the carrying value of the asset groups. There was no impairment of the long-lived assets.

Next, in performing the goodwill impairment test, we estimated the fair value of AS NA by a combination of (i) estimation of the discounted cash flows based on projected earnings in the future using a discount factor that reflects the risk inherent in the projected cash flows (the income approach) and (ii) analysis of comparable companies market multiples (the market approach). The projected cash flows of the business were lower, based on our evaluation of year-end results and lower growth rates, than those used in the July 1 impairment test. The projections reflect estimated growth rates in the recovery and managed services businesses within AS NA, the impact of continued investment in products, cost savings initiatives and capital spending assumptions associated with the growth in these businesses. We used the same risk-adjusted discount rate in the December 31 test as was used in the July 1 test. As a result, we determined that the carrying value of AS NA was in excess of its fair value. In completing the step 2 test to determine the implied fair value of AS NA s goodwill and therefore the amount of impairment, we first determined the fair value of the tangible and intangible assets and liabilities with the assistance of an external valuation firm. Based on the testing performed, we determined that the carrying value of AS NA s goodwill exceeded its implied fair value by $1.13 billion and recorded a goodwill impairment charge for this amount. Our total remaining goodwill balance at December 31, 2009 is $6.18 billion.

After consideration of the AS NA impairment, we have two reporting units, including AS NA, whose goodwill balances total $1.13 billion at December 31, 2009, where the excess of the estimated fair value over the carrying value of the reporting unit was less than 10%. A one percentage point decrease in the perpetual growth rate or a one percentage point increase in the discount rate would cause these two reporting units to fail the step one test and require a step two analysis, and some or all of this goodwill could be impaired.

As a result of the change in the economic environment in the second half of 2008 and completion of the annual budgeting process, we completed an assessment of the recoverability of our goodwill in December 2008. In completing this review, we considered a number of factors, including a comparison of the budgeted revenue and profitability for 2009 to that included in the annual impairment test conducted as of July 1, 2008, and the amount by which the fair value of each reporting unit exceeded its carrying value in the 2008 impairment analysis, as well as qualitative factors such as the overall economy s effect on each reporting unit. Based on that review, we concluded that the entire enterprise did not experience a triggering event that would require an impairment analysis of all of our reporting units, but that some reporting units required further impairment analysis. Based on this further analysis, we concluded that the decline in expected future cash flows in one of our PS reporting units was sufficient to result in an impairment of goodwill of $128 million.

Revenue Recognition

We generate services revenue from availability services, processing services, software maintenance and rentals, professional services and broker/dealer fees. All services revenue is recorded as the services are provided based on the fair value of each element. Fair value is determined based on the sales price of each element when sold separately. Most AS services revenue consists of fixed monthly fees based upon the specific computer configuration or business process for which the service is being provided, and the related costs are incurred ratably over the contract period. When recovering from an interruption, customers generally are contractually obligated to pay additional fees, which typically cover our incremental costs of supporting customers during recoveries. FS services 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.

For fixed-fee professional services contracts, services 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. When contracts include both professional services and software and require a significant amount of program modification or customization, installation, systems integration or related services, the professional services and license revenue is recorded based upon the estimated percentage of completion, measured in the manner described above. 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.

License fees result from contracts that permit the customer to use our software products at its site. 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 is fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. Revenue is recorded when billed when customer payments are extended beyond normal billing terms, or 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.

We believe that our revenue recognition practices comply with the complex and evolving rules governing revenue recognition. Future interpretations of existing accounting standards, new standards or changes in our business practices could result in changes in our revenue recognition accounting policies that could have a material effect on our financial results.

Accounting for Income Taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity s financial statements or tax returns. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances. Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the appropriate taxing authority has completed their examination even though the statute of limitations remains open, or the statute of limitation expires. Considerable 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 financial results.

Accounting for Stock-Based 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. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options, expected volatility of our stock price, and the number of awards expected to be forfeited. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded. Our ability to use the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise or release of the restricted stock unit. If the actual value is lower than the fair value determined on the date of grant, then 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 our financial results.

Results of Operations

We evaluate performance of our segments based on operating results before interest, income taxes, goodwill impairment charges, amortization of acquisition-related intangible assets, stock compensation and certain other costs (see Note 12 of Notes to Consolidated Financial Statements).

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The following table sets forth, for the periods indicated, certain amounts included in our Consolidated Statements of Operations and the relative percentage that those amounts represent to consolidated revenue (unless otherwise indicated).

	2007	% of Revenue	2008	% of Revenue	Percent Increase (Decrease) 2008 vs. 2007	**2009**	**% of Revenue**	**Percent Increase (Decrease) 2009 vs. 2008**
					(In millions)			
Revenue								
Financial systems (FS)	$ 2,500	51%	$ 3,078	55%	23%	**$ 3,068**	**56%**	**%**
Higher education (HE)	543	11%	540	10%	(1)%	**526**	**10%**	**(3)%**
Public sector systems (PS)	410	8%	411	7%	%	**397**	**7%**	**(3)%**
Software & processing solutions	3,453	70%	4,029	72%	17%	**3,991**	**72%**	**(1)%**
Availability services (AS)	1,448	30%	1,567	28%	8%	**1,517**	**28%**	**(3)%**
	$ 4,901	100%	$ 5,596	100%	14%	**$ 5,508**	**100%**	**(2)%**
Costs and Expenses								
Cost of sales and direct operating	$ 2,268	46%	$ 2,744	49%	21%	**$ 2,709**	**49%**	**(1)%**
Sales, marketing and administration	1,043	21%	1,152	21%	10%	**1,112**	**20%**	**(3)%**
Product development	271	6%	308	6%	14%	**302**	**5%**	**(2)%**
Depreciation and amortization	251	5%	278	5%	11%	**291**	**5%**	**5%**
Amortization of acquisition- related intangible assets	438	9%	515	9%	18%	**540**	**10%**	**5%**
Goodwill impairment charge and merger costs		%	130	2%	%	**1,130**	**21%**	**769%**
	$ 4,271	87%	$ 5,127	92%	20%	**$ 6,084**	**110%**	**19%**
Income from operations								
Financial systems(1)	$ 525	21%	$ 608	20%	16%	**$ 618**	**20%**	**2%**
Higher education(1)	143	26%	130	24%	(9)%	**138**	**26%**	**6%**
Public sector systems(1)	84	20%	79	19%	(6)%	**77**	**19%**	**(3)%**
Software & processing solutions(1)	752	22%	817	20%	9%	**833**	**21%**	**2%**
Availability services(1)	428	30%	443	28%	4%	**380**	**25%**	**(14)%**

Corporate administration	(55)	(1)%	(51)	(1)%	7%	**(57)**	**(1)%**	**(12)%**
Amortization of acquisition- related intangible assets	(438)	(9)%	(515)	(9)%	(18)%	**(540)**	**(10)%**	**(5)%**
Goodwill impairment charge		%	(128)	(2)%	%	**(1,126)**	**(20)%**	**(780)%**
Stock Compensation expense	(32)	(1)%	(35)	(1)%	(9)%	**(33)**	**(1)%**	**6%**
Merger costs and other items(2)	(25)	(1)%	(62)	(1)%	(148)%	**(33)**	**(1)%**	**47%**
Income from operations	$ 630	13%	$ 469	8%	(26)%	**$ (576)**	**(10)%**	**(223)%**

(1) Percent of revenue is calculated as a percent of revenue from FS, HE, PS, Software & Processing Solutions, and AS, respectively.

(2) Merger costs and other items include merger costs, management fees paid to the Sponsors, purchase accounting adjustments, including in 2008 certain acquisition-related compensation expense, and, in 2007, an unfavorable arbitration award related to a customer dispute, partially offset in each year by capitalized software development costs.

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The following table sets forth, for the periods indicated, certain supplemental revenue data and the relative percentage that those amounts represent to total revenue.

	2007	% of Revenue	2008	% of Revenue	Percent Increase (Decrease) 2008 vs. 2007	**2009**	**% of Revenue**	**Percent Increase (Decrease) 2009 vs. 2008**
				(In millions)				
Financial Systems								
Services	$ 2,155	44%	$ 2,737	49%	27%	**$ 2,737**	**50%**	**%**
License and resale fees	232	5%	229	4%	(1)%	**197**	**4%**	**(14)%**
Total products and services	2,387	49%	2,966	53%	24%	**2,934**	**53%**	**(1)%**
Reimbursed expenses	113	2%	112	2%	(1)%	**134**	**2%**	**20%**
	$ 2,500	51%	$ 3,078	55%	23%	**$ 3,068**	**56%**	**%**
Higher Education								
Services	$ 435	9%	$ 453	8%	4%	**$ 439**	**8%**	**(3)%**
License and resale fees	98	2%	77	1%	(21)%	**79**	**1%**	**3%**
Total products and services	533	11%	530	9%	(1)%	**518**	**9%**	**(2)%**
Reimbursed expenses	10	%	10	%	%	**8**	**%**	**(20)%**
	$ 543	11%	$ 540	10%	(1)%	**$ 526**	**10%**	**(3)%**
Public Sector Systems								
Services	$ 348	7%	$ 349	6%	%	**$ 289**	**5%**	**(17)%**
License and resale fees	58	1%	57	1%	(2)%	**104**	**2%**	**82%**
Total products and services	406	8%	406	7%	%	**393**	**7%**	**(3)%**
Reimbursed expenses	4	%	5	%	25%	**4**	**%**	**(20)%**
	$ 410	8%	$ 411	7%	%	**$ 397**	**7%**	**(3)%**
Software & Processing Solutions								
Services	$ 2,938	60%	$ 3,539	63%	20%	**$ 3,465**	**63%**	**(2)%**
License and resale fees	388	8%	363	6%	(6)%	**380**	**7%**	**5%**
Total products and services	3,326	68%	3,902	70%	17%	**3,845**	**70%**	**(1)%**

Reimbursed expenses	127	3%	127	2%	%	**146**	**3%**	**15%**
	$ 3,453	70%	$ 4,029	72%	17%	**$ 3,991**	**72%**	**(1)%**
Availability Services								
Services	$ 1,426	29%	$ 1,544	28%	8%	**$ 1,496**	**27%**	**(3)%**
License and resale fees	8	%	6	%	(25)%	**4**	**%**	**(33)%**
Total products and services	1,434	29%	1,550	28%	8%	**1,500**	**27%**	**(3)%**
Reimbursed expenses	14	%	17	%	21%	**17**	**%**	**%**
	$ 1,448	30%	$ 1,567	28%	8%	**$ 1,517**	**28%**	**(3)%**
Total Revenue								
Services	$ 4,364	89%	$ 5,083	91%	16%	**$ 4,961**	**90%**	**(2)%**
License and resale fees	396	8%	369	7%	(7)%	**384**	**7%**	**4%**
Total products and services	4,760	97%	5,452	97%	15%	**5,345**	**97%**	**(2)%**
Reimbursed expenses	141	3%	144	3%	2%	**163**	**3%**	**13%**
	$ 4,901	100%	$ 5,596	100%	14%	**$ 5,508**	**100%**	**(2)%**

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Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Income from Operations:

Our total operating margin was -10% in 2009 and 8% in 2008 which included $1.13 billion and $128 million of goodwill impairment charges in AS in 2009 and PS in 2008, respectively. In addition to the increase in the goodwill impairment charges, the operating margin was also impacted by the decline in AS, a $33 million decrease in license fees and a $25 million increase in amortization of acquisition-related intangible assets, partially offset by margin improvement in our software and processing businesses primarily due to cost savings.

Financial Systems:

The FS operating margin was unchanged at 20% in each of 2009 and 2008. Margin improvement from cost savings initiatives, primarily in employee-related and consultant costs, was offset by a $30 million decrease in software license revenue and the reduced contribution from one of our trading systems businesses, a broker/dealer which has an inherently lower margin than our other FS businesses. The impact of this broker/dealer on FS operating margin is a decline of almost one margin point.

The most important factors affecting the FS operating margin are:

- the level of trading volumes,
- the level of IT spending and its impact on the overall demand for professional services and software license sales,
- the rate and value of contract renewals, new contract signings and contract terminations,
- the overall condition of the financial services industry and the effect of any further consolidation among financial services firms, and
- the operating margins of recently acquired businesses, which tend to be lower at the outset and improve over a number of years.

Higher Education:

The HE operating margin was 26% in 2009 compared to 24% in 2008. The operating margin increase is due to the impact of cost savings during the year, primarily in employee-related and consultant costs and professional services expenses.

The most important factors affecting the HE operating margin are:

- the rate and value of contract renewals, new contract signings and contract terminations,
- the level of government funding and endowments, and
- the level of IT spending and its impact on the overall demand for professional services and software license sales.

Public Sector:

The PS operating margin was 19% in each of 2009 and 2008. The $2 million decrease is due primarily to a decrease in software license fees.

The most important factors affecting the PS operating margin are:

- the rate and value of contract renewals, new contract signings and contract terminations,
- the level of government and school district funding, and
- the level of IT spending and its impact on the overall demand for professional services and software license sales.

Availability Services:

The AS operating margin, excluding the goodwill impairment charge, was 25% in 2009 compared to 28% in 2008, primarily due to facility expansions, mostly in Europe, which increased the fixed cost base in advance of anticipated revenue growth, increases in employee-related costs, mostly in North America, increased depreciation and amortization, and the impact of a change in the mix of revenue from recovery services which typically use shared resources to managed services which use dedicated resources.

The most important factors affecting the AS operating margin are:

- the rate and value of contract renewals, new contract signings and contract terminations,
- the timing and magnitude of equipment and facilities expenditures,
- the level and success of new product development, and
- the trend toward availability solutions utilizing more dedicated resources.

The margin rate of the AS European business is lower than the margin rate of the North American business due primarily to lower economies of scale in the distinct geographic markets served. However, the differential in the margins has narrowed over the past several years because of operational improvements in Europe and the growing proportion of managed services in North America.

Revenue:

Total revenue was $5.51 billion in 2009 compared to $5.60 billion in 2008. Included in 2009 was the full year impact from the acquisitions made in 2008 including the October 2008 acquisition of GL TRADE S.A. Organic revenue declined 3% primarily due to a decrease in professional services revenue in FS and HE. Organic revenue is defined as revenue from businesses owned for at least one year and adjusted for both the effects of businesses sold in the previous twelve months and the impact of currency exchange rates. When assessing our financial results, we focus on growth in organic revenue because overall revenue growth is affected by the timing and magnitude of acquisitions, dispositions and by currency exchange rates.

Services revenue, which is largely recurring in nature, includes revenue from availability services, processing services, software support and rentals, professional services, broker/dealer fees and hardware rentals. Services revenue decreased to $4.96 billion from $5.08 billion, representing approximately 90% of total revenue in 2009 compared to 91% in 2008. The revenue decrease of $122 million in 2009 was mainly due to a decrease in professional services and processing revenue and the impact of changes in currency exchange rates offset in part by the increase in software rentals, primarily from FS acquired businesses. The year to year decline reflects a change in classification in PS from services revenue to license and resale fees of $36 million.

Professional services revenue was $800 million and $961 million in 2009 and 2008, respectively. The decrease was primarily in FS and HE and was the result of customers delaying or cancelling projects due to the economic climate, as well as completion of certain projects in 2008.

Revenue from license and resale fees was $384 million and $369 million for 2009 and 2008, respectively, and includes software license revenue of $233 million and $266 million, respectively. The year to year increase reflects a change in classification in PS from services revenue to license and resale fees of $36 million.

SunGard ended 2009 with a software license backlog of $35 million in FS, which consisted of signed contracts for licensed software that (i) at our election, was not shipped to the customer until 2010, (ii) we voluntarily extended payment terms or (iii) included products or services not yet deliverable and from which the license element cannot be separated. This revenue backlog will be recognized in future years, largely 2010.

Financial Systems:

FS revenue was $3.07 billion in 2009 compared to $3.08 billion in 2008. Organic revenue decreased by approximately 5% in 2009. 2009 included the full year impact from acquired businesses which mostly offset the decline in organic revenue, largely professional services.

Professional services revenue decreased $120 million or 18% to $533 million. Revenue from license and resale fees included software license revenue of $174 million and $204 million, respectively, in 2009 and 2008.

We expect a material decline in 2010 revenue in one of our trading systems businesses, a broker/dealer, as a result of changes in customer mix and lower levels of volatility. The customer mix is impacted by the market-wide dynamics by which active trading firms are opting to become broker/dealers and trade on their own behalf. Beginning in the first quarter of 2010, a major customer of this broker/dealer started trading on its own behalf. This broker/dealer business, which has an inherently lower margin than our other FS businesses, has driven organic revenue growth over the past three years.

Higher Education:

HE revenue was $526 million in 2009 compared to $540 million in 2008. The $14 million, or 3%, decrease was all organic and primarily due to a decline in professional services revenue, partially offset by an increase in maintenance and support revenue. Professional services revenue was $126 million in 2009 compared to $146 million in 2008. Software license fees were unchanged at $32 million in 2009.

Public Sector:

PS revenue was $397 million in 2009 compared to $411 million in 2008. Organic revenue increased approximately 2%. Revenue from license and resale fees included software license fees of $23 million and $25 million in 2009 and 2008, respectively.

Availability Services:

AS revenue was $1.52 billion in 2009 compared to $1.57 billion in 2008, a 3% decrease. AS organic revenue was unchanged in 2009. In North America, revenue decreased 1% overall and 2% organically where decreases in recovery services exceeded growth in managed services and professional services revenue. Revenue from license and resale fees included software license revenue of $4 million, a decrease of $2 million from the prior year. Revenue in Europe decreased 12%, but increased 2.5% organically.

Costs and Expenses:

Total costs increased to 110% of revenue in 2009 from 92% of 2008 revenue. Included in 2009 was a $1.13 billion impairment charge related to our AS business and 2008 included a $128 million impairment charge related to our PS business.

Cost of sales and direct operating expenses as a percentage of total revenue was 49% in each of 2009 and 2008. Lower employee-related and consultant expenses in our software and processing businesses were partially offset by increased costs from acquired businesses, net of a business sold in 2008.

The decrease in sales, marketing and administration expenses of $40 million was due primarily to decreased costs resulting from FS employee-related expenses partially offset by increased costs from acquired businesses, net of a business sold in 2008, and increases in FS facilities expense.

Because AS software development costs are insignificant, it is more meaningful to measure product development expense as a percentage of revenue from software and processing solutions. In 2009 and 2008, software development expenses were 7% and 8%, respectively, of revenue from software and processing solutions.

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Depreciation and amortization as a percentage of total revenue was 5% in each of 2009 and 2008. The $13 million increase in 2009 was due primarily to capital expenditures supporting AS, FS and HE.

Amortization of acquisition-related intangible assets was 10% and 9% of total revenue in 2009 and 2008, respectively. During 2009, we shortened the remaining useful lives of certain intangible assets and also recorded impairment charges of our customer base and software assets of $18 million and $17 million, respectively. During 2008, we recorded impairment charges of our customer base, software and trade name assets of $47 million, $17 million and $3 million, respectively. These impairments are the result of reduced cash flow projections.

We recorded goodwill impairment charges of $1.13 billion in AS and $128 million in PS in 2009 and 2008, respectively. These impairments are described above.

Interest expense was $637 million in 2009 compared to $599 million in 2008. The increase is primarily due to increased borrowings from the issuance of $500 million senior notes due 2015, a $500 million increase in the term loan and borrowings under our receivables facility, partially offset by decreased borrowings under our term loans and revolving credit facility, repayment of our senior notes due in January 2009 and interest rate decreases.

Other income was $15 million in 2009 compared to other expense of $93 million in 2008. The income in 2009 was due primarily to $14 million of foreign currency translation gains related to our Euro denominated term loan. In contrast, during 2008, currency translation related to those same Euro denominated term loans produced $46 million of foreign currency translation losses. Also incurred in 2008 were $25 million of losses on sales of receivables related to our terminated off-balance sheet receivables facility and $17 million of losses on Euros purchased in advance of and fees associated with unused alternative financing commitments for the acquisition of GL TRADE.

We believe that our overall effective income tax rate is typically between 38% and 40%. The effective income tax rates for 2009 and 2008 were a tax benefit of 6% and a tax provision of 18%, respectively, reflecting nondeductible goodwill impairment charges in both years. The reported benefit from income taxes in 2009 includes a $12 million favorable adjustment primarily related to utilization in our 2008 U.S. federal income tax return of foreign tax credit carryforwards that were not expected to be utilized at the time of the 2008 tax provision.

Accreted dividends on SCCII s cumulative preferred stock were $180 million and $157 million in 2009 and 2008, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Income from Operations:

Our total operating margin decreased to 8% in 2008 from 13% in 2007 primarily due to a $128 million goodwill impairment charge in PS, intangible asset write-offs of $67 million and the decline in operating margins at each of our operating segments.

Financial Systems:

The FS operating margin was 20% in 2008, compared to 21% for the prior year period. The operating margin decline reflects the impact of the increase in revenue at one of our trading systems businesses which has an inherently lower margin, an increase in restructuring charges and an $11 million decrease in software license revenue.

Higher Education:

The HE operating margin was 24% in 2008 compared to 26% in 2007. The operating margin decline is due to a $15 million decrease in software license fees.

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Public Sector:

The PS operating margin was 19% in 2008 compared to 20% in 2007. The operating margin decline is due primarily to the impact of significantly lower margins in the U.K. business and a $4 million decrease in software license fees.

Availability Services:

The AS operating margin was 28% in 2008 compared to 30% in 2007, primarily due to facility expansions in both North America and Europe, which increased the fixed cost base in advance of anticipated revenue growth.

Revenue:

Total revenue was $5.60 billion in 2008 compared to $4.90 billion in 2007. The increase in total revenue in 2008 is due primarily to organic revenue growth of approximately 10%, with trading volumes of one of our trading systems businesses adding six percentage points to the growth rate.

Services revenue increased to $5.08 billion from $4.36 billion, representing approximately 91% of total revenue in 2008 compared to 89% in 2007. The revenue increase of $719 million in 2008 was due primarily to organic revenue growth, mostly in FS, primarily coming from the broker/dealer mentioned above, and the impact of acquired revenue in FS and AS.

Professional services revenue was $961 million and $886 million in 2008 and 2007, respectively. The $75 million increase was due primarily to FS acquired and organic revenue.

Revenue from license and resale fees was $369 million and $396 million in 2008 and 2007, respectively, and includes software license revenue of $266 million and $293 million, respectively.

Financial Systems:

FS revenue was $3.08 billion in 2008 compared to $2.50 billion in 2007. Organic revenue growth was approximately 17% in 2008, with trading volumes of one of our trading systems businesses adding 12 percentage points to the growth rate.

Professional services revenue increased $63 million or 11%. Revenue from license and resale fees included software license revenue of $204 million and $214 million, respectively, in 2008 and 2007.

Higher Education:

HE revenue was $540 million in 2008 compared to $543 million in 2007. Services revenue increased $18 million, primarily from increases in software support revenue. Professional services revenue was $146 million in 2008, an increase of $7 million. In 2008, longer sales cycles caused software license fees and resale fees to decline by $15 million and $6 million, respectively. HE organic revenue decreased 1% in 2008.

Public Sector:

PS revenue was $411 million in 2008 compared to $410 million in 2007. Organic revenue increased approximately 2%. Software license fees were $25 million in 2008, a decrease of $4 million.

Availability Services:

AS revenue was $1.57 billion in 2008 compared to $1.45 billion in 2007, an 8% increase. AS organic revenue increased approximately 4% in 2008. In North America, revenue grew 10% overall and 3% organically as strong growth in managed services was offset in part by a decrease in basic and advanced recovery services. Revenue from license and resale fees included software license revenue of $6 million, an increase of $3 million from the prior year. Revenue in Europe grew 4% overall and 9% organically.

Costs and Expenses:

Cost of sales and direct operating expenses as a percentage of total revenue was 49% and 46% in 2008 and 2007, respectively, largely the result of the higher volumes of the trading systems business previously mentioned. Also impacting the period were increased costs resulting from acquired businesses, an increase in FS and HE employee-related expenses supporting increased services revenue and an increase in AS facilities costs.

The increase in sales, marketing and administration expenses of $109 million was due primarily to increased costs resulting from acquired businesses, AS employee-related expenses and an insurance settlement in 2007, partially offset by decreases in HE and FS employee-related expenses and an unfavorable arbitration award in 2007 related to a customer dispute.

Because AS software development costs are insignificant, it is more meaningful to measure product development expense as a percentage of revenue from software and processing solutions. In 2008 and 2007, software development expenses were unchanged at 8% of revenue from software and processing solutions.

Depreciation and amortization as a percentage of total revenue was 5% in each of 2008 and 2007. The $27 million increase in 2008 was due primarily to capital expenditures supporting FS and AS and from the AS business acquired in the third quarter of 2007.

Amortization of acquisition-related intangible assets was 9% of total revenue for each of 2008 and 2007. Amortization of acquisition-related intangible assets increased $77 million in 2008 due primarily to the impact of recent acquisitions made by the Company and a $57 million increase in impairment charges.

We recorded a goodwill impairment charge of $128 million in PS in 2008. This impairment is described above.

Interest expense was $599 million in 2008 compared to $645 million in 2007. The decrease is primarily due to interest rate decreases and the redemption of the senior floating rate notes in 2007, partially offset by the issuance of $500 million senior notes due 2015, a $500 million increase in the term loan and additional borrowings under our revolving credit facility.

Other expense increased $25 million in 2008 due primarily to increased foreign currency translation losses primarily related to our Euro denominated term loan and losses on Euros purchased in advance of and fees associated with unused alternative financing commitments for the acquisition of GL TRADE, partially offset by $28 million of expense in 2007 associated with the early retirement of the $400 million of senior floating rate notes due 2013, of which $19 million represented the retirement premium paid to noteholders.

The effective income tax rates for 2008 and 2007 were -18% and 5%, respectively. The rate in 2008 reflects a nondeductible goodwill impairment charge as well as an increase to our income tax reserve for tax matters for open years, some of which are currently under audit. The rate in 2007 reflects a change in the mix of taxable income in various jurisdictions and limitations on our ability to utilize certain foreign tax credits.

Accreted dividends on SCCII s cumulative preferred stock were $157 million and $139 million in 2008 and 2007, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

Liquidity and Capital Resources:

At December 31, 2009, cash and cash equivalents were $664 million, a decrease of $311 million from December 31, 2008, while availability under our revolving credit facility increased $321 million to $804 million. Approximately

$65 million of cash and cash equivalents at December 31, 2009 relates to our broker/dealer operations, which are required to be held in accordance with the applicable regulatory requirements and are therefore not immediately available for general corporate use.

Cash flow from operations was $640 million in 2009 compared to cash flow from operations of $384 million in 2008. The increase in cash flow from operations is due primarily to a positive impact of approximately $287 million from the termination in 2008 of our off-balance sheet accounts receivable securitization program, offset by an increased use of cash, principally in working capital, in the balance of the business.

Net cash used in investing activities was $333 million in 2009 and $1.1 billion in 2008. During 2009, we spent $12 million for three acquisitions, whereas we spent $721 million for six acquisitions during 2008, including $546 million for the acquisition of GL TRADE in our FS business. Capital expenditures were $327 million in 2009 and $392 million in 2008.

In 2009, net cash used in financing activities was $629 million, primarily related to repayment at maturity of the $250 million senior secured notes and repayment of $500 million of borrowings under our revolving credit facility, partially offset by cash received from the new receivables facility (net of associated fees). In 2008, net cash provided by financing activities was $1.3 billion, the proceeds of which were used to fund the acquisition of GL TRADE, replace the liquidity provided by the terminated off-balance sheet accounts receivable securitization facility and repay $250 million of senior notes due in January 2009.

As a result of the Transaction (August 11, 2005), we are highly leveraged. See Note 5 of Notes to Consolidated Financial Statements, which contains a full description of our debt. Total debt outstanding as of December 31, 2009 was $8.32 billion, which consists of the following (in millions):

Senior Secured Credit Facility:		
Secured revolving credit facility of %	$	
Term loans, tranche A, effective interest rate of 3.24%		1,506
Term loans, tranche B, effective interest rate of 6.79%		2,717
Incremental term loan, effective interest rate of 6.75%		494
Total Senior Secured Credit Facility		4,717
Senior Notes due 2014 at 4.875%, net of discount of $16		234
Senior Notes due 2013 at 9.125%		1,600
Senior Subordinated Notes due 2015 at 10.25%		1,000
Senior Notes due 2015 at 10.625%, net of discount of $5		495
Secured accounts receivable facility, effective interest rate of 7.5%		250
Other, primarily acquisition purchase price and capital lease obligations		19
		8,315
Short-term borrowings and current portion of long-term debt		(64)
Long-term debt	$	8,251

As of December 31, 2009, SunGard s senior secured credit facilities consist of (1) $1.43 billion of U.S. dollar-denominated tranche A term loans, $66 million of pound sterling-denominated tranche A term loans and $13 million of euro-denominated tranche A term loans, each maturing on February 28, 2014, (2) $2.48 billion of U.S. dollar-denominated tranche B term loans, $64 million of pound sterling-denominated tranche B term loans and $172 million of euro-denominated tranche B term loans, each maturing on February 28, 2016, (3) $494 million of U.S. dollar-denominated incremental term loans maturing on February 28, 2014 and (4) an $829 million revolving credit facility with $580 million of commitments terminating on May 11, 2013, and $249 million of commitments terminating on August 11, 2011. As of December 31, 2009, $804 million was available for borrowing under the revolving credit facility after giving effect to certain outstanding letters of credit.

In June 2009, SunGard amended and restated its existing Credit Agreement (Amended Credit Agreement) to (a) extend the maturity date of $2.5 billion of U.S. dollar-denominated term loans, £40 million of pound sterling-denominated term loans, and 120 million of Euro-denominated term loans from February 2014 to February 2016, (b) reduce existing revolving credit commitments to $829 million from $1 billion and extend the termination date of $580 million of those commitments to May 2013, and (c) amend certain other provisions including those related to negative and financial covenants.

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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 (0.23% and 0.25%, respectively, at December 31, 2009). The net receipt or payment from the interest rate swap agreements is included in interest expense. A summary of our interest rate swaps at December 31, 2009 follows:

Inception	Maturity	Notional Amount (In millions)		Interest Rate Paid	Interest Rate Received
February 2006	February 2011	$	800	5.00%	LIBOR
January 2008	February 2011	$	750	3.17%	LIBOR
February 2008	February 2010	$	750	2.71%	LIBOR
January / February 2009	February 2012	$	1,200	1.78%	LIBOR
Total/Weighted average interest rate		$	3,500	3.01%	

In early 2010, we entered into 3-year interest rate swaps that expire in May 2013 for an aggregate notional amount of $500 million under which we pay fixed interest payments (at 1.99%) for the term of the swaps and, in turn, receive variable interest payments based on three-month LIBOR rate.

In December 2008, SunGard terminated its off-balance sheet accounts receivable securitization program. Under the accounts receivable facility, eligible receivables were sold to third-party conduits through a wholly owned, bankruptcy remote, special purpose entity that is not consolidated for financial reporting purposes. SunGard serviced the receivables and charged a monthly servicing fee at market rates. The third-party conduits were sponsored by certain lenders under SunGard s senior secured credit facilities.

In March 2009, SunGard entered into a syndicated three-year receivables facility. The facility limit is $317 million, which consists of a term loan commitment of $181 million and a revolving commitment of $136 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. At December 31, 2009, $181 million was drawn against the term loan commitment and $69 million was drawn against the revolving commitment, which represented the full amount available for borrowing based on the terms and conditions of the facility. At December 31, 2009, $689 million of accounts receivable secure the borrowings under the receivables facility.

Under the receivables facility, SunGard is generally required to pay interest on the amount of each advance at the one month LIBOR rate (with a floor of 3%) plus 4.50% per annum, which at December 31, 2009 was 7.5%. The facility is subject to a fee on the unused portion of 1.00% 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.

At December 31, 2009, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses could total $57 million, all of which could be due in the next 12 months. We do not expect to pay any of this amount in the next 12 months. We also have outstanding letters of credit and bid bonds that total approximately $39 million.

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At December 31, 2009, our contractual obligations follow (in millions):

	Total	2010	2011 - 2012	2013 - 2014	2015 and After
Short-term and long-term debt(1)	$ 8,315	$ 64	$ 350	$ 3,830	$ 4,071
Interest payments(2)	2,898	567	1,016	904	411
Operating leases	1,373	211	338	253	571
Purchase obligations(3)	288	118	107	58	5
	$ 12,874	$ 960	$ 1,811	$ 5,045	$ 5,058

(1) The senior notes due 2014 and the senior notes due 2015 are recorded at $234 million and $495 million, respectively, as of December 31, 2009, reflecting the remaining unamortized discount. The $21 million discount at December 31, 2009 will be amortized and included in interest expense over the remaining periods to maturity.

(2) Interest payments consist of interest on both fixed-rate and variable-rate debt. Variable-rate debt consists primarily of the Tranche A secured term loan facility ($1,506 million at 3.24%), the Tranche B secured term loan facility ($2,717 million at 6.79%), the Incremental Term Loan ($494 million at 6.75%) and the secured accounts receivable facility ($250 million at 7.5%), each as of December 31, 2009. See Note 5 to Notes to Consolidated Financial Statements. The swap agreements entered into in early 2010 will increase the amount of interest payments in the table above by $4 million in 2010, $15 million in 2011-2012, and $4 million in 2013.

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

We expect our cash on hand, cash flows from operations and availability under our revolving credit 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, the Company, its Sponsors and their affiliates, may from time to time repurchase debt securities issued by the Company, in privately negotiated or open market transactions, by tender offer or otherwise.

Covenant Compliance

SunGard s senior secured credit facilities and the indentures governing its senior notes due 2013 and 2015 and its senior subordinated notes due 2015 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 certain 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).

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Under the senior secured credit facilities, SunGard is required to satisfy and maintain specified financial ratios and other financial condition tests. As of December 31, 2009, we are in compliance with the 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 meet those ratios and tests.

Adjusted earnings before interest, taxes, depreciation and amortization and goodwill impairment (EBITDA) is a non-GAAP measure used to determine our compliance with certain covenants contained in the indentures governing the senior notes due 2013 and 2015 and senior subordinated notes due 2015 and in our senior secured credit facilities. Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and our senior secured credit facilities. We believe that including supplementary information concerning Adjusted EBITDA is appropriate to provide additional information to investors to demonstrate compliance with our financing covenants.

The breach of covenants in SunGard s senior secured credit facilities that are tied to ratios based on Adjusted EBITDA could result in a default and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under SunGard s indentures. Additionally, under SunGard s debt agreements, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.

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 SunGard s 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, SunGard s 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.

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The following is a reconciliation of net loss, which is a GAAP measure of SunGard s operating results, to Adjusted EBITDA as defined in SunGard s debt agreements. The terms and related calculations are defined in the indentures.

	Year Ended December 31,		
	2007	2008	**2009**
	(In millions)		
Net loss	$ (60)	$ (242)	**$ (1,118)**
Interest expense, net	626	581	**630**
Taxes	(3)	38	**(73)**
Depreciation and amortization	689	793	**831**
Goodwill impairment charge		128	**1,126**
EBITDA	1,252	1,298	**1,396**
Purchase accounting adjustments[1]	14	39	**17**
Non-cash charges[2]	37	35	**36**
Restructuring and other charges[3]	43	68	**42**
Acquired EBITDA, net of disposed EBITDA[4]	12	57	
Pro forma expense savings related to acquisitions[5]		17	**3**
Other[6]	38	76	**5**
Adjusted EBITDA Senior Secured Credit Facilities	1,396	1,590	**1,499**
Loss on sale of receivables[7]	29	25	
Adjusted EBITDA Senior Notes due 2013 and 2015 and Senior Subordinated Notes due 2015	$ 1,425	$ 1,615	**$ 1,499**

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

(2) Non-cash charges include stock-based compensation (see Note 9 of Notes to Consolidated Financial Statements) and loss on the sale of assets.

(3) Restructuring and other charges include debt refinancing costs, severance and related payroll taxes, reserves to consolidate certain facilities, an unfavorable arbitration award related to a customer dispute, settlements with former owners of acquired companies, an insurance recovery and other expenses associated with acquisitions made by the Company.

(4) 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.

(5) Pro forma adjustments represent the full-year impact of savings resulting from post-acquisition integration activities.

(6)

Other includes gains or losses related to fluctuation of foreign currency exchange rates impacting the foreign-denominated debt, management fees paid to the Sponsors and franchise and similar taxes reported in operating expenses, partially offset by certain charges relating to the off-balance sheet accounts receivable securitization facility (terminated in December 2008).

(7) The loss on sale of receivables under the off-balance sheet accounts receivable securitization facility (terminated in December 2008) is added back in calculating Adjusted EBITDA for purposes of the indentures governing the senior notes due 2013 and 2015 and the senior subordinated notes due 2015 but is not added back in calculating Adjusted EBITDA for purposes of the senior secured credit facilities.

SunGard s covenant requirements and actual ratios for the year ended December 31, 2009 are as follows:

	Covenant Requirements	Actual Ratios
Senior secured credit facilities(1)		
Minimum Adjusted EBITDA to consolidated interest expense ratio	1.70x	2.60x
Maximum total debt to Adjusted EBITDA	6.25x	4.99x
Senior Notes due 2013 and 2015 and Senior Subordinated Notes due 2015(2)		
Minimum Adjusted EBITDA to fixed charges ratio required to incur additional debt pursuant to ratio provisions	2.00x	2.54x

(1) SunGard s senior secured credit facilities require us to maintain an Adjusted EBITDA to consolidated interest expense ratio starting at a minimum of 1.70x for the four-quarter period ended December 31, 2009 and increasing over time to 1.80x by the end of 2010 and 2.20x by the end of 2013. Consolidated interest expense is defined in the senior secured credit facilities as consolidated cash interest expense less cash interest income further adjusted for certain noncash or nonrecurring interest expense. Beginning with the four-quarter period ending December 31, 2009, we are required to maintain a consolidated total debt to Adjusted EBITDA ratio of 6.25x and decreasing over time to 5.75x by the end of 2011 and to 4.75x by the end of 2013. Consolidated total debt is defined in the senior secured credit facilities as total debt less certain indebtedness and further adjusted for cash and cash equivalents on our balance sheet in excess of $50 million. Failure to satisfy these ratio requirements would constitute a default under the senior secured credit facilities. If our lenders failed to waive any such default, our repayment obligations under the senior secured credit facilities could be accelerated, 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 our ability to incur up to an aggregate principal amount of $5.75 billion under credit facilities (inclusive of amounts outstanding under our senior credit facilities from time to time; as of December 31, 2009, we had $4.72 billion outstanding under our term loan facilities and available commitments of $804 million under our 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 2013 and 2015 and the Senior Subordinated Notes due 2015 as consolidated interest expense less interest income, adjusted for acquisitions, and further adjusted for noncash interest.

Effect of Recent Accounting Pronouncements:

The Financial Accounting Standard Board issued new revenue recognition guidance for arrangements with multiple deliverables. The new guidance modifies the fair value requirements for revenue recognition by providing best estimate of selling price in addition to vendor specific objective evidence, or VSOE , and vendor objective evidence, now referred to as third-party evidence, or TPE , for determining the selling price of a deliverable. Since the Company will be able to use an estimate of the selling price for the deliverables in an arrangement, all deliverables will be separate units of accounting, provided (a) a delivered item has value to the customer on a standalone basis, and (b) if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item is considered probable and substantially in the control of the Company. As a result of the requirement to use the best estimate of the selling price when VSOE or TPE of the selling price cannot be determined, the residual method is no longer permitted. The new guidance is effective for fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of this revenue guidance, but would not expect the guidance to have a material impact on the consolidated financial statements.

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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, with a substantial portion having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

At December 31, 2009, we had total debt of $8.32 billion, including $4.97 billion of variable rate debt. We entered into interest rate swap agreements which fixed the interest rates for $3.5 billion of our variable rate debt. Swap agreements with a notional value of $800 million effectively fix our interest rates at 5.00% and expire in February 2011. Swap agreements expiring in February 2010 and 2011 each have a notional value of $750 million and, effectively, fix our interest rates at 2.71% and 3.17%, respectively. Swap agreements expiring in February 2012 have a notional value of $1.2 billion and effectively fix our interest rates at 1.78%. Our remaining variable rate debt of $1.47 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 $15 million per year. Upon the expiration of each interest rate swap agreement in February 2010, 2011 and 2012, a 1% change in interest rates would result in a change in interest of approximately $22 million, $38 million and $50 million per year, respectively. See Note 5 of Notes to Consolidated Financial Statements.

In addition, at December 31, 2009, one of our U.K. subsidiaries, whose functional currency is the pound sterling, has $184 million of debt which is denominated in euros. A 10% change in the euro-pound sterling exchange rate would result in a charge or credit in the statement of operations of approximately $19 million.

During 2009, approximately 30% of our revenue was from customers outside the United States with approximately 71% of this revenue coming from customers located in the United Kingdom and Continental Europe. Only a portion of the revenue from customers outside the United States is denominated in other currencies, the majority being pounds 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.

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Item 8. ***Financial statements and Supplementary Data***

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

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Management s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. 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 and procedures may deteriorate. Management conducted an assessment of the Company s internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control Integrated Framework. Based on the assessment, management concluded that, as of December 31, 2009, the Company s internal control over financial reporting is effective.

This annual report does not include an attestation report of the Company s independent registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

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

Reports 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 operations, of changes in equity and of cash flows present fairly, in all material respects, the financial position of SunGard Capital Corp. and its subsidiaries (SCC) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of SCC s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 7 to the consolidated financial statements, SCC changed the manner in which it accounts for noncontrolling (minority) interests as of January 1, 2009.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 24, 2010

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 operations, 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 (SCCII) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of SCCII s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 24, 2010

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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 operations, 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 (SDS) at December 31, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of SDS s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 24, 2010

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SunGard Capital Corp.

Consolidated Balance Sheets

	December 31, 2008	December 31, 2009
	(In millions except share and per-share amounts)	
ASSETS		
Current:		
Cash and cash equivalents	$ 975	**$ 664**
Trade receivables, less allowance for doubtful accounts of $15 and $49	701	**955**
Earned but unbilled receivables	81	**181**
Prepaid expenses and other current assets	122	**189**
Clearing broker assets	309	**332**
Retained interest in accounts receivable sold	285	
Deferred income taxes	22	**22**
Total current assets	2,495	**2,343**
Property and equipment, less accumulated depreciation of $689 and $936	898	**925**
Software products, less accumulated amortization of $793 and $1,091	1,159	**1,020**
Customer base, less accumulated amortization of $668 and $954	2,616	**2,294**
Other intangible assets, less accumulated amortization of $29 and $24	207	**195**
Trade name, less accumulated amortization of $4 and $10	1,075	**1,025**
Goodwill	7,328	**6,178**
Total Assets	$ 15,778	**$ 13,980**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 322	**$ 64**
Accounts payable	87	**72**
Accrued compensation and benefits	314	**319**
Accrued interest expense	159	**146**
Other accrued expenses	409	**412**
Clearing broker liabilities	310	**294**
Deferred revenue	977	**1,040**
Total current liabilities	2,578	**2,347**
Long-term debt	8,553	**8,251**
Deferred income taxes	1,595	**1,318**
Total liabilities	12,726	**11,916**

Commitments and contingencies		
Noncontrolling interest in preferred stock of SCCII subject to a put option	60	**51**
Class L common stock subject to a put option	111	**88**
Class A common stock subject to a put option	12	**11**
Stockholders equity:		
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $3,612 million and $4,151 million; 50,000,000 shares authorized, 28,472,965 and 28,613,930 shares issued		
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 256,260,680 and 257,529,758 shares issued		
Capital in excess of par value	2,613	**2,678**
Treasury stock, 208,071 and 248,414 shares of Class L common stock; and 1,873,932 and 2,239,549 shares of Class A common stock	(24)	**(27)**
Accumulated deficit	(912)	**(2,209)**
Accumulated other comprehensive income	(219)	**(121)**
Total SunGard Capital Corp. stockholders equity	1,458	**321**
Noncontrolling interest in preferred stock of SCCII	1,411	**1,593**
Total equity	2,869	**1,914**
Total Liabilities and Equity	$ 15,778	**$ 13,980**

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

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SunGard Capital Corp.

Consolidated Statements of Operations

	Year Ended December 31, 2007	2008	**2009**
	(In millions)		
Revenue:			
Services	$ 4,364	$ 5,083	**$ 4,961**
License and resale fees	396	369	**384**
Total products and services	4,760	5,452	**5,345**
Reimbursed expenses	141	144	**163**
	4,901	5,596	**5,508**
Costs and expenses:			
Cost of sales and direct operating	2,268	2,744	**2,709**
Sales, marketing and administration	1,043	1,152	**1,112**
Product development	271	308	**302**
Depreciation and amortization	251	278	**291**
Amortization of acquisition-related intangible assets	438	515	**540**
Goodwill impairment charge and merger costs		130	**1,130**
	4,271	5,127	**6,084**
Income (loss) from operations	630	469	**(576)**
Interest income	20	18	**7**
Interest expense and amortization of deferred financing fees	(645)	(599)	**(637)**
Other income (expense)	(68)	(93)	**15**
Loss before income taxes	(63)	(205)	**(1,191)**
Benefit from (provision for) income taxes	3	(37)	**74**
Net loss	(60)	(242)	**(1,117)**
Income attributable to the noncontrolling interest (including $2 million, $4 million, and $5 million in temporary equity)	(139)	(157)	**(180)**
Net loss attributable to SunGard Capital Corp.	$ (199)	$ (399)	**$ (1,297)**

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

SunGard Capital Corp.

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2007	2008	**2009**
	(In millions)		
Cash flow from operations:			
Net loss	$ (60)	$ (242)	$ (1,117)
Reconciliation of net loss to cash flow from operations:			
Depreciation and amortization	689	793	**831**
Goodwill impairment charge		128	**1,126**
Deferred income tax benefit	(119)	(107)	**(170)**
Stock compensation expense	32	35	**33**
Amortization of deferred financing costs and debt discount	46	37	**42**
Other noncash items	14	50	**(14)**
Accounts receivable and other current assets	(20)	(339)	**(63)**
Accounts payable and accrued expenses	58	(32)	**(56)**
Clearing broker assets and liabilities, net	9	36	**(39)**
Deferred revenue	40	25	**67**
Cash flow from operations	689	384	**640**
Investment activities:			
Cash paid for acquired businesses, net of cash acquired	(265)	(721)	**(13)**
Cash paid for property and equipment and software	(307)	(392)	**(327)**
Other investing activities	8	4	**7**
Cash used in investment activities	(564)	(1,109)	**(333)**
Financing activities:			
Cash received from issuance of common stock	1	3	**4**
Cash received from issuance of preferred stock	1	1	**1**
Cash received from stock subscription receivable	18		
Cash received from other borrowings, net of fees	591	1,444	**202**
Cash used to repay debt	(623)	(119)	**(827)**
Cash used to purchase treasury stock	(13)	(18)	**(6)**
Other financing activities	(3)	(7)	**(3)**
Cash provided by (used in) financing activities	(28)	1,304	**(629)**
Effect of exchange rate changes on cash	6	(31)	**11**
Increase (decrease) in cash and cash equivalents	103	548	**(311)**
Beginning cash and cash equivalents	324	427	**975**

Ending cash and cash equivalents	$ 427	$ 975	**$ 664**
Supplemental information:			
Interest paid	$ 643	$ 550	**$ 596**
Income taxes paid, net of refunds	$ 74	$ 134	**$ 135**
Acquired businesses:			
Property and equipment	$ 40	$ 14	**$**
Software products	68	133	**10**
Customer base	92	215	**5**
Goodwill	166	613	**2**
Other intangible assets	11	67	
Deferred income taxes	(49)	(123)	**(1)**
Purchase price obligations and debt assumed	(41)	(75)	**(1)**
Net current liabilities assumed	(22)	(123)	**(2)**
Cash paid for acquired businesses, net of cash acquired of $22, $78 and $1, respectively	$ 265	$ 721	**$ 13**

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

SunGard Capital Corp.

Consolidated Statement of Changes in Equity

	Common Stock Number of Shares Issued			Capital in Excess of Par	Stock Subscription
	Class L	Class A	Par Value	Value	Receivable
			(In millions)		
Balances at December 31, 2006	28	255	$	$ 2,549	$ (18)
Comprehensive loss:					
Net loss					
Foreign currency translation					
Net unrealized loss on derivative instruments (net of tax benefit of $15)					
Total comprehensive loss					
Stock compensation expense				32	
Issuance of common and preferred stock		1			
Purchase of treasury stock					
Stock subscription received					18
Other				(1)	
Balances at December 31, 2007	28	256		2,580	
Comprehensive loss:					
Net loss					
Foreign currency translation					
Net unrealized loss on derivative instruments (net of tax benefit of $25)					
Total comprehensive loss					
Stock compensation expense				35	
Issuance of common and preferred stock	1				
Purchase of treasury stock					
Other				(2)	
Balances at December 31, 2008	29	256		2,613	
Comprehensive loss:					
Net loss					
Foreign currency translation					

Net unrealized gain on derivative instruments (net of tax provision of $11)					
Total comprehensive loss					
Stock compensation expense				**33**	
Issuance of common and preferred stock		**2**		**(1)**	
Purchase of treasury stock					
Expiration of put option				**44**	
Transfer intrinsic value of vested restricted stock units to temporary equity				**(9)**	
Other				**(2)**	
Balances at December 31, 2009	**29**	**258**	$	**$ 2,678**	$

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

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SunGard Capital Corp.

Consolidated Statement of Changes in Equity

	Treasury Stock Common Stock					Accumulated Other Comprehensive Income (Loss)			
	Shares		Par		Retained Earnings (Accumulated	Foreign Currency	Net Unrealized Gain (Loss) on Derivative	Noncontrolling	
	Class L	Class A	Value	Amount	Deficit)	Translation	Instruments	Interest	Total
					(In millions)				
Balances at December 31, 2006			$	$ (1)	$ (314)	$ 55	$ 2	$ 1,121	$ 3,394
Comprehensive loss:									
Net loss					(199)			137	(62)
Foreign currency translation						35			35
Net unrealized loss on derivative instruments (net of tax benefit of $15)							(23)		(23)
Total comprehensive loss									(50)
Stock compensation expense									32
Issuance of common and preferred stock									
Purchase of treasury stock		1		(9)					(9)
Stock subscription received									18
Other									(1)
Balances at December 31, 2007		1		(10)	(513)	90	(21)	1,258	3,384
Comprehensive loss:									
Net loss					(399)			153	(246)
Foreign currency translation						(249)			(249)
Net unrealized loss on derivative instruments (net of tax benefit of $25)							(39)		(39)
Total comprehensive loss									(534)

Stock compensation expense								35
Issuance of common and preferred stock								
Purchase of treasury stock	1		(14)					(14)
Other								(2)
Balances at December 31, 2008	2		(24)	(912)	(159)	(60)	1,411	2,869
Comprehensive loss:								
Net loss				**(1,297)**			**175**	**(1,122)**
Foreign currency translation					**80**			**80**
Net unrealized gain on derivative instruments (net of tax provision of $11)						**18**		**18**
Total comprehensive loss								**(1,024)**
Stock compensation expense								**33**
Issuance of common and preferred stock							**1**	
Purchase of treasury stock			**(3)**				**(2)**	**(5)**
Expiration of put option							**8**	**52**
Transfer intrinsic value of vested restricted stock units to temporary equity								**(9)**
Other								**(2)**
Balances at December 31, 2009	**2**	$	**$ (27)**	**$ (2,209)**	**$ (79)**	**$ (42)**	**$ 1,593**	**$ 1,914**

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

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SunGard Capital Corp. II

Consolidated Balance Sheets

	December 31, 2008	**December 31, 2009**
	(In millions except share and per-share amounts)	
Assets		
Current:		
Cash and cash equivalents	$ 975	**$ 664**
Trade receivables, less allowance for doubtful accounts of $15 and $49	701	**955**
Earned but unbilled receivables	81	**181**
Prepaid expenses and other current assets	122	**189**
Clearing broker assets	309	**332**
Retained interest in accounts receivable sold	285	
Deferred income taxes	22	**22**
Total current assets	2,495	**2,343**
Property and equipment, less accumulated depreciation of $689 and $936	898	**925**
Software products, less accumulated amortization of $793 and $1,091	1,159	**1,020**
Customer base, less accumulated amortization of $668 and $954	2,616	**2,294**
Other intangible assets, less accumulated amortization of $29 and $24	207	**195**
Trade name, less accumulated amortization of $4 and $10	1,075	**1,025**
Goodwill	7,328	**6,178**
Total Assets	$ 15,778	**$ 13,980**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 322	**$ 64**
Accounts payable	87	**72**
Accrued compensation and benefits	314	**319**
Accrued interest expense	159	**146**
Other accrued expenses	399	**412**
Clearing broker liabilities	310	**294**
Deferred revenue	977	**1,040**
Total current liabilities	2,568	**2,347**
Long-term debt	8,553	**8,251**
Deferred income taxes	1,595	**1,318**
Total liabilities	12,716	**11,916**

Commitments and contingencies		
Preferred stock subject to a put option	51	**38**
Stockholders equity:		
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,444 million and $1,627 million; 14,999,000 shares authorized, 9,856,052 and 9,904,863 issued		
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and oustanding		
Capital in excess of par value	3,687	**3,724**
Treasury stock, 72,039 and 86,008 shares	(8)	**(10)**
Accumulated deficit	(449)	**(1,567)**
Accumulated other comprehensive income	(219)	**(121)**
Total stockholders equity	3,011	**2,026**
Total Liabilities and Stockholders Equity	$ 15,778	**$ 13,980**

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

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SunGard Capital Corp. II

Consolidated Statements of Operations

	Year Ended December 31, 2007	2008	**2009**
	(In millions)		
Revenue:			
Services	$ 4,364	$ 5,083	**$ 4,961**
License and resale fees	396	369	**384**
Total products and services	4,760	5,452	**5,345**
Reimbursed expenses	141	144	**163**
	4,901	5,596	**5,508**
Costs and expenses:			
Cost of sales and direct operating	2,268	2,744	**2,709**
Sales, marketing and administration	1,042	1,151	**1,112**
Product development	271	308	**302**
Depreciation and amortization	251	278	**291**
Amortization of acquisition-related intangible assets	438	515	**540**
Goodwill impairment charge and merger costs		130	**1,130**
	4,270	5,126	**6,084**
Income (loss) from operations	631	470	**(576)**
Interest income	19	18	**7**
Interest expense and amortization of deferred financing fees	(645)	(599)	**(637)**
Other income (expense)	(68)	(93)	**15**
Loss before income taxes	(63)	(204)	**(1,191)**
Benefit from (provision for) income taxes	3	(38)	**73**
Net loss	$ (60)	$ (242)	**$ (1,118)**

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

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SunGard Capital Corp. II

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2007	2008	**2009**
	(In millions)		
Cash flow from operations:			
Net loss	$ (60)	$ (242)	**$ (1,118)**
Reconciliation of net loss to cash flow from operations:			
Depreciation and amortization	689	793	**831**
Goodwill impairment charge		128	**1,126**
Deferred income tax benefit	(119)	(107)	**(170)**
Stock compensation expense	32	35	**33**