SunGard VPM Inc.
Form 424B3
November 02, 2010

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FILED PURSUANT TO RULE 424(B)(3)
File Number 333-166304
SUNGARD DATA SYSTEMS INC.
SUPPLEMENT NO. 4 TO
MARKET-MAKING PROSPECTUS DATED JUNE 18, 2010

THE DATE OF THIS SUPPLEMENT IS NOVEMBER 2, 2010

ON OCTOBER 29, 2010, SUNGARD DATA SYSTEMS INC. FILED THE ATTACHED FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010

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United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ **Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2010

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 or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

680 East Swedesford Road, Wayne, Pennsylvania 19087
(Address of principal executive offices, including zip code)
484-582-2000
(Registrants telephone number, including area code)

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

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

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

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

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 number of shares of the registrants common stock outstanding as of September 30, 2010:

SunGard Capital Corp.	255,482,475 shares of Class A common stock and 28,386,870 shares of Class L common stock
SunGard Capital Corp. II	100 shares of common stock
SunGard Data Systems Inc.	100 shares of common stock

SunGard Capital Corp.
SunGard Capital Corp. II
SunGard Data Systems Inc.
And Subsidiaries
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Part I. FINANCIAL INFORMATION

Explanatory Note

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

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Item 1. Financial Statements

SunGard Capital Corp.
Consolidated Balance Sheets
(In millions except share and per-share amounts)
(Unaudited)

	December 31, 2009	September 30, 2010
Assets		
Current:		
Cash and cash equivalents	$ 664	**$ 787**
Trade receivables, less allowance for doubtful accounts of $49 and $61	955	**805**
Earned but unbilled receivables	181	**189**
Prepaid expenses and other current assets	189	**168**
Clearing broker assets	332	**240**
Deferred income taxes	22	**22**
Total current assets	2,343	**2,211**
Property and equipment, less accumulated depreciation of $936 and $1,095	925	**907**
Software products, less accumulated amortization of $1,091 and $1,261	1,020	**867**
Customer base, less accumulated amortization of $954 and $1,133	2,294	**2,111**
Other intangible assets, less accumulated amortization of $24 and $22	195	**172**
Trade name, less accumulated amortization of $10 and $6	1,025	**1,023**
Goodwill	6,178	**5,838**
Total Assets	$ 13,980	**$ 13,129**
Liabilities and Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 64**
Accounts payable	72	**63**
Accrued compensation and benefits	319	**265**
Accrued interest expense	146	**92**
Other accrued expenses	412	**408**
Clearing broker liabilities	294	**201**
Deferred revenue	1,040	**975**
Total current liabilities	2,347	**2,068**
Long-term debt	8,251	**8,234**
Deferred income taxes	1,318	**1,221**
Total liabilities	11,916	**11,523**

Commitments and contingencies				
Noncontrolling interest in preferred stock of SCCII subject to a put option		51		**57**
Class L common stock subject to a put option		88		**92**
Class A common stock subject to a put option		11		**12**
Stockholders equity:				
Class L common stock, convertible, par value $.001 per share; cumulative 13.5% per annum, compounded quarterly; aggregate liquidation preference of $4,151 million and $4,594 million; 50,000,000 shares authorized, 28,613,930 and 28,657,755 shares issued				
Class A common stock, par value $.001 per share; 550,000,000 shares authorized, 257,529,758 and 257,924,310 shares issued				
Capital in excess of par value		2,678		**2,693**
Treasury stock, 248,414 and 270,885 shares of Class L common stock; and 2,239,549 and 2,441,835 shares of Class A common stock		(27)		**(29)**
Accumulated deficit		(2,209)		**(2,809)**
Accumulated other comprehensive income (loss)		(121)		**(146)**
Total SunGard Capital Corp. stockholders equity (deficit)		321		**(291)**
Noncontrolling interest in preferred stock of SCCII		1,593		**1,736**
Total equity		1,914		**1,445**
Total Liabilities and Equity	$	13,980	**$**	**13,129**

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

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SunGard Capital Corp.
Consolidated Statements of Operations
(In millions)
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, **2010**	Nine Months Ended September 30, 2009	Nine Months Ended September 30, **2010**
Revenue:				
Services	$ 1,198	**$ 1,130**	$ 3,687	**$ 3,408**
License and resale fees	93	**82**	236	**285**
Total products and services	1,291	**1,212**	3,923	**3,693**
Reimbursed expenses	46	**30**	118	**96**
	1,337	**1,242**	4,041	**3,789**
Costs and expenses:				
Cost of sales and direct operating	629	**568**	1,999	**1,764**
Sales, marketing and administration	266	**275**	798	**836**
Product development	86	**89**	258	**278**
Depreciation and amortization	74	**73**	215	**220**
Amortization of acquisition-related intangible assets	150	**126**	404	**371**
Goodwill impairment charges and merger and other costs		**330**	1	**339**
	1,205	**1,461**	3,675	**3,808**
Income (loss) from operations	132	**(219)**	366	**(19)**
Interest income	5	**1**	6	**2**
Interest expense and amortization of deferred financing fees	(165)	**(160)**	(471)	**(479)**
Other income (expense)	(15)	**(10)**	6	**4**
Loss before income taxes	(43)	**(388)**	(93)	**(492)**
Benefit from income taxes	3	**10**	12	**39**
Net loss	(40)	**(378)**	(81)	**(453)**
Income attributable to the noncontrolling interest (including $1, $1, $1 and $4 in temporary equity)	(46)	**(51)**	(132)	**(147)**
Net loss attributable to SunGard Capital Corp.	$ (86)	**$ (429)**	$ (213)	**$ (600)**

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

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

	Nine Months Ended September 30, 2009	**2010**
Cash flow from operations:		
Net loss	$ (81)	**$ (453)**
Reconciliation of net loss to cash flow from operations:		
Depreciation and amortization	619	**591**
Goodwill impairment charge		**328**
Deferred income tax benefit	(82)	**(96)**
Stock compensation expense	22	**24**
Amortization of deferred financing costs and debt discount	31	**33**
Other noncash items	(7)	**(3)**
Accounts receivable and other current assets	20	**181**
Accounts payable and accrued expenses	(138)	**(104)**
Clearing broker assets and liabilities, net	(19)	**(1)**
Deferred revenue	(1)	**(68)**
Cash flow from operations	364	**432**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(12)	**(62)**
Cash paid for property and equipment and software	(255)	**(223)**
Other investing activities	3	**10**
Cash used in investment activities	(264)	**(275)**
Financing activities:		
Cash received from issuance of common stock	1	**1**
Cash received from issuance of preferred stock	1	
Cash received from borrowings, net of fees	211	**22**
Cash used to repay debt	(814)	**(51)**
Cash used to purchase treasury stock	(4)	**(3)**
Other financing activities	(3)	**(1)**
Cash used in financing activities	(608)	**(32)**
Effect of exchange rate changes on cash	12	**(2)**
Increase (decrease) in cash and cash equivalents	(496)	**123**
Beginning cash and cash equivalents	975	**664**

Ending cash and cash equivalents	$	479	**$**	**787**
Supplemental information:				
Acquired businesses:				
Property and equipment	$		**$**	**5**
Software products		8		**16**
Customer base		4		**23**
Goodwill		4		**29**
Other intangible assets				**2**
Deferred income taxes		(1)		**(3)**
Purchase price obligations and debt assumed		(1)		**(12)**
Net current liabilities assumed		(2)		**2**
Cash paid for acquired businesses, net of cash acquired of $1 and $8, respectively	$	12	**$**	**62**

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

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

	December 31, 2009	September 30, 2010
Assets		
Current:		
Cash and cash equivalents	$ 664	**$ 787**
Trade receivables, less allowance for doubtful accounts of $49 and $61	955	**805**
Earned but unbilled receivables	181	**189**
Prepaid expenses and other current assets	189	**168**
Clearing broker assets	332	**240**
Deferred income taxes	22	**22**
Total current assets	2,343	**2,211**
Property and equipment, less accumulated depreciation of $936 and $1,095	925	**907**
Software products, less accumulated amortization of $1,091 and $1,261	1,020	**867**
Customer base, less accumulated amortization of $954 and $1,133	2,294	**2,111**
Other intangible assets, less accumulated amortization of $24 and $22	195	**172**
Trade name, less accumulated amortization of $10 and $6	1,025	**1,023**
Goodwill	6,178	**5,838**
Total Assets	$ 13,980	**$ 13,129**
Liabilities and Stockholders Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 64**
Accounts payable	72	**63**
Accrued compensation and benefits	319	**265**
Accrued interest expense	146	**92**
Other accrued expenses	412	**408**
Clearing broker liabilities	294	**201**
Deferred revenue	1,040	**975**
Total current liabilities	2,347	**2,068**
Long-term debt	8,251	**8,234**
Deferred income taxes	1,318	**1,221**
Total liabilities	11,916	**11,523**
Commitments and contingencies		

Preferred stock subject to a put option		38		**40**
Stockholders equity:				
Preferred stock, par value $.001 per share; cumulative 11.5% per annum, compounded quarterly; aggregate liquidation preference of $1,627 million and $1,775 million; 14,999,000 shares authorized, 9,904,863 and 9,920,038 issued				
Common stock, par value $.001 per share; 1,000 shares authorized, 100 shares issued and outstanding				
Capital in excess of par value		3,724		**3,743**
Treasury stock, 86,008 and 93,789 shares		(10)		**(11)**
Accumulated deficit		(1,567)		**(2,020)**
Accumulated other comprehensive income (loss)		(121)		**(146)**
Total stockholders equity		2,026		**1,566**
Total Liabilities and Stockholders Equity	$	13,980	**$**	**13,129**

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

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SunGard Capital Corp. II
Consolidated Statements of Operations
(In millions)
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, **2010**	Nine Months Ended September 30, 2009	Nine Months Ended September 30, **2010**
Revenue:				
Services	$ 1,198	**$ 1,130**	$ 3,687	**$ 3,408**
License and resale fees	93	**82**	236	**285**
Total products and services	1,291	**1,212**	3,923	**3,693**
Reimbursed expenses	46	**30**	118	**96**
	1,337	**1,242**	4,041	**3,789**
Costs and expenses:				
Cost of sales and direct operating	629	**568**	1,999	**1,764**
Sales, marketing and administration	266	**275**	798	**836**
Product development	86	**89**	258	**278**
Depreciation and amortization	74	**73**	215	**220**
Amortization of acquisition-related intangible assets	150	**126**	404	**371**
Goodwill impairment charges and merger and other costs		**330**	1	**339**
	1,205	**1,461**	3,675	**3,808**
Income (loss) from operations	132	**(219)**	366	**(19)**
Interest income	5	**1**	6	**2**
Interest expense and amortization of deferred financing fees	(165)	**(160)**	(471)	**(479)**
Other income (expense)	(15)	**(10)**	6	**4**
Loss before income taxes	(43)	**(388)**	(93)	**(492)**
Benefit from income taxes	3	**10**	12	**39**
Net loss	$ (40)	**$ (378)**	$ (81)	**$ (453)**

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
(In millions)
(Unaudited)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010
Cash flow from operations:		
Net loss	$ (81)	**$ (453)**
Reconciliation of net loss to cash flow from operations:		
Depreciation and amortization	619	**591**
Goodwill impairment charge		**328**
Deferred income tax benefit	(82)	**(96)**
Stock compensation expense	22	**24**
Amortization of deferred financing costs and debt discount	31	**33**
Other noncash items	(7)	**(3)**
Accounts receivable and other current assets	20	**181**
Accounts payable and accrued expenses	(138)	**(104)**
Clearing broker assets and liabilities, net	(19)	**(1)**
Deferred revenue	(1)	**(68)**
Cash flow from operations	364	**432**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(12)	**(62)**
Cash paid for property and equipment and software	(255)	**(223)**
Other investing activities	3	**10**
Cash used in investment activities	(264)	**(275)**
Financing activities:		
Cash received from issuance of preferred stock	1	
Cash received from borrowings, net of fees	211	**22**
Cash used to repay debt	(814)	**(51)**
Cash used to purchase treasury stock	(1)	**(1)**
Other financing activities	(5)	**(2)**
Cash used in financing activities	(608)	**(32)**
Effect of exchange rate changes on cash	12	**(2)**
Increase (decrease) in cash and cash equivalents	(496)	**123**
Beginning cash and cash equivalents	975	**664**

Ending cash and cash equivalents	$	479	**$**	**787**

Supplemental information:

Acquired businesses:				
Property and equipment	$		**$**	**5**
Software products		8		**16**
Customer base		4		**23**
Goodwill		4		**29**
Other intangible assets				**2**
Deferred income taxes		(1)		**(3)**
Purchase price obligations and debt assumed		(1)		**(12)**
Net current liabilities assumed		(2)		**2**
Cash paid for acquired businesses, net of cash acquired of $1 and $8, respectively	$	12	**$**	**62**

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

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

	December 31, 2009	**September 30, 2010**
Assets		
Current:		
Cash and cash equivalents	$ 664	**$ 787**
Trade receivables, less allowance for doubtful accounts of $49 and $61	955	**805**
Earned but unbilled receivables	181	**189**
Prepaid expenses and other current assets	189	**168**
Clearing broker assets	332	**240**
Deferred income taxes	22	**22**
Total current assets	2,343	**2,211**
Property and equipment, less accumulated depreciation of $936 and $1,095	925	**907**
Software products, less accumulated amortization of $1,091 and $1,261	1,020	**867**
Customer base, less accumulated amortization of $954 and $1,133	2,294	**2,111**
Other intangible assets, less accumulated amortization of $24 and $22	195	**172**
Trade name, less accumulated amortization of $10 and $6	1,025	**1,023**
Goodwill	6,178	**5,838**
Total Assets	$ 13,980	**$ 13,129**
Liabilities and Stockholder s Equity		
Current:		
Short-term and current portion of long-term debt	$ 64	**$ 64**
Accounts payable	72	**63**
Accrued compensation and benefits	319	**265**
Accrued interest expense	146	**92**
Other accrued expenses	413	**410**
Clearing broker liabilities	294	**201**
Deferred revenue	1,040	**975**
Total current liabilities	2,348	**2,070**
Long-term debt	8,251	**8,234**
Deferred income taxes	1,314	**1,216**
Total liabilities	11,913	**11,520**
Commitments and contingencies		

Stockholder s equity:				
Common stock, par value $.01 per share; 100 shares authorized, issued and outstanding				
Capital in excess of par value		3,755		**3,775**
Accumulated deficit		(1,567)		**(2,020)**
Accumulated other comprehensive income (loss)		(121)		**(146)**
Total stockholder s equity		2,067		**1,609**
Total Liabilities and Stockholder s Equity	$	13,980	**$**	**13,129**

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

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SunGard Data Systems Inc.
Consolidated Statements of Operations
(In millions)
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, **2010**	Nine Months Ended September 30, 2009	Nine Months Ended September 30, **2010**
Revenue:				
Services	$ 1,198	**$ 1,130**	$ 3,687	**$ 3,408**
License and resale fees	93	**82**	236	**285**
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Reimbursed expenses	46	**30**	118	**96**
	1,337	**1,242**	4,041	**3,789**
Costs and expenses:				
Cost of sales and direct operating	629	**568**	1,999	**1,764**
Sales, marketing and administration	266	**275**	798	**836**
Product development	86	**89**	258	**278**
Depreciation and amortization	74	**73**	215	**220**
Amortization of acquisition-related intangible assets	150	**126**	404	**371**
Goodwill impairment charges and merger and other costs		**330**	1	**339**
	1,205	**1,461**	3,675	**3,808**
Income (loss) from operations	132	**(219)**	366	**(19)**
Interest income	5	**1**	6	**2**
Interest expense and amortization of deferred financing fees	(165)	**(160)**	(471)	**(479)**
Other income (expense)	(15)	**(10)**	6	**4**
Loss before income taxes	(43)	**(388)**	(93)	**(492)**
Benefit from income taxes	3	**10**	12	**39**
Net loss	$ (40)	**$ (378)**	$ (81)	**$ (453)**

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

	Nine Months Ended September 30, 2009	**2010**
Cash flow from operations:		
Net loss	$ (81)	**$ (453)**
Reconciliation of net loss to cash flow from operations:		
Depreciation and amortization	619	**591**
Goodwill impairment charge		**328**
Deferred income tax benefit	(83)	**(97)**
Stock compensation expense	22	**24**
Amortization of deferred financing costs and debt discount	31	**33**
Other noncash items	(7)	**(3)**
Accounts receivable and other current assets	20	**181**
Accounts payable and accrued expenses	(137)	**(102)**
Clearing broker assets and liabilities, net	(19)	**(1)**
Deferred revenue	(1)	**(68)**
Cash flow from operations	364	**433**
Investment activities:		
Cash paid for acquired businesses, net of cash acquired	(12)	**(62)**
Cash paid for property and equipment and software	(255)	**(223)**
Other investing activities	3	**10**
Cash used in investment activities	(264)	**(275)**
Financing activities:		
Cash received from borrowings, net of fees	211	**22**
Cash used to repay debt	(814)	**(51)**
Other financing activities	(5)	**(4)**
Cash used in financing activities	(608)	**(33)**
Effect of exchange rate changes on cash	12	**(2)**
Increase (decrease) in cash and cash equivalents	(496)	**123**
Beginning cash and cash equivalents	975	**664**
Ending cash and cash equivalents	$ 479	**$ 787**

Supplemental information:

Acquired businesses:				
Property and equipment	$		**$**	**5**
Software products		8		**16**
Customer base		4		**23**
Goodwill		4		**29**
Other intangible assets				**2**
Deferred income taxes		(1)		**(3)**
Purchase price obligations and debt assumed		(1)		**(12)**
Net current liabilities assumed		(2)		**2**
Cash paid for acquired businesses, net of cash acquired of $1 and $8, respectively	$	12	**$**	**62**

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

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SUNGARD CAPITAL CORP.
SUNGARD CAPITAL CORP. II
SUNGARD DATA SYSTEMS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation:

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

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

The Company has four reportable segments: Financial Systems (FS), Higher Education (HE), Public Sector (PS) and Availability Services (AS). The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

The accompanying interim consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. Interim financial reporting does not include all of the information and footnotes required by GAAP for annual financial statements. The interim financial information is unaudited, but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments necessary to provide a fair statement of results for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

The presentation of certain prior year amounts has been revised to conform to the current year presentation.

Recent Accounting Pronouncements

The Financial Accounting Standards Board issued new revenue recognition guidance for arrangements with multiple deliverables. The new guidance, whose scope excludes software revenue recognition, 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 Company plans to adopt the guidance during the fourth quarter of 2010 and is currently finalizing the assessment of the impact that this guidance will have on the consolidated financial statements but does not expect the impact to be material.

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2. Acquisitions and Goodwill:

Acquisitions

The Company seeks to acquire businesses that broaden its existing product lines and service offerings by adding complementary products and service offerings and by expanding its geographic reach. During the nine months ended September 30, 2010, the Company completed two acquisitions in its FS segment and one acquisition in its AS segment. Cash paid, net of cash acquired and subject to certain adjustments, was $62 million. The allocation of purchase price for our most recent acquisition, which occurred in the third quarter of 2010, is preliminary due primarily to valuation of intangible assets. These acquisitions were not material to the consolidated financial statements.

Goodwill

Generally accepted accounting principles in the United States require the Company to perform a goodwill impairment test, a two-step test, annually and more frequently when negative conditions or a triggering event arise. The Company completes its annual goodwill impairment test as of July 1 for each of its 16 reporting units. In step one, the estimated fair value of each reporting unit is compared to its carrying value. The Company estimated the fair values of each reporting unit by a combination of (i) estimation of the discounted cash flows of each of the reporting units based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). If there is a deficiency (the estimated fair value of a reporting unit is less than its carrying value), a step two test is required. In step two, the amount of any goodwill impairment is measured by comparing the implied fair value of the reporting unit s goodwill to the carrying value of goodwill, with the resulting impairment reflected in operations. The implied fair value is determined in the same manner as the amount of goodwill recognized in a business combination.

Estimating the fair value of a reporting unit requires various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The assumptions about future cash flows and growth rates are based on management s assessment of a number of factors including the reporting unit s recent performance against budget, performance in the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions 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. For the July 1, 2010 impairment test, the discount rates and perpetual growth rates used were between 10% and 11% and 3% and 4%, respectively.

Based on the results of the step one tests, the Company determined that the carrying value of the Public Sector North America (PS NA), Public Sector United Kingdom (PS UK) and Higher Education Managed Services (HE MS) reporting units were in excess of their respective fair values and a step two test was required for each of these reporting units. The primary drivers for the decline in the fair value of the reporting units compared to the prior year is the reduction in the perpetual growth rate assumption used for each of these three reporting units, stemming from the recent disruption in the global financial markets coupled with the challenging current recession, particularly the markets in which these three reporting units serve. Furthermore, there was a decline in the cash flow projections for the PS NA and PS UK reporting units, compared to those used in the 2009 goodwill impairment test as a result of decline in the overall outlook of these two reporting units. Additionally, the discount rate assumption used for the PS UK reporting unit was higher than the discount rate used in the 2009 impairment test.

A one percentage point increase in the perpetual growth rate or a one percentage point decrease in the discount rate would have resulted in the HE MS reporting unit having a fair value in excess of carrying value and a step two test would not have been required and there would have been no impairment charge incurred.

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

In completing the step two tests to determine the implied fair value of goodwill and therefore the amount of impairment, management first determined the fair value of the tangible and intangible assets and liabilities. Based on the testing performed, the Company determined that the carrying value of goodwill exceeded its implied fair value for each of the three reporting units that required a step two test and recorded a goodwill impairment charge of $328 million.

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

Segment	Reporting Unit	Goodwill balance before impairment	Impairment charge	Goodwill balance after impairment
Public Sector	PS UK	$ 141	$ (91)	$ 50
Public Sector	PS NA	534	(205)	329
Higher Education	HE MS	213(1)	(32)	181
		$ 888	$ (328)	$ 560

(1) HE MS goodwill represents approximately 22% of total HE goodwill before the impairment charge. The remainder of the HE goodwill is associated with the core software business which did not have an impairment charge.

The Company has three other reporting units, whose goodwill balances in the aggregate total $2.0 billion as of September 30, 2010, where the excess of the estimated fair value over the carrying value of the reporting unit was less than 10% of the carrying value. A one percentage point decrease in the perpetual growth rate or a one percentage point increase in the discount rate would cause each of these reporting units to fail the step one test and require a step two analysis, and some or all of this goodwill could be impaired. Furthermore, if any of these units fail to achieve expected performance levels in the next twelve months or experience a downturn in the business below current expectations, goodwill could be impaired.

The Company s remaining 10 reporting units, whose goodwill balances in aggregate total $3.1 billion at September 30, 2010, each have estimated fair values in excess of 25% more than the carrying value of the reporting unit.

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

Cost					Accumulated Impairment				
FS	**HE**	**PS**	**AS**	**Subtotal**	**HE**	**PS**	**AS**	**Subtotal**	**Total**
$ 3,457	$ 950	$ 814	$ 2,211	$ 7,432	$	$ (128)	$ (1,126)	$ (1,254)	$ 6,178

Balance at December 31, 2009										
2010 acquisitions	28			1	29					29
Impairment charges						(32)	(296)		(328)	(328)
Adjustments related to the Transaction and prior year acquisitions	(2)				(2)					(2)
Effect of foreign currency translation	(23)		(10)	(6)	(39)					(39)
Balance at September 30, 2010	$ 3,460	$ 950	$ 804	$ 2,206	$ 7,420	$ (32)	$ (424)	$ (1,126)	$ (1,582)	$ 5,838

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3. Clearing Broker Assets and Liabilities:

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

	December 31, 2009	**September 30, 2010**
Segregated customer cash and treasury bills	$ 153	**$ 38**
Securities owned	40	**62**
Securities borrowed	116	**127**
Receivables from customers and other	23	**13**
Clearing broker assets	$ 332	**$ 240**
Payables to customers	$ 163	**$ 25**
Securities loaned	95	**115**
Customer securities sold short, not yet purchased	9	
Payable to brokers and dealers	27	**61**
Clearing broker liabilities	$ 294	**$ 201**

Segregated customer cash and treasury bills are held by the Company on behalf of customers. Clearing broker securities consist of trading and investment securities at fair market values, which are based on quoted market rates. Securities borrowed and loaned are collateralized financing transactions which are cash deposits made to or received from other broker/dealers. Receivables from and payables to customers represent amounts due or payable on cash and margin transactions.

4. Debt and Derivatives:

Debt

On September 30, 2010, the Company entered into an Amended and Restated Credit and Security Agreement (Agreement) related to its receivables facility. Among other things, the amendment (a) increased the borrowing capacity under the facility from $317 million to $350 million, (b) extended the maturity date to September 30, 2014, (c) removed the 3% LIBOR floor and set the interest rate to one-month LIBOR plus 3.5%, which at September 30, 2010 was 3.76%, and (d) amended certain terms. Approximately $8 million of fees were paid in connection with the Agreement.

Derivatives

The Company uses interest rate swap agreements to manage the amount of its floating rate debt in order to reduce its exposure to variable rate interest payments associated with the senior secured credit facilities. Each of these swap agreements is designated as a cash flow hedge. SunGard pays a stream of fixed interest payments for the term of the swap, and in turn, receives variable interest payments based on LIBOR. The net receipt or payment from the interest rate swap agreements is included in interest expense. The Company does not enter into interest rate swaps for speculative or trading purposes. A summary of the Company s interest rate swaps follows:

Inception	**Maturity**	**Notional Amount (in millions)**	**Interest rate paid**	**Interest rate received (LIBOR)**
February 2006	February 2011	$ 800	5.00%	3-Month
January 2008		750	3.17%	3-Month

	February 2011				
January/February 2009	February 2012		1,200	1.78%	1-Month
January/February 2010	May 2013		500	1.99%	3-Month
Total / Weighted Average interest rate		$	3,250	2.93%	

The fair values of interest rate swaps designated as cash flow hedging instruments, included in other accrued expenses on the consolidated balance sheets, are $70 million and $61 million as of December 31, 2009 and September 30, 2010, respectively.

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The table below summarizes the impact of the effective portion of interest rate swaps on the balance sheets and statements of operations for the three and nine month periods ended September 30, 2009 and 2010 (in millions):

	Three Months Ended September 30, 2009	Three Months Ended September 30, **2010**	Nine Months Ended September 30, 2009	Nine Months Ended September 30, **2010**	**Classification**
Gain (loss) recognized in Accumulated Other Comprehensive Loss (OCI)	$ (4)	**$ 6**	$ 8	**$ 9**	OCI
Gain (loss) reclassified from accumulated OCI into income	(22)	**21**	(56)	**(19)**	Interest expense and amortization of deferred financing fees

The Company has no ineffectiveness related to its swap agreements.
The Company expects to reclassify in the next twelve months approximately $47 million from OCI into earnings related to the Company s interest rate swaps based on the borrowing rates at September 30, 2010.

5. Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a recurring basis at September 30, 2010 (in millions):

	Fair Value Measures Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents money market funds	$ 207	$	$	$ 207
Clearing broker assets treasury bills	9			9
Clearing broker assets securities owned	62			62
	$ 278	$	$	$ 278
Liabilities				
Interest rate swap agreements and other	$	$ 58	$	$ 58

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2009 (in millions):

	Fair Value Measures Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents money market funds	$ 168	$	$	$ 168
Clearing broker assets U.S. treasury bills	151			151
Clearing broker assets securities owned	40			40
	$ 359	$	$	$ 359

Liabilities				
Clearing broker liabilities customer securities sold short, not yet purchased	$ 9	$	$	$ 9
Interest rate swap agreements		70		70
	$ 9	$ 70	$	$ 79

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

Cash and cash equivalents money market funds and Clearing broker assets U.S. treasury bills are recognized and measured at fair value in the Company s financial statements. Clearing broker assets and liabilities securities owned and customer securities sold short, not yet purchased are recorded at closing exchange-quoted prices. Fair values of the interest rate swap agreements are calculated using a discounted cash flow model using observable applicable market swap rates and assumptions and are compared to market valuations obtained from brokers.

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Fair Value Measurements:

The following table summarizes assets and liabilities measured at fair value on a non- recurring basis at September 30, 2010 (in millions):

	Fair Value Measures Using			Total Gains
Assets	**Level 1**	**Level 2**	**Level 3**	**(Losses)**
Goodwill	$	$	$ 560	$ (328)

The following table summarizes assets and liabilities measured at fair value on a non- recurring basis at December 31, 2009 (in millions):

	Fair Value Measures Using			Total Gains
Assets	**Level 1**	**Level 2**	**Level 3**	**(Losses)**
Goodwill	$	$	$ 928	$ (1,126)

The fair value of goodwill is categorized in Level 3, fair value measurement using significant unobservable inputs, and is estimated by a combination of (i) discounted cash flows based on projected earnings in the future (the income approach) and (ii) a comparative analysis of revenue and EBITDA multiples of public companies in similar markets (the market approach). This requires the use of various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The $328 million impairment loss, which is reflected in operations for the three and nine months ended September 30, 2009, relates to certain of the Company s reporting units, as discussed further in Note 2. The $1,126 million impairment loss, which is reflected in operations for the year ended December 31, 2009, relates to one of the Company s reporting units, as discussed further in the Company s 2009 Form 10-K.

The following table presents the carrying amount and estimated fair value of the Company s debt, including current portion and excluding the interest rate swaps, as of December 31, 2009 and September 30, 2010 (in millions):

	December 31, 2009		September 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate debt	$ 4,967	$ 4,815	**$ 4,945**	**$ 4,847**
Fixed rate debt	3,348	3,507	**3,353**	**3,482**

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

6. Comprehensive Income (Loss):

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2010**	2009	**2010**
Net loss	$ (40)	$ (378)	$ (81)	**$ (453)**
Foreign currency translation gains (losses)	33	105	93	**(34)**
Unrealized gains (losses) on derivative instruments	(4)	6	8	**9**
Comprehensive income (loss)	$ (11)	$ (267)	$ 20	**$ (478)**

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7. Equity:

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

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2009	$ 88	$ 11	$ 321	$ 420	$ 51	$ 1,593	$ 1,644
Net income (loss)			(600)	(600)	4	143	147
Foreign currency translation			(34)	(34)			
Net unrealized gain on derivative instruments			9	9			
Comprehensive income (loss)			(625)	(625)	4	143	147
Stock compensation expense			24	24			
Termination of put options due to employee terminations and other	(2)			(2)	(1)	1	
Purchase of treasury stock			(1)	(1)		(1)	(1)
Transfer intrinsic value of vested restricted stock units	6	1	(10)	(3)	3		3
Balance at September 30, 2010	$ 92	$ 12	$ (291)	$ (187)	$ 57	$ 1,736	$ 1,793

A rollforward of SCC s equity for 2009 follows (in millions):

	SunGard Capital Corp. stockholders				Noncontrolling interest		
	Class L - temporary equity	Class A - temporary equity	Permanent equity	Total	Temporary equity	Permanent equity	Total
Balance at December 31, 2008	$ 111	$ 12	$ 1,458	$ 1,581	$ 60	$ 1,411	$ 1,471
Net income (loss)			(213)	(213)	1	131	132
Foreign currency translation			93	93			
Net unrealized gain on derivative instruments			8	8			
Comprehensive income (loss)			(112)	(112)	1	131	132
Stock compensation expense			22	22			
Termination of put options due to employee terminations and other	(33)	(3)	40	4	(12)	7	(5)
Issuance of common and preferred stock	1			1			
Purchase of treasury stock			(2)	(2)		(1)	(1)
Transfer intrinsic value of vested restricted stock units	6	1	(6)	1	(2)		(2)

Balance at September 30, 2009	$ 85	$ 10	$ 1,400	$ 1,495	$ 47	$ 1,548	$ 1,595

During June 2010, the Company amended the terms of unvested performance awards granted in 2007 and thereafter by reducing performance targets for 2011 though 2014 to each year s consolidated Internal EBITA (defined as income from operations before amortization of acquisition-related intangible assets, stock compensation expense and certain other items) budget. There was no expense recognized at this time as a result of the modifications.

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8. Segment Information:

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2010**	2009	**2010**
Revenue:				
Financial systems	$ 724	**$ 659**	$ 2,232	**$ 2,021**
Higher education	125	**121**	389	**372**
Public sector	103	**96**	289	**296**
Software & processing solutions	952	**876**	2,910	**2,689**
Availability services	385	**366**	1,131	**1,100**
	$ 1,337	**$ 1,242**	$ 4,041	**$ 3,789**
Depreciation and amortization:				
Financial systems	$ 20	**$ 22**	$ 58	**$ 61**
Higher education	3	**3**	10	**9**
Public sector	2	**2**	6	**7**
Software & processing solutions	25	**27**	74	**77**
Availability services	49	**46**	141	**143**
	$ 74	**$ 73**	$ 215	**$ 220**
Income (loss) from operations:				
Financial systems	$ 157	**$ 134**	$ 414	**$ 395**
Higher education	33	**28**	95	**90**
Public sector	19	**21**	55	**57**
Software & processing solutions	209	**183**	564	**542**
Availability services	103	**86**	291	**240**
Corporate and other items [1]	(180)	**(466)**	(488)	**(770)**
Merger and other costs		**(22)**	(1)	**(31)**
	$ 132	**$ (219)**	$ 366	**$ (19)**
Cash paid for property and equipment and software:				
Financial systems	$ 16	**$ 26**	$ 60	**$ 67**
Higher education	2	**5**	6	**9**
Public sector	4	**3**	10	**8**

Software & processing solutions		22		**34**		76		**84**
Availability services		66		**41**		179		**138**
Corporate administration								**1**
	$	88	**$**	**75**	$	255	**$**	**223**

(1) Includes corporate administrative expenses, goodwill impairment charges, stock compensation expense, management fees paid to the Sponsors, other items and amortization of acquisition-related intangible assets of $150 million and $126 million for the three month periods ended September 30, 2009 and 2010, respectively, and $404 million and $371 million for the nine month periods ended September 30, 2009 and 2010, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2010**	2009	**2010**
Amortization of acquisition-related intangible assets:				
Financial systems	$ 91(1)	**$ 67**(1)	$ 227(1)	**$ 193**(1)
Higher education	8	**8**	25	**25**
Public sector	8	**7**	23	**24**
Software & processing solutions	107	**82**	275	**242**
Availability services	42	**43**	127	**128**
Corporate administration	1	**1**	2	**1**
	$ 150	**$ 126**	$ 404	**$ 371**

(1) Amortization of acquisition-related intangible assets in 2009 includes approximately $16 million and $10 million of impairment charges related to customer base and software, respectively, for subsidiaries in the FS segment. Amortization of acquisition-related intangible assets in 2010 includes approximately $1 million and $2 million of impairment charges related to customer base and software, respectively, for subsidiaries in the FS segment.

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

	Three Months Ended September 30, 2009	**2010**	Nine Months Ended September 30, 2009	**2010**
Trading Systems	$ 169	**$ 94**	$ 633	**$ 328**
Wealth Management	98	**96**	280	**283**
Capital Markets	72	**82**	203	**237**
Brokerage & Clearance	67	**72**	209	**230**
Global Trading	65	**62**	177	**193**
Institutional Asset Management	54	**50**	154	**148**
Corporations	44	**46**	132	**143**
Banks	39	**44**	110	**125**
All other	116	**113**	334	**334**
Total Financial Systems	$ 724	**$ 659**	$ 2,232	**$ 2,021**

9. Related Party Transactions:

In accordance with the Management Agreement between the Company and affiliates of the Sponsors, the Company recorded $4 million of management fees in sales, marketing and administration expenses during each of the three months ended September 30, 2009 and 2010. In each of the nine month periods ended September 30, 2009 and 2010, the Company recorded $11 million of management fees in sales, marketing and administration expenses. At each of December 31, 2009 and September 30, 2010, $4 million was included in other accrued expenses.

10. Supplemental Guarantor Condensed Consolidating Financial Statements:

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

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The following tables present the financial position, results of operations and cash flows of SunGard (referred to as Parent Company for purposes of this note only), the Guarantor subsidiaries, the Non-Guarantor subsidiaries and Eliminations as of December 31, 2009 and September 30, 2010, and for the three- and nine-month periods ended September 30, 2009 and 2010 to arrive at the information for SunGard on a consolidated basis. SCC and SCCII are neither parties to nor guarantors of the debt issued as described in the notes to consolidated financial statements included in the Company s Form 10-K for the year ended December 31, 2009.

Supplemental Condensed Consolidating Balance Sheet
December 31, 2009

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 126	$ (9)	$ 547	$	$ 664
Intercompany balances	(6,563)	5,787	776		
Trade receivables, net		734	402		1,136
Prepaid expenses, taxes and other current assets	2,017	77	417	(1,968)	543
Total current assets	(4,420)	6,589	2,142	(1,968)	2,343
Property and equipment, net	1	603	321		925
Intangible assets, net	164	3,756	614		4,534
Intercompany balances	961	(691)	(270)		
Goodwill		4,895	1,283		6,178
Investment in subsidiaries	13,394	2,490		(15,884)	
Total Assets	$ 10,100	$ 17,642	$ 4,090	$ (17,852)	$ 13,980
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 45	$ 7	$ 12	$	$ 64
Accounts payable and other current liabilities	272	2,901	1,079	(1,968)	2,284
Total current liabilities	317	2,908	1,091	(1,968)	2,348
Long-term debt	7,687	3	561		8,251
Intercompany debt	82	103	(31)	(154)	
Deferred income taxes	(53)	1,234	133		1,314
Total liabilities	8,033	4,248	1,754	(2,122)	11,913
Total stockholder s equity	2,067	13,394	2,336	(15,730)	2,067
Total Liabilities and Stockholder s Equity	$ 10,100	$ 17,642	$ 4,090	$ (17,852)	$ 13,980

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Supplemental Condensed Consolidating Balance Sheet
September 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current:					
Cash and cash equivalents	$ 192	$ (8)	$ 603	$	$ 787
Intercompany balances	(7,212)	6,421	791		
Trade receivables, net	1	683	310		994
Prepaid expenses, taxes and other current assets	2,277	81	455	(2,383)	430
Total current assets	(4,742)	7,177	2,159	(2,383)	2,211
Property and equipment, net		597	310		907
Intangible assets, net	142	3,456	575		4,173
Intercompany balances	277	(9)	(268)		
Goodwill		4,657	1,181		5,838
Investment in subsidiaries	13,880	2,505		(16,385)	
Total Assets	$ 9,557	$ 18,383	$ 3,957	$ (18,768)	$ 13,129
Liabilities and Stockholder s Equity					
Current:					
Short-term and current portion of long-term debt	$ 45	$ 3	$ 16	$	$ 64
Accounts payable and other current liabilities	207	3,259	923	(2,383)	2,006
Total current liabilities	252	3,262	939	(2,383)	2,070
Long-term debt	7,656	3	575		8,234
Intercompany debt	86	96	(35)	(147)	
Deferred income taxes	(46)	1,142	120		1,216
Total liabilities	7,948	4,503	1,599	(2,530)	11,520
Total stockholder s equity	1,609	13,880	2,358	(16,238)	1,609
Total Liabilities and Stockholder s Equity	$ 9,557	$ 18,383	$ 3,957	$ (18,768)	$ 13,129

Supplemental Condensed Consolidating Schedule of Operations
Three Months Ended September 30, 2009

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 842	$ 520	$ (25)	$ 1,337

Costs and expenses:					
Cost of sales and direct operating		354	300	(25)	629
Sales, marketing and administration	23	137	106		266
Product development		44	42		86
Depreciation and amortization		54	20		74
Amortization of acquisition-related intangible assets	1	99	50		150
Merger costs					
	24	688	518	(25)	1,205
Income (loss) from operations	(24)	154	2		132
Net interest income (expense)	(141)	13	(32)		(160)
Other income (expense)	238	(55)	(15)	(183)	(15)
Income (loss) before income taxes	73	112	(45)	(183)	(43)
Benefit from (provision for) income taxes	(113)	126	(10)		3
Net income (loss)	$ (40)	$ 238	$ (55)	$ (183)	$ (40)

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	Supplemental Condensed Consolidating Schedule of Operations Three Months Ended September 30, 2010				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 888	$ 396	$ (42)	$ 1,242
Costs and expenses:					
Cost of sales and direct operating		382	228	(42)	568
Sales, marketing and administration	27	134	114		275
Product development		27	62		89
Depreciation and amortization		50	23		73
Amortization of acquisition-related intangible assets		102	24		126
Merger costs		239	91		330
	27	934	542	(42)	1,461
Income (loss) from operations	(27)	(46)	(146)		(219)
Net interest income (expense)	(146)	(81)	68		(159)
Other income (expense)	(265)	(39)	(10)	304	(10)
Income (loss) before income taxes	(438)	(166)	(88)	304	(388)
Benefit from (provision for) income taxes	60	(99)	49		10
Net income (loss)	$ (378)	$ (265)	$ (39)	$ 304	$ (378)

	Supplemental Condensed Consolidating Schedule of Operations Nine Months Ended September 30, 2009				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,532	$ 1,579	$ (70)	$ 4,041
Costs and expenses:					
Cost of sales and direct operating		1,091	978	(70)	1,999
Sales, marketing and administration	68	434	296		798
Product development		126	132		258
Depreciation and amortization		160	55		215
Amortization of acquisition-related intangible assets	2	302	100		404
Merger costs	1				1
	71	2,113	1,561	(70)	3,675

Income (loss) from operations	(71)	419	18		366
Net interest income (expense)	(411)	36	(90)		(465)
Other income (expense)	402	(66)	6	(336)	6
Income (loss) before income taxes	(80)	389	(66)	(336)	(93)
Benefit from (provision for) income taxes	(1)	13			12
Net income (loss)	$ (81)	$ 402	$ (66)	$ (336)	$ (81)

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	Supplemental Condensed Consolidating Schedule of Operations Nine Months Ended September 30, 2010				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenue	$	$ 2,670	$ 1,237	$ (118)	$ 3,789
Costs and expenses:					
Cost of sales and direct operating		1,153	729	(118)	1,764
Sales, marketing and administration	77	427	332		836
Product development		83	195		278
Depreciation and amortization		155	65		220
Amortization of acquisition-related intangible assets	1	304	66		371
Merger costs		240	99		339
	78	2,362	1,486	(118)	3,808
Income (loss) from operations	(78)	308	(249)		(19)
Net interest income (expense)	(441)	(204)	168		(477)
Other income (expense)	(113)	(31)	4	144	4
Income (loss) before income taxes	(632)	73	(77)	144	(492)
Benefit from (provision for) income taxes	179	(186)	46		39
Net income (loss)	$ (453)	$ (113)	$ (31)	$ 144	$ (453)

	Supplemental Condensed Consolidating Schedule of Cash Flows Nine Months Ended September 30, 2009				
(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flow From Operations					
Net income (loss)	$ (81)	$ 402	$ (66)	$ (336)	$ (81)
Non cash adjustments	(343)	451	138	336	582
Changes in operating assets and liabilities	(165)	(294)	322		(137)
Cash flow provided by (used in) operations	(589)	559	394		364
Investment Activities					
Intercompany transactions	923	(384)	(539)		
Cash paid for businesses acquired by the Company, net of cash acquired		(12)			(12)

Cash paid for property and equipment and software		(182)	(73)		(255)
Other investing activities		1	2		3
Cash provided by (used in) investment activities	923	(577)	(610)		(264)
Financing Activities					
Net borrowings (repayments) of long-term debt	(833)	(7)	237		(603)
Other financing activities	(5)				(5)
Cash provided by (used in) financing activities	(838)	(7)	237		(608)
Effect of exchange rate changes on cash			12		12
Increase (decrease) in cash and cash equivalents	(504)	(25)	33		(496)
Beginning cash and cash equivalents	511	16	448		975
Ending cash and cash equivalents	$ 7	$ (9)	$ 481	$	$ 479

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Supplemental Condensed Consolidating Schedule of Cash Flows
Nine Months Ended September 30, 2010

(in millions)	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flow From Operations					
Net income (loss)	$ (453)	$ (113)	$ (31)	$ 144	$ (453)
Non cash adjustments	174	636	210	(144)	$ 876
Changes in operating assets and liabilities	(312)	398	(76)		$ 10
Cash flow provided by (used in) operations	(591)	921	103		433
Investment Activities					
Intercompany transactions	706	(704)	(2)		$
Cash paid for businesses acquired by the Company, net of cash acquired		(57)	(5)		$ (62)
Cash paid for property and equipment and software	(1)	(167)	(55)		$ (223)
Other investing activities	(1)	13	(2)		$ 10
Cash provided by (used in) investment activities	704	(915)	(64)		(275)
Financing Activities					
Net borrowings (repayments) of long-term debt	(43)	(5)	19		$ (29)
Other financing activities	(4)				$ (4)
Cash provided by (used in) financing activities	(47)	(5)	19		(33)
Effect of exchange rate changes on cash			(2)		(2)
Increase (decrease) in cash and cash equivalents	66	1	56		123
Beginning cash and cash equivalents	126	(9)	547		$ 664
Ending cash and cash equivalents	$ 192	$ (8)	$ 603	$	$ 787

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

Introduction

The following discussion and analysis supplement the management s discussion and analysis in the Company s Annual Report on Form 10-K for the year ended December 31, 2009 and presume that readers have read or have access to the discussion and analysis in that filing. The following discussion and analysis includes historical and certain forward-looking information that should be read together with the accompanying Consolidated Financial Statements, related footnotes, and the discussion below of certain risks and uncertainties that could cause future operating results to differ materially from historical results or from the expected results indicated by forward-looking statements. The following discussion reflects the results of operations and financial condition of 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.

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Results of Operations:

The following table sets forth, for the periods indicated, certain amounts included in our Consolidated Statements of Operations, the relative percentage that those amounts represent to consolidated revenue (unless otherwise indicated), and the percentage change in those amounts from period to period. Percentages may not add due to rounding.

(in millions)	Three Months Ended September 30, 2009	% of revenue	Three Months Ended September 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009	Nine Months Ended September 30, 2009	% of revenue	Nine Months Ended September 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009
Revenue										
Financial systems (FS)	$ 724	54%	$ 659	53%	(9)%	$ 2,232	55%	$ 2,021	53%	(9)%
Higher education (HE)	125	9%	121	10%	(3)%	389	10%	372	10%	(4)%
Public sector (PS)	103	8%	96	8%	(7)%	289	7%	296	8%	2%
Software & processing solutions	952	71%	876	71%	(8)%	2,910	72%	2,689	71%	(8)%
Availability services (AS)	385	29%	366	29%	(5)%	1,131	28%	1,100	29%	(3)%
	$ 1,337	100%	$ 1,242	100%	(7)%	$ 4,041	100%	$ 3,789	100%	(6)%
Costs and Expenses										
Cost of sales and direct operating	$ 629	47%	$ 568	46%	(10)%	$ 1,999	49%	$ 1,764	47%	(12)%
Sales, marketing and administration	266	20%	275	22%	3%	798	20%	836	22%	5%
Product development	86	6%	89	7%	3%	258	6%	278	7%	8%
Depreciation and amortization	74	6%	73	6%	(1)%	215	5%	220	6%	2%
Amortization of acquisition-related intangible assets	150	11%	126	10%	(16)%	404	10%	371	10%	(8)%
		%	330	27%	%	1	%	339	9%	33,800%

Goodwill impairment charges and merger and other costs										
	$ 1,205	90%	$ 1,461	118%	21%	$ 3,675	91%	$ 3,808	101%	4%
Income from Operations										
Financial systems (1)	$ 157	22%	$ 134	20%	(15)%	$ 414	19%	$ 395	20%	(5)%
Higher education (1)	33	26%	28	23%	(15)%	95	24%	90	24%	(5)%
Public sector (1)	19	18%	21	22%	11%	55	19%	57	19%	4%
Software & processing solutions (1)	209	22%	183	21%	(12)%	564	19%	542	20%	(4)%
Availability services (1)	103	27%	86	23%	(17)%	291	26%	240	22%	(18)%
Corporate administration	(13)	(1)%	(18)	(1)%	38%	(40)	(1)%	(47)	(1)%	18%
Amortization of acquisition-related intangible assets	(150)	(11)%	(126)	(10)%	(16)%	(404)	(10)%	(371)	(10)%	(8)%
Goodwill impairment charge		%	(328)	(26)%	%		%	(328)	(9)%	%
Stock Compensation expense	(8)	(1)%	(7)	(1)%	(13)%	(22)	(1)%	(24)	(1)%	9%
Merger and other costs and other items (2)	(9)	(1)%	(9)	(1)%	%	(23)	(1)%	(31)	(1)%	35%
	$ 132	10%	$ (219)	(18)%	(266)%	$ 366	9%	$ (19)	(1)%	(105)%

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

respectively.

(2) Merger costs and other items include merger costs, certain purchase accounting adjustments and management fees paid to the Sponsors, 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, the relative percentage that those amounts represent to total revenue and the percentage change in those amounts from period to period. Percentages may not add due to rounding.

(in millions)	Three Months Ended September 30, 2009	% of revenue	Three Months Ended September 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009	Nine Months Ended September 30, 2009	% of revenue	Nine Months Ended September 30, 2010	% of revenue	Percent Increase (Decrease) 2010 vs. 2009
Financial Systems										
Services	$ 642	48%	$ 599	48%	(7)%	$ 2,027	50%	$ 1,792	47%	(12)%
License and resale fees	43	3%	37	3%	(14)%	106	3%	152	4%	43%
Total products and services	685	51%	636	51%	(7)%	2,133	53%	1,944	51%	(9)%
Reimbursed expenses	39	3%	23	2%	(41)%	99	2%	77	2%	(22)%
	$ 724	54%	$ 659	53%	(9)%	$ 2,232	55%	$ 2,021	53%	(9)%
Higher Education										
Services	$ 102	8%	$ 98	8%	(4)%	$ 331	8%	$ 307	8%	(7)%
License and resale fees	20	1%	21	2%	5%	52	1%	60	2%	15%
Total products and services	122	9%	119	10%	(2)%	383	9%	367	10%	(4)%
Reimbursed expenses	3	%	2	%	(33)%	6	%	5	%	(17)%
	$ 125	9%	$ 121	10%	(3)%	$ 389	10%	$ 372	10%	(4)%
Public Sector										
Services	$ 73	5%	$ 71	6%	(3)%	$ 211	5%	$ 221	6%	5%
License and resale fees	29	2%	24	2%	(17)%	75	2%	72	2%	(4)%
Total products and services	102	8%	95	8%	(7)%	286	7%	293	8%	2%

Reimbursed expenses	1	%	1	%	%	3	%	3	%	%
	$ 103	8%	$ 96	8%	(7)%	$ 289	7%	$ 296	8%	2%
Software & Processing Solutions										
Services	$ 817	61%	$ 768	62%	(6)%	$ 2,569	64%	$ 2,320	61%	(10)%
License and resale fees	92	7%	82	7%	(11)%	233	6%	284	7%	22%
Total products and services	909	68%	850	68%	(6)%	2,802	69%	2,604	69%	(7)%
Reimbursed expenses	43	3%	26	2%	(40)%	108	3%	85	2%	(21)%
	$ 952	71%	$ 876	71%	(8)%	$ 2,910	72%	$ 2,689	71%	(8)%
Availability Services										
Services	$ 381	28%	$ 362	29%	(5)%	$ 1,118	28%	$ 1,088	29%	(3)%
License and resale fees	1	%		%	(100)%	3	%	1	%	(67)%
Total products and services	382	29%	362	29%	(5)%	1,121	28%	1,089	29%	(3)%
Reimbursed expenses	3	%	4	%	33%	10	%	11	%	10%
	$ 385	29%	$ 366	29%	(5)%	$ 1,131	28%	$ 1,100	29%	(3)%
Total Revenue										
Services	$ 1,198	90%	$ 1,130	91%	(6)%	$ 3,687	91%	$ 3,408	90%	(8)%
License and resale fees	93	7%	82	7%	(12)%	236	6%	285	8%	21%
Total products and services	1,291	97%	1,212	98%	(6)%	3,923	97%	3,693	97%	(6)%
Reimbursed expenses	46	3%	30	2%	(35)%	118	3%	96	3%	(19)%
	$ 1,337	100%	$ 1,242	100%	(7)%	$ 4,041	100%	$ 3,789	100%	(6)%

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Results of operations, excluding broker/dealer business

We assess our performance both with and without one of our trading systems businesses, a broker/dealer with an inherently lower margin than our other software and processing businesses, whose performance is a function of market volatility and customer mix. By excluding the broker/dealer s results, we are able to perform additional analysis of our business which we believe is important in understanding the results of both the broker/dealer and the software and processing businesses. The information excluding the broker/dealer business is used by the Company for a variety of purposes, and we regularly communicate our results excluding this business to our board of directors.

The following is a reconciliation of revenue excluding the broker/dealer and income from operations excluding the broker/dealer, which are each non-GAAP measures, to the corresponding reported GAAP measures that we believe to be most directly comparable for the three- and nine-month periods ended September 30, 2009 and 2010 (in millions). While these adjusted results are useful for analysis purposes, they should not be considered as an alternative to our reported GAAP results.

	Three months ended September 30,		%	Nine months ended September 30,		%
	2009	**2010**	change	2009	**2010**	change
Revenue						
Total	$ 1,337	**$ 1,242**	(7)%	$ 4,041	**$ 3,789**	(6)%
Less broker/dealer business	113	**37**		463	**155**	
Total excluding broker/dealer business	$ 1,224	**$ 1,205**	(2)%	$ 3,578	**$ 3,634**	2%
Financial Systems	$ 724	**$ 659**	(9)%	$ 2,232	**$ 2,021**	(9)%
Less broker/dealer business	113	**37**		463	**155**	
Financial Systems excluding broker/dealer business	$ 611	**$ 622**	2%	$ 1,769	**$ 1,866**	5%
Income from operations						
Total	$ 132	**$ (219)**	(266)%	$ 366	**$ (19)**	(105)%
Less broker/dealer business	7	**(10)**		30	**(30)**	
Total excluding broker/dealer business	$ 125	**$ (209)**	(267)%	$ 336	**$ 11**	(97)%
Financial Systems [1]	$ 157	**$ 134**	(15)%	$ 414	**$ 395**	(5)%
Less broker/dealer business	8	**(10)**		32	**(20)**	
Financial Systems excluding broker/dealer business	$ 149	**$ 144**	(3)%	$ 382	**$ 415**	9%

(1) The Company evaluates the performance of its segments based on operating results before interest, income taxes, amortization of acquisition-related intangible assets, stock compensation and certain other costs.

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Three Months Ended September 30, 2010 Compared To Three Months Ended September 30, 2009

Income from Operations:

Our total operating margin was -18% and 10% for the three months ended September 30, 2010 and 2009, respectively. The decrease in margin is primarily due to goodwill impairment charges in PS and HE in the third quarter of 2010 which totaled $328 million (see note 2 of Notes to Consolidated Financial Statements) and a $7 million decrease in software license fees.

Financial Systems:

The FS operating margin was 20% and 22% for the three months ended September 30, 2010 and 2009, respectively. The operating margin decline is primarily due to an increase in professional services expense, a $5 million decrease in software license fees and the reduced contribution from one of our trading systems businesses, a broker/dealer.

Higher Education:

The HE operating margin was 23% and 26% for the three months ended September 30, 2010 and 2009, respectively. The operating margin decrease was primarily due to lower margins in managed services resulting from margin pressures on renewals and new business and commissions on recent sales ahead of recognition of the corresponding revenue, primarily in the software business, offset in part by an improvement in professional services margins due to higher utilization.

Public Sector:

The PS operating margin was 22% and 18% for the three months ended September 30, 2010 and 2009, respectively. The operating margin increase was due primarily to a $4 million decrease in low-margin resale revenue coupled with higher margin maintenance and support revenue resulting from a shift from installation of products and systems to maintenance of those systems in our U.K. operation.

Availability Services:

The AS operating margin was 23% and 27% for the three months ended September 30, 2010 and 2009, respectively. The lower margin was driven by the lower mix of higher margin recovery services revenue which typically use shared resources, an increase in lower margin managed services revenue, which use dedicated resources, and an absolute decline in managed services margin due mainly to higher utility costs related to cooling due to warmer summer temperatures, increased employment-related and temporary staffing costs to increase focus on service delivery, and redundant network capacity.

Revenue:

Total revenue decreased $95 million or 7% for the three months ended September 30, 2010 compared to the third quarter of 2009. Organic revenue decreased 6% in the third quarter of 2010 compared to the prior year period, due to a $76 million decline in the broker/dealer revenue. Organic revenue is defined as revenue for businesses owned for at least one year and further adjusted for the effects of businesses sold in the previous twelve months and the impact of currency exchange rates.

Financial Systems:

FS revenue decreased $65 million or 9% in the third quarter of 2010 from the prior year period. Organic revenue decreased 8% in the quarter. Excluding the broker/dealer business, organic revenue increased 3%. Professional services revenue increased organically by $14 million or 10% due to a general increase in demand from existing clients as well as new projects. Processing revenue increased organically by $10 million or 5% primarily due to existing customers adding additional products, client growth and certain higher trading volumes. Software rental revenue decreased organically by $5 million or 5% primarily due to customer attrition. Revenue from license and resale fees included software license revenue of $33 million, a decrease of $5 million compared to the same quarter in 2009.

Higher Education:

HE revenue decreased $4 million or 3%, all of which was organic, for the three months ended September 30, 2010 compared to the corresponding period in 2009. HE services revenue decreased $4 million, primarily due to decreases in managed services revenue mainly resulting from customers bringing their IT solutions in-house, partially offset by increased software maintenance and support revenue due to sales of new licenses in the past 12 months and annual rate increases. Revenue from license and resale fees included software license revenue of $7 million in the three months ended September 30, 2010, a decrease of $1 million from the prior year period.

Public Sector:
PS revenue decreased $7 million or 7% for the three months ended September 30, 2010 compared to the corresponding period in 2009. Organic revenue decreased 4%. PS resale revenue and processing revenue decreased, partially offset by increased maintenance and support revenue primarily due to a shift from installation of products and systems to maintenance of those systems in the U.K. Revenue from license and resale fees included software license revenue of $4 million, a decrease of $2 million compared to the same quarter in 2009.
Availability Services:
AS revenue decreased $19 million or 5% in the third quarter of 2010 from the prior year period. Organic revenue decreased 4% in the quarter. In North America, revenue decreased 5% overall and organically, where decreases in recovery services and professional services revenue exceeded growth in managed services. Most of our recovery services revenue is derived from tape-based solutions. The recovery services market has been shifting from tape-based solutions to disk-based and managed service solutions. We expect this market shift to continue in the future. Revenue in Europe decreased 5%, but organically was unchanged.
Costs and Expenses:
Cost of sales and direct operating expenses as a percentage of total revenue was 46% and 47% in the three-month periods ended September 30, 2010 and 2009, respectively, largely the result of the lower volumes of the broker/dealer business previously mentioned. Also impacting the period were lower costs related to the decrease in PS resale revenue and lower FS and HE employment-related expenses, partially offset by higher AS utility costs and higher AS and PS employment-related expenses.
Sales, marketing and administration expenses as a percentage of total revenue was 22% and 20% in the three-month periods ended September 30, 2010 and 2009, respectively. Increases in sales, marketing and administration expenses were primarily due to increases in FS and HE employment-related expense and professional services expenses, partially offset by decreases in PS and AS employment-related expenses. The increase in sales, marketing and administration expenses as a percentage of total revenue was also impacted by the lower volumes of the broker/dealer reducing total revenue.
Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For the three months ended September 30, 2010 and 2009, product development costs were 10% and 9% of revenue from software and processing solutions, respectively.
Amortization of acquisition-related intangible assets as a percentage of total revenue was 10% and 11% in the three months ended September 30, 2010 and 2009, respectively. The $24 million decrease is primarily due to a $23 million reduction in impairment charges.
We recorded goodwill impairment charges of $296 million in PS and $32 million in HE in the three months ended September 30, 2010. For the three months ended September 30, 2010, HE managed services represented approximately 26% of HE revenue and 16% of HE income from operations, which excludes the impairment charge. See note 2 of Notes to Consolidated Financial Statements for further discussion.
Interest expense was $160 million and $165 million for the three months ended September 30, 2010 and 2009, respectively. The decrease in interest expense was due to reduced borrowings under our revolving credit facility, lower average debt outstanding and overall interest rate decreases.
Other expense was $10 million and $15 million for the three months ended September 30, 2010 and 2009, respectively, primarily a result of foreign currency transaction losses related to our Euro denominated term loan.
The effective income tax rates for the three months ended September 30, 2010 and 2009 were a benefit of 3% and 7%, respectively. The rate in the third quarter of 2010 reflects nondeductible goodwill impairment partially offset by the different mix of taxable income in various jurisdictions as well as our ability to fully utilize foreign tax credits. The reported benefit from income taxes in 2009 includes a $12 million favorable out of period adjustment primarily related to our utilization of foreign tax credit carryforwards from a prior year.
Accreted dividends on SCCII s cumulative preferred stock were $51 million and $46 million for the three months ended September 30, 2010 and 2009, respectively. No dividends have been declared by SCCII.

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Nine Months Ended September 30, 2010 Compared To Nine Months Ended September 30, 2009

Income from Operations:

Our total operating margin was -1% for the nine months ended September 30, 2010, compared to 9% for the nine months ended September 30, 2009 primarily due to goodwill impairment charges in PS and HE in the third quarter of 2010 which totaled $328 million (see note 2 of Notes to Consolidated Financial Statements), higher employment-related and professional services costs and the impact of the decline in revenue of the broker/dealer, partially offset by a $44 million increase in license fees.

Financial Systems:

The FS operating margin was 20% and 19 % for the nine months ended September 30, 2010 and 2009, respectively. The operating margin improvement is primarily due to a $47 million increase in software license fees, including the recognition of $28 million of license fee backlog that existed at December 31, 2009, and reduced facilities costs, partially offset by increased employment-related cost and the impact of changes in currency exchange rates.

Higher Education:

The HE operating margin was 24% for each of the nine months ended September 30, 2010 and 2009. The $5 million decrease in income from operations is mainly due to margin pressures on renewals and new business in managed services, partially offset by improved performance in the solutions business from higher license fee and maintenance revenue.

Public Sector:

The PS operating margin was 19% for each of the nine months ended September 30, 2010 and 2009. The $2 million increase in income from operations is mainly due to improved performance in our UK operation.

Availability Services:

The AS operating margin was 22% and 26% for the nine months ended September 30, 2010 and 2009, respectively. The lower margin was driven by the lower mix of higher margin recovery services revenue, which typically use shared resources, and an absolute decline in recovery services margin due mainly to higher utility costs related to cooling due to warmer summer temperatures and redundant network capacity, and an increase in lower margin managed services revenue, which use dedicated resources, and an absolute decline in managed services margin due mainly to higher utility costs, increased employment-related and temporary staffing costs to increase focus on service delivery and redundant network capacity.

Revenue:

Total revenue decreased $252 million or 6% for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009. Organic revenue decreased 6% in the nine months ended September 30, 2010 compared to the prior year period, primarily because of a $308 million decline in the broker/dealer revenue, partially offset by a $44 million increase in license fees. Excluding the broker/dealer business, organic revenue increased 1.5%.

Financial Systems:

FS revenue decreased $211 million or 9% in the nine months ended September 30, 2010 from the prior year period. Organic revenue decreased 9% in the period. Excluding the broker/dealer business, organic revenue increased 6%. Professional services revenue increased organically by $30 million or 8% due to a general increase in demand from existing clients as well as new projects. Processing revenue increased organically by $19 million primarily or 3% primarily due to existing customers adding additional products and certain higher trading volumes. Revenue from license and resale fees included software license revenue of $139 million, an increase of $47 million compared to the same period in 2009, reflecting the recognition in 2010 of $28 million that was in backlog at December 31, 2009.

Higher Education:

HE revenue decreased $17 million or 4%, all of which was organic, for the nine months ended September 30, 2010 compared to the corresponding period in 2009. HE services revenue decreased $24 million, primarily due to decreases in managed services revenue mainly resulting from customers bringing their IT solutions in-house and professional services mainly due to fewer and smaller-sized customer installations, partially offset by an increase in license fees and software support revenue due to sales of new licenses in the past 12 months and annual rate increases. Revenue from license and resale fees included software license revenue of $23 million in the nine months ended September 30, 2010, an increase of $5 million from the prior year period.

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Public Sector:

PS revenue increased $7 million or 2% for the nine months ended September 30, 2010 compared to the corresponding period in 2009. Organic revenue also increased 2%. Processing revenue and maintenance and support revenue improved during the nine months ended September 30, 2010 from the prior year period due to the impact of a multi-year contract signed during 2009. Professional services revenue decreased due to a shift from installation of products and systems to maintenance of those systems in the U.K. Revenue from license and resale fees included software license revenue of $10 million, a decrease of $8 million from the prior year period.

Availability Services:

AS revenue decreased $31 million or 3% in the nine months ended September 30, 2010 from the prior year period. Organic revenue decreased 3% in the period. In North America, revenue decreased 4% overall and organically, where decreases in recovery services and professional services revenue exceeded growth in managed services. Most of our recovery services revenue is derived from tape-based solutions. The recovery services market has been shifting from tape-based solutions to disk-based and managed service solutions. We expect this market shift to continue in the future. Revenue in Europe increased 2% overall and organically.

Costs and Expenses:

Cost of sales and direct operating expenses as a percentage of total revenue was 47% and 49% in the nine-month periods ended September 30, 2010 and 2009, respectively, largely the result of the lower volumes of the broker/dealer business previously mentioned. Also impacting the period were higher AS and PS employment-related expenses and higher AS utility and equipment costs related to redundant network capacity, partially offset by lower HE employment-related expenses.

Sales, marketing and administration expenses as a percentage of total revenue was 22% and 20% in the nine-month periods ended September 30, 2010 and 2009, respectively. Increases in sales, marketing and administration expenses were primarily due to increases in FS and AS employment-related expense, FS professional services expenses, currency transaction losses and corporate advertising expenses, partially offset by reduced FS facility costs and PS employment-related expenses. The increase in sales, marketing and administration expenses as a percentage of total revenue was also impacted by the lower volumes of the broker/dealer reducing total revenue.

Because AS product development costs are insignificant, it is more meaningful to measure product development expenses as a percentage of revenue from software and processing solutions. For the nine months ended September 30, 2010 and 2009, product development costs were 10% and 9% of revenue from software and processing solutions, respectively.

Depreciation and amortization as a percentage of total revenue was 6% and 5% in the nine-month periods ended September 30, 2010 and 2009, respectively, primarily due to capital expenditures supporting FS and AS.

Amortization of acquisition-related intangible assets as a percentage of total revenue was 10% in each of the nine months ended September 30, 2010 and 2009. The $33 million decrease is primarily due to a $25 million reduction in impairment charges.

We recorded goodwill impairment charges of $296 million in PS and $32 million in HE in the three months ended September 30, 2010. For the nine months ended September 30, 2010, HE managed services represented approximately 27% of HE revenue and 26% of HE income from operations, which excludes the impairment charge. See note 2 of Notes to Consolidated Financial Statements for further discussion.

Merger and other costs are primarily costs incurred for the shutdown of the professional trading portion of the broker/dealer business. We expect to incur up to an additional $2 million to $4 million related to this shutdown during the remainder of 2010.

Interest expense was $479 million and $471 million for the nine months ended September 30, 2010 and 2009, respectively. The increase in interest expense was due primarily to interest rate increases mainly due to amending the term loan in 2009 and increased average borrowings under our receivables facility, partially offset by reduced borrowings under our revolving credit facility.

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Other income was $4 million and $6 million for the nine months ended September 30, 2010 and 2009, respectively. The decrease is primarily attributable to a $4 million decrease in foreign currency transaction gains related to our Euro denominated term loan.

The effective income tax rates for the nine months ended September 30, 2010 and 2009 were a benefit of 8% and 13%, respectively. The rate in the nine months ended September 30, 2010 reflects nondeductible goodwill impairment partially offset by the different mix of taxable income in various jurisdictions as well as our ability to fully utilize foreign tax credits. The rate in the nine months ended September 30, 2009 reflects changes in the overall projected taxable position for the year and the expected 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 $147 million and $132 million for the nine months ended September 30, 2010 and 2009, respectively. The increase in dividends is due to compounding. No dividends have been declared by SCCII.

Liquidity and Capital Resources:

At September 30, 2010, cash and equivalents were $787 million, an increase of $123 million from December 31, 2009. Cash flow provided by operations was $432 million in the nine months ended September 30, 2010 compared to $364 million in the nine months ended September 30, 2009. The increase in cash flow from operations is due primarily to the termination in December 2008 of our off-balance sheet accounts receivable securitization program, which reduced 2009 operating cash flow and a $50 million tax refund received in the first quarter of 2010, partially offset by a decline in earnings before interest, taxes, depreciation and amortization (EBITDA as defined and calculated below).

Net cash used in investing activities was $275 million in the nine months ended September 30, 2010, comprised of cash paid for property and equipment and other assets, two businesses acquired in our FS segment and one business acquired in our AS segment. Net cash used in investing activities was $264 million in the nine months ended September 30, 2009, comprised of cash paid for property and equipment and other assets, one business acquired in each of our FS and PS segments and payment of a contingent purchase obligation.

Net cash used in financing activities was $32 million for the nine months ended September 30, 2010, primarily related to quarterly principal payments on the term loans, partially offset by increased borrowings under our receivables facility. Net cash used in financing activities was $608 million for the nine months ended September 30, 2009, primarily related to repayment at maturity of the $250 million senior secured notes and repayment of $500 million of borrowings under the revolving credit facility, partially offset by cash received from the new receivables facility (net of associated fees). At September 30, 2010, no amount was outstanding under the revolving credit facility and $277 million was outstanding under the receivables facility, which represented the full amount available for borrowing based on the terms and conditions of the facility. In early 2010, we entered into interest rate swap agreements, with an aggregate notional amount of $500 million, which expire in May 2013 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.

On September 30, 2010, SunGard entered into an Amended and Restated Credit and Security Agreement (Agreement) related to its receivables facility. Among other things, the amendment (a) increased the borrowing capacity under the facility from $317 million to $350 million, (b) extended the maturity date to September 30, 2014, (c) removed the 3% LIBOR floor and set the interest rate to one-month LIBOR plus 3.5%, which at September 30, 2010 was 3.76%, and (d) amended certain terms.

At September 30, 2010, contingent purchase price obligations that depend upon the operating performance of certain acquired businesses could total $15 million, all of which could be due in the next 12 months, but which we only expect to pay $0.3 million. We also have outstanding letters of credit and bid bonds that total approximately $48 million.

At September 30, 2010, we have outstanding $8.30 billion in aggregate indebtedness, with additional borrowing capacity of $796 million under the revolving credit facility (after giving effect to outstanding letters of credit). Of the $829 million of revolving credit commitments (before giving effect to outstanding letters of credit), $249 million will terminate on August 11, 2011. The remaining $580 million will terminate on May 11, 2013.

We expect our available cash balances, cash flows from operations, combined with availability under the revolving credit facility and receivables facility, to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes at least the next 12 months.

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Covenant Compliance

Adjusted EBITDA is used to determine compliance with certain covenants contained in the indentures governing SunGard s senior notes due 2013 and 2015 and senior subordinated notes due 2015 and in SunGard s senior secured credit facilities. Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain adjustments permitted in calculating covenant compliance under the indentures and senior secured credit facilities. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the financing covenants.

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 under that agreement and the lenders could elect to declare all amounts borrowed due and payable. Any such acceleration would also result in a default under the 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 is calculated as follows (in millions):

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Last Twelve Months September 30, 2010
Net income (loss)	$ (40)	$ (378)	$ (81)	$ (453)	$ (1,490)
Interest expense, net	160	159	465	477	642
Taxes	(3)	(10)	(12)	(39)	(100)
Depreciation and amortization	224	199	619	591	803
Goodwill impairment charge		328		328	1,454
EBITDA	341	298	991	904	1,309
Purchase accounting adjustments (a)	5	3	13	10	14
Non-cash charges (b)	8	9	25	30	42
Restructuring and other charges (c)	4	12	21	37	57
Acquired EBITDA, net of disposed EBITDA (d)	1		2	5	6
Pro forma expense savings related to acquisitions (d)	1	1	3	2	3
Other (e)	17	15	6	6	6
Adjusted EBITDA senior secured credit facilities, senior notes due 2013 and 2015 and senior subordinated notes due 2015	$ 377	$ 338	$ 1,061	$ 994	$ 1,437